

Report of the Royal Commission on Auckland Governance



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Commission

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www.royalcommission.govt.nz

Royal Commission on Auckland Governance

**Te Kōmihana a te Karauna mō te Mana Whakahaere
o Tāmaki-makau-rau**

**Volume 1
Report**

March 2009

www.royalcommission.govt.nz

Hon Peter Salmon (Chair) | Dame Margaret Bazley | David Shand

Royal Commission on Auckland Governance

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Letter of Transmittal

To His Excellency The Honourable Judge Anand Satyanand, Chancellor and Principal Companion of Our New Zealand Order of Merit, Principal Companion of Our Service Order, Governor-General and Commander-in-Chief in and over New Zealand.

YOUR EXCELLENCY

Your Excellency by Warrant dated 30 October 2007 appointed us to be a Royal Commission on Auckland Governance and to report under the stated terms of reference.

We were originally required to present our report by 1 December 2008 but this date was extended by Your Excellency until 31 March 2009.

We are pleased to submit our report for Your Excellency's consideration.

We have the honour to be

Your Excellency's most obedient servants

Hon Peter Salmon QC, Chairman



Dame Margaret Bazley DNZM, Member



David Shand, Member



Dated at Auckland this 25th day of March 2009.

Royal Commission on Auckland Governance

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Wharehuia Milroy

Preface

The Commission wishes to extend its thanks to all those who made contributions to its inquiry and to those who supported the work of the Commission.

The Commission was given wide terms of reference, as discussed in this report, demonstrating an intent that our inquiry should be thorough and far-reaching. With this in mind, the Commission instituted a number of processes intended, on the one hand, to inform itself and, on the other, to obtain the views of the general public and specific communities. We advertised widely for submissions from the public, while at the same time conducting our own detailed research and consultation. Our processes included

- a public submission process, which resulted in more than 3,500 written submissions (a summary of submissions is contained in Volume 3 of this report)
- publication and promotion of two information booklets to support the call for submissions, one in English and one intended for Māori people
- formal hearings conducted in nine locations throughout the region, including Waiheke and Great Barrier Islands (these involved hearing nearly 550 submitters presenting over 27 hearing days)
- a Māori consultation programme, involving four hui with mana whenua (local Māori tribes from the region) and taura here (Māori living in Auckland from tribes outside Auckland)
- a workshop with representatives from Pacific communities
- a workshop with representatives from other ethnic communities
- specific approaches to various organisations, groups and individuals to tap their particular knowledge and experience
- commissioning a number of background research papers written by experts in fields relevant to the Commission's inquiry (these papers are contained in Volume 4 of this report)
- undertaking our own research and consultation (information contained in this report is current to March 2009)
- promotion of our website as a forum for information about the Commission (all written submissions and most research papers prepared for the Commission were made available online)
- encouraging media coverage of the Commission's work in order to stimulate public interest and debate.

These activities resulted in a wealth and depth of information being made available to the Commission. We believe we have obtained views from a broad cross-section of the Auckland public and have benefited from the knowledge of many individuals and groups

with a special interest in Auckland, ranging from former mayors to interest groups and think tanks such as the Committee for Auckland. The result is this four-volume report.

First, we wish to record our appreciation for the time and trouble taken by those who made submissions to the Commission or met with us. The often passionate way in which people have expressed their views, and the amount of thought and research that went into submissions, reflects the depth of feeling Aucklanders have for their region and the desire for positive change. The Commission also acknowledges the cooperation of Auckland local government in providing submissions and information, and generally engaging with the Commission. The Commission also benefited from the contribution of councils from outside the Auckland region, as noted in the following acknowledgments.

We express our thanks to Counsel assisting the Commission, David Kirkpatrick, and Wharehuia Milroy, the Commission's consultant on Māori issues. David's legal advice has ensured that we are able to make firm recommendations on the statutory amendments necessary to implement our recommendations. Wharehuia's sound and knowledgeable guidance was of inestimable assistance in our hui with Māori and our understanding of Māori issues.

The Commission acknowledges the contribution by consultants contracted to undertake work on particular aspects of the inquiry, and by those individuals who agreed to peer review material at the draft report stage.

We would like to thank the representatives of Government departments who assisted us, especially the Department of Internal Affairs (which administers Commissions of Inquiry), the Department of Prime Minister and Cabinet, the State Services Commission, Treasury, the Ministries of Economic Development, Social Development, Pacific Island Affairs, and Civil Defence, Te Puni Kōkiri, New Zealand Police, and the Offices of the Auditor-General and Ethnic Affairs. We acknowledge the useful assistance provided by GUEDO in Auckland, and by the Local Government Commission, Local Government New Zealand, and the newly formed New Zealand Transport Agency.

In addition to undertaking desktop studies of overseas models, members of the Commission were able to visit Australia, Canada, the United States, and the United Kingdom to pursue enquiries relating to alternative governance structures. Although our overseas enquiries were compressed, we found the meetings to be invaluable in developing our views. We wish to thank the many people in each country who assisted us. We are also grateful for the assistance provided by the British and Canadian High Commissioners to New Zealand, the US Ambassador, and the New Zealand High Commissioner in London, in organising our programme.

A list of the individuals who assisted the Commission follows, including those with whom we met overseas.

The Commission has received excellent service and advice from its Executive Officer Heather Harris, and her team of analysts and other staff members. Their enthusiasm for the task and the effort they have put in, to ensure the very highest quality of research and

production in this report has been outstanding. This is their report as much as it is ours. We express our appreciation and gratitude to them all.

People and organisations who assisted the Royal Commission

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1. The Royal Commission on Auckland Governance (“the Commission”) was established by the Government in October 2007 to respond to growing concerns about the workability of local government arrangements in Auckland.
2. The objectives of the Commission’s inquiry, as set out in its terms of reference, were to receive representations on, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner,—
 - (a) the current and future well-being of the region and its communities; and
 - (b) the region’s contribution to wider national objectives and outcomes.¹
3. The Commission has listened carefully and with an open mind to all it has been told. It has no doubt about what is needed to revitalise local government and to help steer Auckland towards a secure, prosperous, and sustainable future. Maintaining the status quo, or tinkering around the edges, is not the answer. Bold change is required, and that is what the Commission is recommending.
4. In doing so, the Commission has recognised that there is much in Auckland local government that works, and should be retained. There is much to be commended in the way territorial authorities deliver core services and represent their communities, and these strengths will remain at the heart of local government in Auckland. Across the board in Auckland’s councils, the Commission saw people with flair, enthusiasm, and commitment working for their communities, their city, and their region. It is the strengths in existing organisations and their people that provide the foundation for the reorganisation the Commission now proposes.
5. This summary of the Commission’s full report sets out in brief the case for change and the challenges for Auckland in becoming a leading, and well-governed, metropolitan region. It explores the changes needed in Auckland local government, and describes the key elements of the local government model proposed by the Commission. The summary concludes with an outline of the cost savings and efficiency improvements, and the proposed transitional arrangements for the Commission’s model, followed by a full list of the Commission’s recommendations.

Why Auckland matters for New Zealand

6. Throughout the inquiry process, the Commission has been concerned to ensure that its recommendations are directed not only to problem solving – identifying and addressing current inadequacies in Auckland’s governance arrangements – but also to

¹ See Appendix A: Terms of Reference.

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focus beyond this on a common desired future, and the changes needed to close the gap between where Auckland is now, and where it needs to be.

7. For the future, the Commission sees Auckland as a unique world city in the Pacific, one that is able to compete successfully with Melbourne, Sydney, and Brisbane for people and investment, and to achieve world-class standards in quality of life. The Commission anticipates that high liveability factors will remain Auckland's most valued assets, as it is quality of life that differentiates Auckland from other major cities and is central to Auckland's ability to attract and retain talented people and to deliver significant investment and prosperity to New Zealand.

8. In advancing this future, three things should be noted. First, the Commission considers it important that Auckland define itself, and its distinguishing characteristics, in relation to the rest of the world. Given Auckland's geographic location and small size relative to many international cities, being noticed on the global stage will always be a challenge. Defining a clear, positive identity and conveying it consistently and effectively is the best way to differentiate Auckland and to compete.

9. And there can be no doubt that Auckland is in direct competition with other international cities for talent and investment. The world is becoming more urbanised and, as a consequence of globalisation, smaller and more connected. As this happens, place, and the attributes of place, matter more than ever in attracting talented and productive people and capital. The difference is that Melbourne, Sydney, Brisbane, Singapore, and others are all investing more aggressively and more effectively in their future than Auckland is to secure their position as leading cities.

10. Second, it is necessary to understand the connections between the urban challenges that Auckland faces. Environmental and social goals can no longer be seen as being in competition with economic goals, but must all be viewed as part of an integrated strategy essential to Auckland's prosperity. The four strands of well-being identified in the Local Government Act 2002 – social, environmental, cultural, and economic well-being – are inextricably linked and highly interdependent. Outcomes in each of these domains will impact on outcomes in the others. For example, a growing economy creates employment, but it also depends upon a healthy, skilled workforce. In turn, a healthy, skilled workforce depends upon a range of factors that are boosted by a growing economy, such as stable and affordable housing, efficient and accessible transport options, a safe environment, access to health care and education, recreation opportunities, and a sense of connection. The challenge for local government is to take a systemic approach, and manage the inevitable tensions, so that balanced and positive outcomes can be achieved.

11. Third, the disconnect between Auckland and the rest of the country needs to be recognised and addressed. The Commission's report makes the clear and unequivocal case for why Auckland matters to New Zealand. Auckland is New Zealand's only city of scale and is New Zealand's main gateway to the world. The region is now home to more than a third of New Zealand's population and is forecast to have a population of two million people by 2050. Because of its scale, Auckland's success and New Zealand's success go hand in hand. As a large, outward-looking city, Auckland can and should

contribute more to national prosperity and productivity than it does now. Commenting on current financial circumstances, the Committee for Auckland observed recently, “It is difficult to imagine how New Zealand can recover, and succeed economically, unless Auckland does”.²

The opportunity

12. There is opportunity for Auckland. Auckland combines many of the ingredients for social and economic success. It is well linked to other parts of the world. Aucklanders are culturally diverse and cosmopolitan. The region offers a high quality of life, a skilled labour force, and a concentration of education and research facilities. It has a specialised economy and the scale, density, and agglomeration potential (from the clustering of similar industries) for greater productivity. It has an amazing location, with two harbours and significant park reserves, offering top-class recreation and leisure activities. All this is reflected in the influential Mercer Worldwide Quality of Living Survey, which ranked Auckland fifth for liveability out of 215 cities.

13. But change is needed on a number of fronts in order to fuel growth in Auckland’s economy, to improve the health and vitality of its communities, and to ensure that the amenities necessary to attract a talented work force from around the world are in place. Messy and inefficient urban growth, infrastructure constraints, social disparity, and poor urban design are all areas highlighted by the Commission for urgent attention. Auckland needs to become much smarter about managing urban growth, and the social challenges that attend it, in order to retain high liveability and achieve sustainability for the long term. The cost of not substantially improving Auckland’s response to the challenge of urban growth will be too high for Auckland and for New Zealand.

The case for change in Auckland local governance

14. What, then, is the role of local government in effecting change, and in helping Auckland realise its potential?

15. While growth and prosperity are not created in local or central government offices, the settings provided by both, working together, are important. Lowering regulatory and delivery costs for businesses and individuals, improving infrastructure, and promoting innovation will help make Aucklanders more productive. Protecting Auckland’s natural environment and adopting measures to improve the built environment and public realm makes Auckland more attractive to residents and visitors, and better able to compete as an international city.

16. How local government is structured is important in determining what gets done – and what does not – in Auckland. Governance arrangements affect the capacity to plan

² Committee for Auckland, *Growing Auckland, Growing New Zealand*, November 2008, p. 36.

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and make strategic investments on an integrated, region-wide basis, and the ability to solve the larger and longer-term challenges effectively. Governance arrangements affect how much access people and communities have to the system and their ability to influence decisions about what services and initiatives they value. How local government is structured affects the cost of services and whether good value for money is delivered, the resources made available for investment, and service provision.

17. The Commission learned of many examples of what is not working in Auckland through its submission and hearing processes, and arising from its own research. After considering a wide range of practical issues, the Commission identified two broad, systemic problems evident in current Auckland local government arrangements:

- Regional governance is weak and fragmented.
- Community engagement is poor.

18. Auckland's regional council and seven territorial authorities lack the collective sense of purpose, constitutional ability, and momentum to address issues effectively for the overall good of Auckland. Disputes are regular among councils over urban growth and the development and sharing of key infrastructure, including roads, water and waste facilities, and cultural and sporting amenities. Councils cannot agree on, or apply, consistent standards and plans. Sharing of services among councils is limited, yet there is scope for so much more activity in this area.

19. The end result is delayed and sometimes suboptimal decisions for the region. In its funding decisions, central government has to deal with multiple parties, with Auckland councils and agencies failing to articulate clear regional priorities. Citizens and businesses get poorer services than they hope for, at a higher cost than necessary. There is waste.

20. Formal consultation by Auckland councils has become a poor proxy for true connection with their communities. Consultation and decision-making processes are prolonged and duplicative, and often fail to provide a true measure of what citizens want, and what is in their best interests. These are not necessarily the same thing, and leadership is needed to draw people into well-informed debates about choices. The result of poor engagement is poor or delayed decision making, with elected leaders and officials finding it hard to do their jobs effectively.

21. There is no lack of good intent. The Commission acknowledges the work done by Auckland's councils over the past 18 months to advance the One Plan – a single strategic framework and action plan, which sets a clear direction for how the region plans to achieve sustainable development, with a focus on the region's infrastructure. The first version of the One Plan was adopted by the Auckland Regional Council in October 2008.³ This is a positive step towards collaborative regional strategy and action. The Commission observes, however, as others have previously, that Auckland does not lack plans; it

³ The One Plan has been developed by the Regional Sustainable Development Forum, which consists of the eight Auckland councils, four central government agencies, the Mana Whenua Forum, Environment Waikato, and the Northland Regional Council.

lacks the will and ability to implement them. It is the Commission's view that the work undertaken on the One Plan needs to be put on a much sounder footing, by designing a governance model that concentrates responsibility for regional decision making in a single entity. The Commission recommends structural change to advance the priorities of the region. Otherwise there will be more plans that are not implemented and the cycle of missed opportunities will continue.

Principles for restructuring governance

22. In designing the most appropriate system of governance for Auckland, the Commission sought to be forward-looking and to produce a structure capable of meeting not just immediate needs but those of the region as it evolves over the next 20–50 years. The Commission was guided by the following four principles:

- **Common identity and purpose**

Auckland's governance arrangements should encompass the interests of the entire Auckland city-region and foster a common regional identity and purpose, which supports integrated planning and decision making.

- **Effectiveness**

The governance structure should deliver maximum value within available resources, in terms of cost, quality of service delivery, local democracy and community engagement.

- **Transparency and accountability**

Roles must be clear, including where decision making should be regional and where local.

- **Responsiveness**

The structure should respect and accommodate diversity and be responsive to the needs and preferences of different groups and local communities.

23. It is important to acknowledge that there are inherent tensions among these principles, and that no single structure will satisfy them all perfectly. The Commission has sought a reasonable and workable balance.

Alternatives considered

24. Over 3,500 written and 550 oral submissions were made to the Commission, most proposing change of some form or another to existing local government arrangements. Suggestions were wide ranging, relating, variously, to the number and sizes of councils, mayoral powers, representation and participation arrangements, council administration, urban design, social and environmental responsibilities, and the role of council entities

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such as Watercare Services Ltd (“Watercare”) or the Auckland Regional Transport Authority (“ARTA”). When all the combinations of views on these elements are considered, the evidence presented almost every conceivable shade of opinion for the Commission’s consideration.

25. The Commission considered a range of options, from retaining the status quo to establishing a single local authority with a two-tier structure (such as a large regional governing body or a unitary council with representation at a more local level) through to a larger number of empowered community boards or smaller ward-based councils.

26. The Commission concluded that the establishment of a single, region-wide unitary authority would help achieve strong and effective Auckland governance and overcome current fragmentation and coordination problems.⁴ It would allow for much more decisive and visible leadership. Other benefits include advantages of scale in relation to service delivery, infrastructure, investment, and coordination of logistics.

27. At the same time, the Commission was concerned not to create an organisational monolith, unconnected to the people it serves. With this in mind, the Commission considered carefully a number of variations of a two-tier model comprising a unitary authority with additional representation at a local level. The Commission concluded that having up to 20 community councils, as a number of submitters proposed, would be costly to establish and run, and disruptive to existing staff and services. The conclusion was borne out by independent financial analysis undertaken for the Commission by experts Taylor Duignan Barry.⁵

28. After careful consideration, the Commission opted for a smaller number of local councils, based in most respects on the existing council boundaries – following the principle of building on existing institutional arrangements where possible.

Proposed model

29. The Commission proposes the dissolution of the Auckland Regional Council and all seven territorial authorities existing in Auckland, and the creation of a new single unitary authority called the Auckland Council. The Auckland Council will have all the powers and responsibilities of a regional council and territorial authority across the region. Staff and all assets and liabilities from existing Auckland councils will be transferred to it. The Auckland Council will hold all council assets and employ all staff. There will be one long-term council community plan, one spatial plan, one district plan, one rating system, one rates bill, one voice for Auckland.

4 A unitary council is a single territorial authority (that is, a district or city council) that has the responsibilities, duties, and powers of a regional council conferred on it.

5 Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region* (see Appendix B, pp. 746–776).

30. The boundaries of the Auckland region will be unchanged to the north and for the Hauraki Gulf. In the south, the boundary between the Auckland and Waikato regions will be changed in two ways:

- The area currently in the Waikato region north of the Waikato River, including Tuakau, Pokeno, and Mercer, is to be included in the Auckland region.
- The area currently in Auckland region and Franklin District, bordering the Firth of Thames from Matingarahi Point to Whakatiwai, is to be included in the Waikato region.

Adjustments to territorial authority boundaries are proposed to reflect the new regional boundary. The parts of Franklin District that will be outside the new Auckland region, including Onewhero and Kaiaua, will be transferred to Waikato District.

31. In addition to the elected governing body of the Auckland Council, local democracy will be maintained through six elected local councils operating within the unitary Auckland Council. Local councils will oversee the delivery of services by Auckland Council staff and will undertake local engagement in four urban and two rural districts. The boundaries of the new local councils will be centred (with some important boundary adjustments) on the existing council territories of Rodney District, North Shore, Waitakere, Auckland, and Manukau Cities, and Franklin District, thus enabling new local councils to utilise existing infrastructure and service centres.

32. The functions of local councils will be set out in statute, with provision for the Auckland Council to delegate further functions. While local councils will have specified governance responsibilities within their districts, they will be part of the Auckland Council, and will be subsidiary and accountable to the governing body of the Auckland Council. They will not be local authorities in the legal sense (that is, with their own power of general competence), nor will they be community boards. They will be a new type of body – a local representative body, which operates within a larger local authority and which provides services and acts as an advocate for the residents, ratepayers, and communities of their areas.

33. Generally, community boards will no longer be required in the model the Commission proposes. The Commission recommends that an exception be made for the Great Barrier and Waiheke Island Community Boards, which should be retained, with wider delegated powers. It also recommends the establishment of a community board for the central city and waterfront, with powers delegated to it from the Auckland Council. This area will not be within a local council area. This is discussed in paragraphs 49–51 below.

34. The Commission’s recommendations will achieve significant streamlining in Auckland’s local government arrangements and are intended to simplify roles, clarify mandates, and eliminate unnecessary duplication. On one hand, they will devolve local delivery and engagement to local councils. On the other, they will concentrate strategic planning and investment and the management of key resources and assets at the regional

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level, under the direct control of the Auckland Council. Reforms are intended to make local government in Auckland more efficient and less fragmented.

Governance of the Auckland Council

35. Auckland needs an inspirational leader, inclusive in approach and decisive in action. Auckland needs a person who is able to articulate and deliver on a shared vision, and who can speak for the region, and deliver regional priorities decisively.

36. The Auckland Council will be led by a mayor who is elected by all Aucklanders. The Mayor of Auckland will have greater executive powers than currently provided under the Local Government Act 2002, although these additional powers will still be more modest than in many international models of mayoralty. The additional powers will be limited to three key abilities:

- appointment of the deputy mayor and committee chairpersons
- proposal of the Auckland Council budget and initiation of policy
- establishment and maintenance of an appropriately staffed Mayoral Office.

37. The Mayor will be expected to chart and lead an agenda for Auckland. To ensure the Mayor remains fully accountable, all policy will need to be approved by the full Auckland Council. There will also be additional obligations on the Mayor to engage with the people of Auckland through regular “Mayor’s Days” and an annual “State of the Region” address.

38. The Auckland Council will comprise 23 councillors, 10 of whom will be elected regionally by all Aucklanders. Eight councillors will be elected in four urban wards. Two will be elected in two rural wards. This mix of city-wide and ward-based councillors is intended to ensure that the right balance of regional and more local perspectives is brought before the council.

39. Provision has also been made for the election to the Auckland Council of two councillors by voters on the Māori electoral roll; and one councillor appointed by mana whenua through a mechanism specified by the Commission in its report.

40. The Commission considers that the provision of three safeguarded seats for Māori is consistent with the spirit and intent of the Local Government Act 2002, which requires local authorities to establish processes for Māori to contribute to decision making. It will ensure that there is an effective Māori voice at the decision-making table, and that the special status of mana whenua, and their obligations of kaitiakitanga and manākitanga, are recognised.⁶

⁶ Mana whenua are local Māori with ancestral ties to the land. Kaitiakitanga refers to guardianship. Manākitanga is a sacred obligation to care for all people within your rohe or area, including taura here (Māori with ancestral ties outside the area) and non-Māori.

41. The Commission expects that the Auckland Council functions will centre on regional policy, investment, and planning, regional infrastructure and networks, and service delivery. Three particular aspects deserve mention:

- First, the Auckland Council will set policy for all aspects of local government in Auckland, although local councils will have a contributing role in a number of areas. For the first time in the Auckland region, related functions will be brought together through the unitary authority model. For example, the Auckland Council will be able to develop transport and land use strategies in a single agency. There will be a single long-term council community plan for all activities of the Auckland Council and local councils, and a spatial plan for the region which coordinates plans for growth, economic, and social development.
- Second, Auckland-wide infrastructure that can most efficiently and effectively be provided at a regional level will be delivered directly by the Auckland Council or its council-controlled organisations. The Auckland Council will be responsible for region-wide network services, including the arterial road network, water collection and supply, wastewater treatment, and solid waste management. Where networks are managed by council-controlled organisations, the Auckland Council will remain responsible for providing strategic direction.
- Third, Auckland Council will have a leadership function for Auckland that extends beyond issues where it has direct powers, for example, in relation to issues of concern to Auckland including social well-being, security of electricity supply, and installation of broadband infrastructure.

42. The Auckland Council will also provide administrative services for itself and local councils for all back-office functions, including setting and collecting rates, accounting, treasury, asset management and other financial functions, human resources, payroll, and computer systems.

43. More broadly, the Auckland Council will have an important role in developing joint action and investment with business and other stakeholders and building wider regional coalitions. This role is of particular relevance in the context of infrastructure and economic development.

Local councils

44. There will be four urban councils and two rural councils. The four urban councils will have the following features:

- **Waitemata Local Council** will serve most of the area currently in North Shore City, together with the Hibiscus Coast ward of the Rodney District. It will service a total population of approximately 260,000 people. The Waitemata Local Council will have 15 councillors, two for each of the seven wards, and in addition, a local council chair appointed by councillors. The local council chair will have

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been elected from a ward, but on appointment, his or her place will have been taken by the next highest polling candidate in the ward.

- **Waitakere Local Council** will serve substantially the same area as the existing Waitakere City. As is currently the case, the estimated population served by the council will be 198,000. Waitakere Local Council will have 11 councillors, two elected from each of five wards, and a local council chair.
- **Tāmaki-makau-rau Local Council** will serve the area that currently makes up Auckland City, but excluding the city centre and waterfront. The estimated population served by the council will be 397,000. The council will have 22 councillors, two elected from each of 10 wards, one elected from a Hauraki Gulf ward, and a local council chair.
- **Manukau Local Council** will serve the area of the current Manukau City, together with the urban areas of Papakura District, excluding the rural areas of both former councils (which are to be included in Hunua Local Council). Manukau Local Council will have an estimated population of 387,000. It will be served by a council of 21 councillors, 20 councillors from 10 wards, and a local council chair.

45. The two rural local councils will be constituted as follows:

- **Rodney Local Council** will serve the area currently included in Rodney District, excluding the Hibiscus Coast but including small areas outside the metropolitan urban limits presently within North Shore and Waitakere Cities. The estimated population will be 54,000. It will be served by a council of seven councillors, six elected from three wards, and a local council chair. (The Commission has been unable in the time available to identify a suitable Māori name for Rodney Local Council, but recommends that one be identified after consultation with mana whenua.)
- **Hunua Local Council** will serve the area currently forming Franklin District, with the exception of Onewhero and Kaiaua, which will be transferred to Waikato District. The Hunua Local Council will also include the rural areas of Clevedon, Ardmore, and Drury, which are currently part of Manukau City and Papakura District. The estimated population of Hunua will be 73,000. It will be served by a council of seven councillors, six elected from three wards, and a local council chair.

46. The boundary alignments for the six local councils are intended to separate rural land from urban land along the metropolitan urban limit. This approach is intended to achieve greater rural and urban definition and identity across the region, which was considered desirable by a number of submitters and by the Commission. It is also intended that the Auckland Council should have close planning oversight of rural areas, to ensure urban growth is appropriately managed across the region.

47. A primary objective of local councils will be to achieve better engagement with communities, using new ways to connect with people, simplifying consultation and making it more purposeful. It is also expected that there will be improved community

access to councils, including better online information using self-service and information technologies.

48. In their local service delivery role, local councils will benefit from the unified service delivery model proposed for the Auckland Council, which will provide for consolidation and sharing of back-office functions, more efficient purchase and supply management, and stronger financial, human resource, and information management systems.

Central city and waterfront

49. The Commission has recommended a distinctive approach to Auckland's central city district and waterfront. The fact that Auckland's city centre has developed around a beautiful harbour gives it an immediate advantage, but the potential to showcase and enhance the harbour's natural beauty and the functional and amenity values it offers has not yet been realised fully. The city centre is shabby and easy public access to the waterfront is sorely lacking. Urgent action is required to address urban design issues and to improve the public realm, and implement much better urban management of the city centre.

50. The management of Auckland's city centre and waterfront area is not just a local issue but one of regional and national importance. The centre is the hub of New Zealand's leading firms, the focus of Auckland's education and science sectors, and of its professional, financial, business, entertainment, and creative activities. Many of the region's key institutions, such as libraries, universities, galleries, courts, theatres, hospitals, and large businesses are concentrated in this area. Increasingly, it is also being recognised as a desirable place in which to live. It is Auckland's "shop window" to the world, and a focus for visitors to the region.

51. The Commission has recommended

- that the Auckland Council establish a City Centre and Waterfront Committee to make policy regarding the city centre and waterfront area, particularly in relation to urban design, urban management, and planning
- that any future development of the waterfront and its interface with the city centre be carried out by a city centre and waterfront development agency with the capacity to design and implement a "master plan" for the area, as opposed to the piecemeal approach taken to date
- that a community board for the city centre and waterfront area be established to deliver local services under delegated authority from the Auckland Council, with planning and consenting to be undertaken under the direct oversight of the Auckland Council.

Relationship with central government

52. A key measure of the success of the Auckland Council will be how it works with central government. Central government needs to have Auckland's priorities presented to it in an accurate and consistent way. It also needs to have confidence in the ability of the Auckland Council to make good decisions and to deliver in an effective and efficient way. Having created an effective Auckland Council as the Commission proposes, central government should then allow it to influence its decision making, working in partnership for the greater good of Auckland and New Zealand. The Commission also expects that the Auckland Council will have much closer, and more productive, relationships with other regions and cities in New Zealand.

53. The Commission's report describes how a stronger relationship might be developed between central and local government in Auckland, including through the appointment of a Minister for Auckland and the establishment of a Cabinet Committee for Auckland. The Minister and Cabinet committee will oversee the transition to the Auckland Council over the next 18 months, and will work with the Auckland Council once it is established. The Cabinet committee will also keep oversight of events of international significance affecting Auckland, such as the Rugby World Cup in 2011. Over time, it is expected that a key role of this committee will be to set priorities for government spending in Auckland and to decide and coordinate the allocation of discretionary funding. The Commission has also proposed a number of shared decision-making structures involving relevant Government entities, particularly in the social well-being and transport areas.

Other key elements of the Commission's proposals

Economic development

54. In partnership with central government and the region's businesses, Auckland's local government must do what it can to address the impact of the economic challenges currently facing the nation as well as the region. This should include making a constructive contribution to recent central government initiatives including the development of a 20-year infrastructure plan, streamlining the Resource Management Act, and the initiatives arising from the February 2009 Job Summit.

55. However, it is important also to maintain a clear focus on what must be done over the medium to long term to enhance the productivity and competitiveness of Auckland's businesses. It is this work that will set the region on the path of long-term prosperity. Improving Auckland's infrastructure, particularly the development of an ultra-fast broadband network, has the potential to do this, as does a carefully planned and successfully executed Rugby World Cup event in 2011.

56. Auckland's local governance structures must be capable of supporting and enhancing the local businesses and communities, which provide the foundation of Auckland's prosperity. At the same time they must also be capable of addressing pan-Auckland economic development issues, including regional tourist promotion,

implementation of an Auckland brand, improvements to key infrastructure networks, and rationalising duplicative and sometimes conflicting regulatory requirements. Currently, fragmented responsibility between regional and local government undercuts the ability of Auckland to perform nationally and internationally as an effective city-region.

57. The Commission also expects Auckland’s local government to set high standards for itself. It envisages focused, efficient, and productive local government, which ensures public spending is directed to the best possible use, funding high-quality services, achieving value for money, and measuring and monitoring performance in a transparent way. In the current economic environment, businesses and individual ratepayers cannot afford unjustified rates increases or overly onerous and costly regulatory compliance costs.

Planning

58. The Commission notes that the Government intends to amend the Resource Management Act 1991, in particular to make decision making on infrastructure more efficient, to reduce the costs and delays of consenting and speed up plan-making processes.

59. The Commission’s recommendations on planning address these problems from a different perspective. The reorganisation proposed by the Commission will streamline planning processes in Auckland by creating a unitary authority. Although it will take time to achieve, it is proposed that there will be one district plan for Auckland, thus simplifying planning and consenting processes. A hallmark of the new district plan, and the new regional plans to be developed and delivered by the Auckland Council, will be simplicity of language and controls.

60. The Commission also proposes that the Resource Management Act 1991 should be amended to remove the right of appeal to the Environment Court from regional policy decisions made by the Auckland Council. It is also recommended that the Auckland Regional Policy Statement be subject to a submission process similar to that which applies to national policy statements, that is, those submissions should be heard by independent commissioners. These measures, if adopted, will result in significant savings, and simplify the administration of the Act and planning processes for the Auckland Council and users alike.

Council-controlled organisations

61. In Auckland there are currently over 40 council-controlled organisations (“CCOs”) under the control of the various local authorities, together with a number of council organisations covered by statutory monitoring and reporting provisions. These will be transferred to the Auckland Council on its establishment. The Commission expects that the Auckland Council will wish to rationalise a number of these entities, and introduce measures to ensure that CCOs are able to operate on an independent and professional basis. The Commission expects that, in future, the Auckland Council’s major commercial trading and infrastructure activities will be undertaken through CCOs, to enable the council to access the best commercial and engineering expertise and resources. The

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Commission has also made specific recommendations in relation to the future of ARTA and Watercare, outlined below.

Transport

62. The Commission proposes that a new regional transport authority be established, replacing ARTA. The authority will be a CCO reporting to the Auckland Council and will have a partnership relationship with the New Zealand Transport Agency and ONTRACK. It will have responsibilities for regional transport, including public transport, as well as for strategic planning and for regional arterial roads. It will have an oversight role in respect of local roads, which will be the day-to-day responsibility of local councils.

Water and wastewater

63. The Commission proposes that, subject to certain possible exceptions discussed in the report, all drinking water and wastewater services, both wholesale and retail, will be supplied by one CCO – Watercare – owned by the Auckland Council. The Auckland Council will determine the extent to which responsibility for the delivery of stormwater services should be shared between local councils and Watercare.

64. All water-related assets owned by the existing territorial authorities will be transferred to the Auckland Council and will remain in public ownership. Watercare will be required by legislation to promote demand management to encourage responsible water use. The current obligation on Watercare to maintain prices for water and wastewater services at minimum levels (subject to obligations to be an effective business and maintain its assets in the long term) will continue.

65. An independent services performance auditor will be appointed to oversee Watercare, and will also review CCO performance targets, and the reliability and affordability of council services.

Social well-being

66. The data outlined in the Commission's report makes it clear that Auckland does poorly on many indicators of social well-being. In particular, within the region there are significant clusters of deprivation typically concentrated around geographical and ethnic communities. Auckland carries the costs in three ways: this untapped potential constrains economic growth; it places a significant burden on government resources; and it makes the city more divided and less safe. For Auckland to become a leading city, improved social well-being outcomes are critical. Every citizen must have the opportunity not only to reach their potential and to lead a fulfilling life, but also to contribute to Auckland's growth and prosperity.

67. The Commission observes generally that there is a lack of clarity and consistency about how and to what extent local government should give effect to the obligation to promote social well-being. While central government has primary responsibility for social well-being, local government has an important role to play, and is already inextricably involved. All council activities (such as public transport, urban design, rate-setting, and roads and other infrastructure) have significant social consequences.

- 68.** However, with some notable exceptions, promoting social well-being has not been prioritised as core business by Auckland councils, and the power to improve social well-being outcomes through these council activities has not been realised. These functions can and should be approached with the explicit intention of maximising their contributions to improved social well-being.
- 69.** The annual central and local government social spend in the Auckland region is in the vicinity of \$12 billion, but the results fall short. The challenge is to ensure these resources are spent more effectively, to achieve the best outcomes. To date, collaborative efforts by central and local government to align and integrate approaches have proved inadequate.
- 70.** Accordingly, the key recommendations made by the Commission centre on achieving shared responsibility for decision making between local and central government. This is based on role clarity, clear strategic direction, access to good data and analysis, better engagement with affected communities, and strengthened accountability arrangements.

Adding up the savings

- 71.** The operation of Auckland's local government involves very significant amounts of public money. In 2008/09 the eight Auckland councils have budgeted to spend almost \$2 billion in operating expenses and over \$1.25 billion in capital expenditure. Many of the submissions made to the Commission supporting changes to the structure of Auckland's local government were based on the view that significant cost savings should result.
- 72.** While the Commission considers that there are other equally important issues in designing a new governance structure – primary among them achieving greater regional effectiveness – it fully accepts the importance of these financial issues. Within the time and information sources available to it, it is difficult for the Commission to estimate in detail the financial implications to Auckland local government of its proposed changes. As noted above, the Commission commissioned a report from corporate finance consultants Taylor Duignan Barry to provide a preliminary financial analysis of its preferred option of a unified Auckland Council and six local councils.
- 73.** Preliminary analysis, which will need to be quantified in detail by the Establishment Board, suggests that adopting the Commission's proposals for structural change will result in estimated efficiency savings in the indicative range of 2.5% to 3.5% of the total expenditure of the Auckland councils planned for 2008/09 (of around \$3.2 billion). This represents estimated efficiency gains of between \$76 million to \$113 million per year. It should be noted, however, that securing the anticipated savings will require excellent transition and management arrangements.
- 74.** Efficiency gains are expected from a number of operating and capital expenditure areas including savings from unified services (in areas such as procurement and back-office systems such as finance and administration, information technology, human resource management, and uniform rules and processes for service delivery). On a

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sectoral basis, there are potential efficiencies in water and wastewater, solid waste, transport, community assets and regulation, planning, and governance. Limited efficiency gains are expected in areas that are largely contracted out such as refuse collection, road maintenance, and public transport services.

75. The estimated integration costs have been assessed to range in total between \$120 million and \$240 million over a four-year implementation time frame.

76. It is important to recognise that there are wider costs associated with not taking action. Failure to take action will result in citizens and businesses continuing to incur high transaction costs in dealing with councils, in important decisions either not being made or made too late, and in central government being unable to develop an effective partnership with Auckland local government.

Transition

77. The Commission has worked on the basis that changes should be in place in time for the next local body elections in October 2010. At that time, the Auckland Council will be established, and the Auckland Regional Council and the seven territorial authorities in Auckland will be dissolved formally. Boundaries and wards for the Auckland Council will need to be determined no later than six months before the election date.

78. The anticipated 18 months' time frame for the establishment of the Auckland Council is ambitious but achievable, and it is most important that the deadline is met. The main purpose of achieving reform over this time frame will be to maintain focus and momentum for change. Consultation by the Commission has been extensive, and there is no need to rehearse old arguments. Existing council staff will be concerned about their future. The public will want to know that council services will continue to be provided at usual locations and that democratic processes are to be maintained. For these reasons, it is essential that the whole process is well managed and the transition work gets under way quickly.

79. The Commission recommends that existing councils continue to operate effectively until the 2010 elections, with the mayors and councillors continuing to make the necessary decisions to enable council business and the delivery of services to proceed as normal. Existing councils will also have an important role in managing the impact of the transition, particularly on staff. Existing councils should refrain from making decisions that could materially affect the creation of the Auckland Council or its future activities, or that would pre-empt or constrain future decisions by the Auckland Council.

80. The Commission has recommended the appointment of an Auckland-based Establishment Board comprising a Chair and members with significant experience at chief executive level in implementing major organisational change. Its role will be to prepare for the establishment of the Auckland Council. The Commission is very clear in its report about what needs to be done to achieve this, and it expects that the board will focus on implementation of the design set out in the Commission's report.

81. The Establishment Board will be supported in its work by a Transition Management Group, comprising the chief executives of the existing Auckland councils, Watercare, and ARTA. It will be chaired by an independent chair with significant local government experience and no vested interest in Auckland local government, who will report to the Chair of the Establishment Board. The role of the Transition Management Group will be to ensure that existing councils operate on a “business as usual” basis prior to the October 2010 elections, and to assist the transition process. This will include providing all necessary information to the Establishment Board to assist audit processes, the transfer of all assets and staff to the new organisation, and undertaking integration projects (for example, to establish aspects of the shared services arrangements).

82. The Government will have a critical role in overseeing the transition process. It will also need to undertake parallel policy processes, including securing the passage of legislation, fixing boundaries, and preparing for the 2010 elections. It is proposed that a senior Minister for Auckland and a Cabinet Committee for Auckland be established as a matter of urgency. The Establishment Board will report to the Cabinet Committee for Auckland, through the Minister for Auckland. The Secretary of Local Government will be tasked with monitoring the Establishment Board’s work to ensure deadlines are met. The Secretary will report separately to the Cabinet Committee for Auckland through the Minister for Local Government.

83. The Establishment Board should be supported by an Auckland-based Project Management Office working to the direction of the Establishment Board.

Concluding comment: Government to governance

84. Neither structures, powers, nor funding are by themselves the key to revitalisation of local government in Auckland. It is people – Aucklanders – who will make the difference. The Commission’s interest has not been confined to local government arrangements but has been more broadly focused on the question of local governance – the wider collaboration between central government, local government, and interested parties in the public, private, and non-profit sectors.

85. The Commission has been inspired during its inquiry by the passion Aucklanders have for their region, and their determination, shared by the Government, that Auckland can do more and be more than it is. The sustained effort that will be required to achieve a real shift in local government and in Auckland’s performance should not be underestimated. The Commission is heartened by its understanding that, though there are challenges for Auckland, there are also real solutions.

86. The Commission respectfully urges the Government to view its recommendations as an integrated package, which needs to be adopted with urgency so that changes can be implemented in readiness for the October 2010 local body elections. The Commission has consulted widely and believes that, overwhelmingly, Auckland is ready now for positive change.

Recommendations

The Commission's recommendations are set out below in a consolidated list, noting the chapters in which they appear. These recommendations should be viewed as an integrated package, to be adopted with urgency, so that the changes can be implemented in readiness for the October 2010 local body elections.

Chapter 6: Our Vision for Auckland

Auckland needs an overarching vision for the region uniting Aucklanders to achieve prosperity for all, quality of place and lifestyle, and enhanced well-being for the region's diverse and growing population.

- 6A** The Auckland Council should include a vision for the region in its spatial plan.¹
- 6B** The Mayor of Auckland's annual "State of the Region" address should describe progress towards the attainment of the vision.²

Chapter 7: Economic Development

Auckland needs governance structures for economic development capable of working effectively with central government to address major regional issues as well as meeting the localised needs of Auckland's communities and businesses.

- 7A** A partnership should be developed between central government and Auckland's local government to address the region's long-term economic development and to formulate immediate responses to the current economic conditions.
- 7B** The Auckland Council should adopt a comprehensive regional economic development plan and an associated funding plan.
- 7C** The Auckland Council should establish
 - a) a regional economic development agency within the Auckland Council with functions and activities outlined in Chapter 7
 - b) local economic development agencies reporting to the regional economic development agency (existing economic development agencies may be retained where appropriate)

¹ See Recommendation 14A on the establishment of the Auckland Council and Recommendation 24A on the development of a spatial plan.

² See Recommendation 19B.

Recommendations

- c) a high-level, regional cross-sectoral advisory board comprising representatives of central government, local councils, business, education, and not-for-profit organisations.

7D The regional economic development agency should take an innovative approach to developing long-term funding relationships, drawing funding from the regional budget, central government economic development programmes, and the private sector on specific projects.

Transition

7E The Cabinet Committee and Minister for Auckland should begin work immediately with the Establishment Board to lay the ground for the Auckland Council's work in priority areas, including the Rugby World Cup 2011 and broadband.³

7F As a basis for future decision making by the Auckland Council, the Establishment Board should review whether existing local economic development programmes are delivering value for money.

Chapter 8: Environment, Urban Design, and Heritage

Auckland needs governance arrangements for the region's built and natural environments to ensure Auckland's quality of place is maintained and enhanced.

8A The Auckland Council should establish an Urban Design Panel to review all major developments throughout the Auckland region, with sign-off power for major projects.

8B The Auckland Council should establish a Heritage Advisory Panel to assist it with the identification of heritage buildings and places, and the formulation of rules to ensure their preservation.

8C The Auckland Council and the Northland Regional Council should develop a co-management regime in respect of the Kaipara Harbour, involving relevant territorial authorities and mana whenua representatives from local iwi. The final structure and responsibilities should be determined by the Auckland Council and the Northland Regional Council.

³ See Recommendations 15K on Minister and Cabinet Committee, and 33B on the Establishment Board.

- 8D** The Auckland Council should
- a) undertake environmental monitoring (potentially in collaboration with the Ministry for the Environment)
 - b) benchmark progress and collaborate with central government on environmental programmes, including the limiting of air pollution from motor vehicle emissions
 - c) appoint a park ranger with responsibility for volcanic cones
 - d) prepare an internal code of conduct including procedures to manage councillors' involvement in individual regulatory decisions.

Chapter 9: Promoting Social Well-Being

Central and local government's annual social well-being spend is in the vicinity of \$12 billion in the Auckland region. It is critical that these resources are applied effectively, to achieve the best outcomes. Accordingly, Auckland needs a governance structure for social well-being that enables local and central government to share decision making and accountability for improving the effectiveness of resources spent, and addressing the critical social issues in Auckland.

- 9A** A Social Issues Board should be established as the main governance body for social issues, with central and local government membership as described in Chapter 9.
- 9B** The powers of the Social Issues Board should be set out in Terms of Reference approved by the Cabinet Committee for Auckland and the Auckland Council.
- 9C** The Social Issues Board should develop a Social Well-Being Strategy and Implementation/Funding Plan.
- 9D** A Social Issues Advisory Group of officials should be established to support the Social Issues Board. It should be co-funded by central and local government with responsibilities as described in Chapter 9.
- 9E** The Auckland Council role should centre on providing leadership and facilitating improved social well-being outcomes. Direct delivery of social well-being services by the Auckland Council should not duplicate central government responsibilities and should be part of the Social Well-Being Strategy and Implementation/Funding Plan.
- 9F** The Government should give consideration to aligning geographic boundaries of local government and central government agencies responsible for the delivery of social well-being services.

Recommendations

Transition

- 9G** The Establishment Board should ensure the necessary structures and processes are in place to ensure that the Social Issues Board, the Social Issues Advisory Group, and the Auckland Council are able to commence work on their immediate priorities.

Chapter 10: Culture, Recreation, and Diversity

Auckland needs governance structures that promote the benefits of diversity and support culture and recreation.

- 10A** The Mayor of Auckland should take a leadership and advocacy role in promoting and welcoming diversity, and encouraging acceptance of migrants and minority groups in Auckland.
- 10B** The Auckland Council should establish two advisory panels, one relating to the arts and the other to recreation. With the assistance of the advisory panels, it should develop strategies for regional arts and recreation activities and their associated funding.
- 10C** Local councils should be responsible for implementing culture and recreation policies in their communities, partnering with local groups where appropriate, and representing the views of local communities at regional level.
- 10D** The Auckland Council should consider establishing a council-controlled organisation (“CCO”) to hold and to operate the regional arts, entertainment, convention, and major event facilities.

Chapter 13: Alternative Models for Reform

- 13A** The Government should give consideration to the introduction of a four-year electoral term for local authorities in New Zealand.

Chapter 14: The Auckland Council: Key Features

- 14A** A unitary authority, to be called the “Auckland Council”, should be formed to assume all local government responsibilities in the Auckland region.
- 14B** When the Auckland Council is established, the following existing local authorities should be abolished:
- Rodney District Council
 - North Shore City Council
 - Waitakere City Council
 - Auckland City Council

- Manukau City Council
- Papakura District Council
- Franklin District Council
- Auckland Regional Council.

- 14C** The Auckland Council should operate and have representation at two levels: the elected Auckland Council, and six local councils.
- 14D** All local councils should be given Māori names. These should be determined by the Local Government Commission after consultation with mana whenua, with the new Māori names used by the Commission being the suggested starting point for consideration. The interim names of the six local councils should be
- Rodney Local Council
 - Waitemata Local Council
 - Waitakere Local Council
 - Tāmaki-makau-rau Local Council
 - Manukau Local Council
 - Hunua Local Council.
- 14E** The Auckland Council should comprise a single organisation, with a single staffing and management structure. The Auckland Council should employ one chief executive officer, who will employ all other council staff (but not staff of council-controlled organisations) at both Auckland and local levels, including local council managers for each local council.
- 14F** Staff from the eight abolished councils should be transferred to the Auckland Council, at least initially.
- 14G** Local councils should share the governance of their areas with the Auckland Council but will be subsidiary to it.
- 14H** The Mayor of Auckland should preside over the Auckland Council. The Mayor should be elected at large by the electors of Auckland.
- 14I** The Auckland Town Hall should be the symbolic centre for the Auckland Council.
- 14J** When the Auckland Council is established, all existing community boards within the territories of the abolished local authorities, except for the Waiheke

Recommendations

and Great Barrier Island Community Boards, should be abolished. A new City Centre and Waterfront Community Board should be established.

- 14K** The assets and liabilities of abolished territorial authorities and of the Auckland Regional Council should be transferred to Auckland Council. However, a fair apportionment of the assets and liabilities of the Franklin District Council and Auckland Regional Council should be made between the Auckland Council, the Waikato District Council, and the Waikato Regional Council, to reflect the boundary changes proposed by the Commission; such apportionment to be made in accordance with the Local Government Act 2002, Schedule 3, clause 69.
- 14L** All existing interests in council organisations, council-controlled organisations, and exempt organisations held by current councils should be transferred to the Auckland Council on the establishment date.

Transition

- 14M** The Establishment Board should develop the proposed structure of the elected Auckland Council and local councils (including the committee structure and advisory panels and groups).
- 14N** The Establishment Board should develop the proposed organisational structure of the Auckland Council. This will include defining the key roles and positions for council administration, staffing levels, staff locations, and the systems necessary for the Auckland Council to operate on the establishment date.
- 14O** The Establishment Board should review the functions and activities currently carried out by the Auckland Regional Council and seven territorial authorities, identifying those that will continue to be carried out by local councils, and those relevant functions and activities to be undertaken directly by the Auckland Council.
- 14P** The Establishment Board should determine the location of council offices (particularly Auckland Council, and Tāmaki-makau-rau and Rodney Local Councils) and service centres.

Chapter 15: The Elected Auckland Council

Composition, role, and functions

- 15A** The Auckland Council should comprise 23 councillors elected or appointed as follows:
- 10 councillors elected at large
 - eight councillors elected in four urban wards

- two councillors elected in two rural wards
- two councillors elected at large by voters on the Māori electoral roll
- one councillor appointed by the Mana Whenua Forum.⁴

15B The role and functions of the Auckland Council should be as prescribed for unitary authorities under the Local Government Act 2002 and other legislation, and as may be additionally prescribed in any future legislation referring specifically to the Auckland Council or any of the abolished local authorities.

15C The Auckland Council should be responsible for all asset management, debt management, and revenue raising. It will also develop one set of financial plans and policies for Auckland. There will be one rating system for Auckland and ratepayers will receive one rates bill.

15D The Auckland Council should operate a hierarchical and integrated planning framework as outlined in Chapter 15. There will be a new regional spatial plan and one district plan for Auckland.

15E The Auckland Council should be responsible for the production of the long-term council community plan and annual plans as required by the Local Government Act 2002, for its own operations and the operations of local councils. There will be one long-term plan and annual plan for Auckland.

Advisory panels

15F The Auckland Council should establish advisory panels and groups as necessary to ensure appropriate expertise is available to it.

15G The Auckland Council will appoint an Appointments Advisory Panel which will assist the Auckland Council to recruit directors or representatives to serve on boards of council-controlled organisations, external entities (for example the Auckland Museum Trust Board), advisory panels, and forums.

Relationship with local councils

15H The relationship between Auckland Council and each local council should be governed by a three-yearly governance agreement negotiated in the year following each local body election.

15I The Auckland Council's annual report under the Local Government Act 2002 should include separate sections on the operations of the elected Auckland Council and each local council.

4

See Recommendations 22B and 22C.

Recommendations

Chief executive

- 15J** The State Services Commissioner should be asked to assist in developing the job description and design of the performance management framework, and in conducting the initial screening and short-listing for the chief executive.

Relationship with central government

- 15K** The Government should enter into a partnership agreement with the Auckland Council and appoint a senior Government minister as Minister for Auckland; in addition it should appoint a Cabinet Committee for Auckland comprising Ministers with portfolios of significance to Auckland. The Cabinet Committee should be supported by an officials committee.

- 15L** The functions of the Cabinet Committee for Auckland should include
- a) consulting with the Auckland Council through the Minister for Auckland
 - b) setting priorities for Government spending in Auckland and deciding on the allocation of discretionary funding
 - c) overseeing events of international significance affecting Auckland.

Relationship with other regions

- 15M** The Auckland Council should meet regularly with representatives of the neighbouring regions of Northland, Waikato, and Bay of Plenty to consider issues of mutual interest.
- 15N** The Minister for Auckland should consider convening an annual forum comprising the Auckland Council and relevant interest groups (including regional and territorial councils and business groups) from the Northland, Waikato, and Bay of Plenty regions to discuss matters of mutual and topical interest.

Transition

- 15O** The Establishment Board should review all current council advisory panels and groups and report to the Auckland Council on which current advisory groups should be continued by the Auckland Council.
- 15P** The Establishment Board should appoint an interim Appointments Advisory Panel. It will assist the Establishment Board to
- a) undertake the review of existing advisory panels described above
 - b) prepare draft terms of reference for new and continuing advisory panels
 - c) identify potential candidates for such panels

- d) recruit interim directors for council-controlled organisations, as necessary.

Chapter 16: Local Councils

16A The membership of local councils (including chairs) should be as follows:

- Rodney Local Council – 7 members
- Waitemata Local Council – 15 members
- Waitakere Local Council – 11 members
- Tāmaki-makau-rau Local Council – 22 members
- Manukau Local Council – 21 members
- Hunua Local Council – 7 members.

16B Local councils should be elected by wards, with generally two members per ward.

16C The chair of each local council should be appointed by councillors. Upon appointment, the chair will cease to have any formal role as a representative of the ward from which he or she was elected; the next highest polling candidate in the same ward will be deemed to be elected as one of the ward's representatives in place of the chair.

16D The role and functions of local councils should be as described in Chapter 16 and set out in the draft Auckland Act prepared by the Commission. Additional functions, beyond those specified in legislation, may be delegated by the elected Auckland Council.

16E Local councils should be subject to a statutory requirement to engage with their local communities, and should be innovative in the way that they consult.

16F Each local council should be responsible for producing a draft community action plan as part of the Auckland Council's long-term council community plan.

16G Waiheke and Great Barrier Island Community Boards should have greater delegated powers than at present, including the management of community halls and reserves, and powers to decide on some local services covered by a budget allocation.

Recommendations

Transition

- 16H** The Establishment Board should prepare draft delegations of authority for the Waiheke and Great Barrier Island Community Boards for the consideration of the Auckland Council.

Chapter 17: City Centre and Waterfront

- 17A** The boundary of the city centre and waterfront area should be defined as shown in Figures 17.1 and 18.7, and as described in Chapter 18.
- 17B** This area should have the following governance arrangements to ensure that it is managed to achieve maximum benefit to the region:
- a) a City Centre and Waterfront Committee of the Auckland Council to execute the functions set out in Chapter 17, chaired by the Mayor of Auckland, with non-voting members co-opted from the business, education, cultural, and not-for-profit sectors.
 - b) a City Centre and Waterfront Community Board to execute functions and responsibilities delegated to it by the Auckland Council. It will comprise six members elected at large who will appoint one of their number as chair. The chair should be a voting member of the City Centre and Waterfront Committee.
- 17C** There should be a City Centre and Waterfront Development Agency to undertake planning and any further development of the waterfront area. This agency is to be established by the Auckland Council and/or central government.

Transition

- 17D** The Establishment Board should prepare draft delegations for the City Centre and Waterfront Community Board for the consideration of the Auckland Council.

Chapter 18: Boundaries

- 18A** The boundary of the Auckland Council as a regional council should be as shown in Figure 18.3 and described in Chapter 18. It will remain the same to the north, and be amended to the south with corresponding changes to the boundary of the Waikato region.
- 18B** Notwithstanding changes to the Auckland region boundaries described above, Waikato Regional Council (Environment Waikato) should retain its powers over all parts of the Waikato River and its tributaries and catchment in the Auckland region, including management of water quality, water extraction, damming and diversion, discharge of water or contaminants to water, flooding, drainage,

erosion, and sedimentation, and other issues arising under the Resource Management Act 1991 or any other Act.

- 18C** Six wards of the Auckland Council should be created as described in Chapters 15 and 18, comprising four urban wards within the metropolitan urban limit, with their common boundaries fixed in accordance with the ordinary statutory criteria for territorial authority wards, and two rural wards being the remainder of the district outside the metropolitan urban limit, generally north and south of the urban area. The Hauraki Gulf islands will be in the northern rural ward.
- 18D** The Auckland Council ward boundaries for the first election of the Auckland Council should be generally as indicated in Chapter 18.
- 18E** The boundary of the Auckland Council as a territorial authority should be the same as the new regional boundary on land, and the same as the current coastal boundaries of territorial authorities around the coast.
- 18F** All land currently in Franklin District but outside the proposed Auckland Council boundary should be merged into Waikato District, being the land at Onewhero and Kaiaua as shown in Figure 18.4 and described in Chapter 18; the boundaries and wards of Waikato District should be amended accordingly.
- 18G** The local council boundaries within Auckland region, and local council wards, should be as shown in Figures 18.5, 18.6, and 18.7 and described in Chapter 18, following the criteria set out in the report.
- 18H** The Government should request the Local Government Commission to determine the exact location of each boundary referred to above for the Auckland Council, local councils, all council wards, and communities, including for the City Centre and Waterfront.
- 18I** Once established, the Auckland Council should have the power to adjust the boundaries of local councils and their wards and to create new local councils and wards where necessary.

Transition

- 18J** The Local Government Commission should, by April 2010, finalise all wards and boundaries of Auckland Council including the local councils and community boards.

Recommendations

Chapter 19: Leadership

- 19A** The Mayor of Auckland should be given the following additional powers and duties:
- a) power to appoint the deputy mayor
 - b) power to appoint the chairpersons of each committee of the Auckland Council (other than the local councils)
 - c) ex officio membership of each committee of the council (other than the local council committees), with power to chair committees as he or she may determine
 - d) power to propose the draft long-term council community plan and the draft annual plan to the Auckland Council
 - e) power to propose the budget
 - f) power to initiate and formulate major policy for consideration by council
 - g) in consultation with and acting through the chief executive officer, and within the adopted budget for such expenditure, power to establish and maintain an appropriately staffed office
 - h) within the adopted budget for such expenditure, power to obtain independent advice.
- 19B** The Mayor of Auckland should hold a minimum of four annual meetings with members of the public (Mayor's Days), deliver an annual "State of the Region" address, and meet with the chairs of local councils on a monthly basis; those responsibilities to be incorporated in legislation. The Mayor will also convene quarterly plenary meetings of all members of the elected Auckland Council, local councils, and community boards.
- 19C** Leadership support and development programmes for elected councillors should be strengthened.

Transition

- 19D** In designing the structure for the Auckland Council, the Establishment Board should make provision for the establishment of an appropriately staffed office for the Mayor of Auckland, with a small number of personal advisers to be appointed by the Mayor.
- 19E** The Establishment Board should appoint an interim Chief Executive for the Auckland Council.

Chapter 20: Funding and Financial Management Arrangements

Financial management

- 20A** The Auckland Council should ensure accountability in relation to its financial operations by adopting best practice oversight, transparency, and efficiency mechanisms.
- 20B** Local councils should negotiate their budgets with the Auckland Council (through the community action plan process) and be responsible for managing the funding allocated to them.

Rating

- 20C** The Auckland Council should adopt a uniform rating system for the Auckland region, to meet city-wide and local funding needs.
- 20D** The Auckland Council should levy a rate with the following components:
- a) expenditure for activities undertaken by the Auckland Council
 - b) expenditure for local services and activities required for local councils to carry out their functions. This would be for the purpose of funding baseline levels of service and capital project delivery, and community representation/advocacy/place-shaping.
- 20E** The Auckland Council should also consider levying targeted rates under the Local Government (Rating) Act 2002 including targeted rates for local activities.⁵
- 20F** The Auckland Council should ratify a new unified rating system as soon as possible. In the interim, the Auckland Council should from July 2011 strike a rate based on the rating systems previously used by the eight Auckland councils.

Transition

- 20G** The Establishment Board should
- a) undertake a comprehensive review of alternative funding tools for capital expenditure including assessing existing policies, mechanisms, and institutional capacity.
 - b) prepare draft standard financial policy options for consideration by the Auckland Council. These would include policies on revenue and financing,

⁵ Local councils may propose to Auckland Council that it collect a targeted rate for expenditure over and above the base level of service provision (see Chapter 20).

Recommendations

liability management, investment, development contributions or financial contributions, and partnerships with the private sector.

- c) develop an interim budget for the Auckland Council to cover the period from its establishment until 30 June 2011.
- d) ensure sufficient funding is available to meet the operating costs of the Auckland Council from its establishment until it has approved and implemented a budget for the 2011/12 financial year. This will be met from income and reserves held by the existing eight councils.
- e) undertake a comprehensive analysis and develop options for a unified rating system for the Auckland Council, reflecting the findings of the Report of the Local Government Rates Inquiry.
- f) prepare a report for consideration by the Auckland Council scoping a process and timeline for development of the first annual plan for 2011/12 and the long-term council community plan for 2012–2021.
- g) take any necessary steps to enable the Auckland Council to strike a rate in the interim period from July 2011 until a new unified rating system is adopted as outlined in Recommendation 20F above.

Chapter 21: Council Organisations and Council-Controlled Organisations

- 21A** All Auckland Council's major commercial trading and infrastructure activities should be undertaken through CCOs.
- 21B** Larger commercial and infrastructure CCOs of the Auckland Council should have an obligation to operate as a successful business as required under the State-Owned Enterprises Act with a clear set of financial targets and objectives.
- 21C** Statements of intent should be agreed three-yearly (matching the electoral cycle) between the boards of CCOs and the Auckland Council and be subject to quarterly reporting and annual performance review.
- 21D** Auckland Council CCOs and their statements of intent should be subject to performance review by the proposed Auckland Services Performance Auditor.⁶
- 21E** Auckland Regional Holdings should continue as a CCO managing the Auckland Council's long-term financial assets, operating to financial targets established by the Auckland Council.

⁶ See Recommendation 32G.

- 21F** Auckland Council, its councillors and employees, employees of COs, CCOs, and local councillors should be prohibited from appointment to Auckland Council CO and CCO boards.

Transition

- 21G** The Establishment Board should review all existing CCOs and COs and exempt organisations in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued and, as part of that review, will

- a) prepare an inventory of CCOs, COs, and exempt organisations, recording their purpose, constitution, assets, liabilities, and legal status
- b) prepare advice for the Auckland Council on the continuance of these entities
- c) for continuing entities, define the purpose, objectives, and activities of the entities and the outcomes sought by the council shareholder.

- 21H** The Establishment Board should

- a) undertake the establishment of the Regional Transport Authority
- b) oversee the restructuring of Watercare Services Limited into an integrated regional water and wastewater organisation
- c) provide for the continuation of Auckland Regional Holdings.

- 21I** The interim Appointments Advisory Panel should be used to assist in the recruitment or reappointment of suitable CCO interim board candidates, as required.⁷

Chapter 22: Māori

- 22A** Two Māori members should be elected to the Auckland Council by voters who are on the parliamentary Māori Electoral Roll.⁸

- 22B** There should be a Mana Whenua Forum, the members of which will be appointed by mana whenua from the district of the Auckland Council.

⁷ See Recommendation 15P.

⁸ Voters who are on the parliamentary Māori Electoral Roll will not be eligible to vote for ward members on the Auckland Council. The entitlement to vote for the two Māori members will be in place of the entitlement that would otherwise exist to vote for ward representatives to the Auckland Council.

Recommendations

22C The Mana Whenua Forum should

- a) appoint a representative to be a councillor on the Auckland Council
- b) through its representative on the Auckland Council, advise the Auckland Council on issues of relevance to mana whenua
- c) appoint the members of Watercare's Māori Advisory Group.

22D The Auckland Council should ensure that each local council has adequate structures in place to enable proper engagement with Māori and consideration of their views in the local councils' decision-making processes. Where appropriate, current structures and/or memoranda of understanding should be transferred to local councils.

Chapter 23: Representation and Participation by Minority and Other Groups

23A Local councils should

- a) apply their local knowledge and expertise to determine the best way of engaging with ethnic and other groups in their communities, and
- b) work closely with other community leaders, and foster their development.

23B The Auckland Council should appoint

- a) a Pacific Advisory Panel and
- b) an Ethnic Advisory Panel.

Chapter 24: Planning for Auckland

Auckland needs robust, considered and consistent planning to support the region's ongoing growth and development.

24A The Auckland Council should, immediately following its establishment,

- a) prepare a regional spatial plan and infrastructure investment plan to provide a vision for the Auckland region and to guide growth management, regional and district planning, and public works investment in the region
- b) begin developing one district plan for the Auckland region (with existing plans to remain in force until replaced).

24B Simplicity of language and controls should be a central objective in the preparation of plans.

- 24C** After the commencement date of the Auckland Council, there should be a moratorium on private plan changes, until the new district plan for the whole of Auckland becomes operative.
- 24D** The Resource Management Act 1991 should be amended to remove the right of appeal to the Environment Court from regional policy statement decisions made by the Auckland Council.
- 24E** The Auckland Regional Policy Statement should be subject to a submission process similar to that which applies to national policy statements and those submissions should be heard by independent commissioners.
- 24F** Auckland Council should consider creating an Urban Development Agency, to operate at the direction of the Auckland Council, with compulsory acquisition powers.

Transition

- 24G** The Establishment Board should undertake preparatory work on the development of the Auckland regional spatial plan and consider the new planning and regulatory requirements when designing Auckland Council’s organisation and unified service arrangements.

Chapter 25: Transport

- 25A** A new Regional Transport Authority (“RTA”) for Auckland should be established as a council-controlled organisation with responsibility for the planning, development, and management of arterial roads and all public transport infrastructure service planning and procurement. The RTA should replace the Auckland Regional Transport Authority (“ARTA”).
- 25B** The RTA should prepare, for approval by the Auckland Council, a regional transport plan which will give effect to the regional spatial plan.⁹
- 25C** The RTA should assume the statutory responsibility for all regional arterial road controlling functions and other regionally significant transport-related functions within the Auckland Council area. All these functions from the abolished local authorities and all ARTA’s functions (including assets and staff) should be transferred to the RTA on the establishment date.
- 25D** Local roads should be controlled by local councils with the RTA exercising a funding approval role and ensuring consistency with the regional spatial plan.

⁹ See Recommendation 24A.

Recommendations

- 25E** The New Zealand Transport Agency and the RTA should establish a joint management structure to oversee the operational management of the State highway and arterial road system in the Auckland region. The RTA and ONTRACK should establish a joint management structure to oversee the operational management of rail in the Auckland region.
- 25F** The Minister of Transport and other relevant Ministers should meet with the Auckland Council's infrastructure committee and the Mayor of Auckland on at least a quarterly basis to discuss transport issues.

Transition

- 25G** The Government should promote legislation to implement the proposals in Chapter 25, by amending as necessary the Land Transport Management Act 2003 and the Local Government (Auckland) Amendment Act 2004, and other relevant Acts.
- 25H** The Establishment Board will oversee the establishment of the RTA and appoint interim directors, who will consult with the Auckland Council on a draft statement of intent at an early stage. The interim board of the RTA should appoint an interim chief executive who will work with the Establishment Board on the design of the RTA organisational structure.

Chapter 26: The Three Waters

- 26A** The Auckland Council should have overall responsibility for setting policy in relation to the three waters.
- 26B** Subject to Recommendations 26C and 26D, Watercare Services Limited should assume statutory responsibility for all water and wastewater services within the Auckland Council area. The water and wastewater operations (including assets and relevant staff) of all abolished local authorities should be transferred to Watercare Services Limited on the establishment date. This includes the water and wastewater operations of Rodney District Council, North Shore City Council, Waitakere City Council, Papakura District Council, Franklin District Council, Metrowater, and Manukau Water Limited.
- 26C** In urban areas, all drinking water and wastewater services should be supplied by one council-controlled organisation (Watercare Services Limited) owned by the Auckland Council. (This is subject to existing contractual arrangements in Papakura.)
- 26D** The Auckland Council should determine whether and/or the extent to which Watercare Services Limited will supply retail water and wastewater services in rural areas such as Franklin and Rodney.

- 26E** No compensation should be payable for the transfer of water-related assets from the existing territorial authorities to the Auckland Council.
- 26F** All assets relating to Auckland’s water services should remain in public ownership.
- 26G** The Auckland Council should determine the extent to which responsibilities for the delivery of stormwater services are shared between local councils and Watercare Services Limited.
- 26H** The current obligation on Watercare Services Limited to maintain prices for water and wastewater services at minimum levels (subject to obligations to be an effective business and maintain its assets in the long term) should continue. So too should the prohibition on paying a dividend.
- 26I** Watercare Services Limited should be required by legislation to promote demand management.
- 26J** Both water and wastewater charges should be calculated on a volumetric (or notionally volumetric) basis.
- 26K** Uniform charges for water and wastewater should apply across the region.
- 26L** The “public good” protections in Watercare Services Limited’s current governance model should continue. These protections relate, amongst other things, to efficient management of the business, pricing, and maintaining asset integrity.¹⁰
- 26M** Watercare Services Limited should be required to prepare a stormwater action plan.

Transition

- 26N** The Establishment Board will have an oversight role in relation to the integration of local water network operations into Watercare Services Limited. This integration will be undertaken by Watercare Services Limited. Watercare Services Limited should consult with the Establishment Board on the development of a draft statement of intent and agree on appropriate efficiency targets for the integration.

¹⁰ See discussion at paragraph 26.220 of this volume.

Recommendations

Chapter 27: Information and Communications Technology (“ICT”)

27A The Auckland Council should work with central government to prepare a regional broadband infrastructure investment and management plan for the Auckland region, consistent with New Zealand’s Government broadband policy.

27B Broadband infrastructure planning should be undertaken by the Auckland Council, whose role will include

- a) acting as the leader, advocate and promoter of broadband investment for the Auckland region with central government and the telecommunications industry.
- b) acting as the bulk funding applicant for central government broadband investment funding on behalf of the region and its communities if required.
- c) taking responsibility to act as regional public broadband investor and manager if required.

27C The Auckland Council’s ICT infrastructure and functions should be managed centrally with a single information technology infrastructure and communications platform and common standards.

27D The Auckland Council should prepare an e-government strategy as an intrinsic part of its proposed unified service delivery and information systems plan.

27E The Auckland Council should consider setting targets for online service delivery consistent with leading international public service practice.

Transition

27F The Establishment Board should prepare an interim information systems and e-government strategy for Auckland Council, including those elements set out in detail in Chapter 32.

Chapter 28: Electricity

28A The Auckland Council should work closely with consumers, the industry, and central government agencies to develop a climate change and energy strategy for the region, including monitoring and reviewing electricity security of supply performance, and industry planning and regulation impacting the Auckland region.

Chapter 29: Civil Defence, Rural Fires, and Resilience

- 29A** The Auckland Council should govern civil defence emergency management (“CDEM”) on a regional basis, through a committee chaired by the Mayor of Auckland. The committee might include some local council chairs.
- 29B** The Co-ordinating Executive Group should be retained and chaired by the Auckland Council chief executive. Representation of police, fire, ambulance, and other emergency and social services on the Co-ordinating Executive Group should continue.
- 29C** The civil defence controller should head the regional CDEM administration. This should be a full-time position reporting to the chief executive of the Auckland Council, with all CDEM staff reporting to the controller.
- 29D** The Auckland Council should develop a single CDEM plan, training programme for staff, volunteer recruitment programme, and standard operating procedures for the region.
- 29E** Local councils should be involved in CDEM planning and implementation to the extent delegated to them by Auckland Council.
- 29F** The Auckland Council will have all the powers of territorial authorities conferred by statute for rural fire protection, including those under the Forest and Rural Fires Act 1977.

Transition

- 29G** At the establishment date of the Auckland Council, the interim chief executive should be in a position to chair the Co-ordinating Executive Group supported by an interim civil defence controller.

Chapter 30: Solid waste

- 30A** The Auckland Council should develop a Regional Waste Management Strategy, including strategies for management of organic waste and integration of waste management with other environmental programmes.

Chapter 31: Statutory reform

- 31A** The Government should promote legislation to give effect to the changes recommended in this report, by adopting the draft Auckland Act contained in Chapter 31.

Recommendations

Chapter 32: Achieving a High-Performance Auckland Council

The Auckland Council needs to deliver services in the most efficient and cost-effective way.

- 32A** The Auckland Council should build efficiency savings targets into the Auckland Council budget over the course of the transition.
- 32B** The Auckland Council should take advantage of modern information and communications technologies in implementing its unified service delivery framework.
- 32C** The Auckland Council unified service delivery framework will include
- a) a single information technology governance framework.
 - b) a consolidated ICT infrastructure platform (including a single contact and data centre facility).
 - c) the unification of the “back office” administrative services including functions such as finance and administration, human resources, and asset management.
 - d) a strategic procurement function undertaking management of major suppliers.
- 32D** The Auckland Council should implement leading public sector performance management practices to ensure it operates and reports to the highest standards of accountability and transparency.
- 32E** Auckland Council customer service standards should be entrenched in a customer service charter.
- 32F** To promote the widespread adoption of the unified service delivery framework the Auckland Council should
- a) give Auckland Council CCOs providing council services the opportunity to share the unified service facilities if they wish.
 - b) require Auckland Council CCOs providing council services to adopt the council’s ICT infrastructure standards.
- 32G** A statutory position of an independent Auckland Services Performance Auditor (to be appointed by the elected Auckland Council on the joint recommendation of the Chair of the Commerce Commission and the Auditor-General) should be created to provide assurance to the council and the public that the Auckland

Council is providing high-quality services in a cost-effective way. The role of the Performance Auditor will include

- a) reviewing the adequacy and relevance of CCO performance targets.
- b) protecting the consumer's interests and advocating for them in respect of the reliability and affordability of council services. This will include reviewing services in terms of established customer service standards.¹¹
- c) in the case of Watercare Services Limited, undertaking three-yearly efficiency and effectiveness reviews, incorporating international comparative industry benchmarking and an evaluation of service levels, efficiency, affordability of water, and demand management performance.

Transition

32H To give effect to Recommendation 32A, the Establishment Board should review the estimated efficiencies and integration costs identified in the Taylor Duignan Barry report attached as Appendix B, and build relevant savings targets and implementation costs into the Establishment Board's implementation plan and draft budget of the Auckland Council.

32I The Establishment Board should develop the framework described in Recommendation 32C and in addition should quantify the cost, benefits, and priorities for unified services.

32J In carrying out all the above work, the Establishment Board should draw on the expertise and resources of the Transition Management Group.

Chapter 33: Managing the Transition

33A Existing Auckland councils should be retained until the October 2010 local government elections, at which time they will be abolished and the Auckland Council established.

33B An independent Establishment Board should be formed to manage the establishment of Auckland Council. The Board will be comprised of an independent chair and a sufficient number of members to undertake the task.

33C The chair of the Establishment Board should have significant change-management experience at chief executive level, with board members having a mix of relevant skills.

¹¹ See Recommendation 32E.

- 33D** The Establishment Board should report to a Cabinet Committee for Auckland through the Minister for Auckland.¹²
- 33E** The Secretary of Local Government should monitor progress by the Establishment Board, and report to the Cabinet Committee for Auckland through the Minister for Local Government.
- 33F** The Establishment Board should be required to implement the essential elements of the structural reforms necessary to establish the Auckland Council by 10 October 2010.
- 33G** A Transition Management Group should be formed to support the work of the Establishment Board consisting of the chief executives of existing councils, ARTA, and Watercare Services Limited, with an independent chair.
- 33H** Existing councils should continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal up until the 2010 local government elections.
- 33I** The Government should consider formalising requirements for existing councils to fully cooperate in the transition process, and specifying constraints which will apply to council decision making, including in relation to decisions with major financial implications.

12

See Recommendation 15K.

PART ONE: INTRODUCTION

Background to the establishment of the Royal Commission

The terms of reference for the Royal Commission on Auckland Governance (“the Commission”) were announced on 1 November 2007 and are contained in Appendix A. The objectives of the inquiry to be undertaken by the Commission are set out in the order of reference, and are to

receive representations on, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner,—

- (a) the current and future well-being of the region and its communities; and
- (b) the region’s contribution to wider national objectives and outcomes.

The Commission was established by the Government in response to growing concerns about the workability of local government arrangements. Problems were perceived to centre on Auckland’s fragmented governance arrangements, and the consequent inability of local government in Auckland to make and implement timely decisions for the good of the region. This is particularly the case in relation to investment in infrastructure and management of growth, with traffic congestion and poor public transport being obvious manifestations of the inability of councils to act cooperatively to address key regional issues.

There is concern that this dysfunction has a detrimental effect on Auckland’s ability to make the most of its considerable assets, ensure the well-being of its communities, achieve greater productivity and competitiveness, and improve its contribution to the New Zealand economy as a whole.

These problems are not new, and in recent years Auckland councils have sought to address them, with mixed success.¹ The fact that there are many interested parties with differing viewpoints led the previous Government, with the support of other political parties, to establish the Commission. In this way, the Government could be satisfied that the inquiry undertaken and the advice now delivered in this report, is independent, thorough, and credible in the eyes of the Auckland public.

As stated by the then Minister of Local Government in October 2007,

The issues about Auckland’s future governance are complex, and the Royal Commission will provide for careful and thorough investigation and consultation to

¹ For example, in June 2007 Auckland’s local authorities made a series of joint recommendations to central government on regional cooperation in a report called “Strengthening Auckland’s Regional Governance”. The resulting “One Plan”, setting out a blueprint for regional investment in projects covering both infrastructure and social issues, is a useful strategic document, but implementation is primarily dependent on the voluntary cooperation of individual territorial authorities (both documents available at www.oneplan.org.nz).

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identify the most appropriate long-term governance arrangements for Auckland, to secure its future as an internationally competitive city and region.

The Royal Commission provides an opportunity for a broad and independent assessment of what local and regional governance arrangements are needed to ensure that Auckland is a successful, sustainable city in the Asia Pacific region.²

The Commission has been rigorous in executing its terms of reference, drawing information and data on which to base its recommendations from a wide range of sources. As outlined in the Preface, this involved an extensive formal public consultation process; the commissioning of research on various topics related to Auckland's local government; meetings, hui, and workshops with interested groups; and an international study tour to investigate governance arrangements in other large cities. The summary of submissions to the Commission is contained in Volume 3 and the research papers commissioned by it are in Volume 4.

The Commission's approach

The terms of reference confirm that the Government intends the Commission should take a long-term view in developing recommendations that will enable local government to work better with central government to address change, growth management, and competitive pressures, all with an aim of ensuring Auckland is a successful, sustainable city in the Asia-Pacific region. Matters that the Commission considered necessary to investigate early in its inquiry included the following:

- the long-term drivers of change and their impact on Auckland, and assessment of what the future might realistically hold
- the contribution of the Auckland region to national objectives and its global gateway function for the New Zealand economy
- the competitive pressures upon Auckland for the future, and the opportunities available to it to establish a clear international identity
- linked to this, the desired future for Auckland
- the current constraints on Auckland's performance relevant to the Commission's inquiry, for example, the need for visible and capable regional leadership
- Auckland's communities and the social and economic pressures they face.

² Hon Mark Burton, Minister of Local Government, "Royal Commission of Inquiry into Auckland Governance – Terms of Reference and Membership Announced", media statement, 30 October 2007.

From government to governance

The Commission's terms of reference also require it to consider both local government and local governance. It is asked to recommend local government arrangements for the Auckland region and, in doing so, to consider (amongst other things) which governance and representation arrangements will best promote engagement and provide leadership.

Although government and governance are often used interchangeably, they refer to different things. Local government refers to institutional structures, “the democratically accountable formal institutions of the state operating in the locality—providing services, acting as channels for the representation of local interests, and generating a secure environment for residents, businesses and visitors alike”, as defined by leading British academics Robin Hambleton and Jill Gross.³

Governance has a broader meaning, focusing more on the wider collaboration between government and interested parties in the public, private and non-profit sectors. Governance has been defined by the United Nations as “the process of decision-making and the process by which decisions are implemented (or not implemented)”.⁴ Hambleton and Gross define it as “government *plus* the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes”.⁵ British political scientist Ronald Oakerson defines governance broadly and simply as “the joint work of government and civil society. It cannot be done by government alone; all governance is in some sense co-governance.”⁶

In short, governance is about how decisions are made; government describes the structures within which decisions are made.

The Commission has considered local government in Auckland in the wider governance context. It has not confined itself to commenting on Auckland local government structures, but has, as the terms of reference contemplate, considered more broadly the relationship between central, regional, and local tiers of government, and the relationship between local government and citizens.

Direction for reform

Two broad themes came through from the Commission's submission and consultation processes: the need for a strong regional entity, coupled with the importance of maintaining community input. The Commission has provided for both in its

3 Hambleton, Robin and Gross, Jill, eds, *Governing Cities in a Global Era*, Palgrave Macmillan, New York, 2007, p. 215.

4 United Nations Economic and Social Commission for Asia and the Pacific, “What is Good Governance” (available at www.unescap.org/pdd).

5 Hambleton and Gross, eds, *Governing Cities in a Global Era*, p. 215.

6 Oakerson, R.J., *The Governance Effects of Metropolitan Reform: A Theoretical Inquiry*, Florida State University Symposium, October 2002, p. 2 (available at www.fsu.edu).

Introduction

recommendations, through the establishment of a unitary Auckland Council, a single organisation, which will operate and have representation at both regional and local levels.

Following the terms of reference, the report addresses in detail

- the number and configuration of local government bodies
- boundaries
- functions of local government bodies, including
 - the allocation of regional and local responsibilities
 - responsibilities for service delivery, and holding and managing infrastructure assets
- processes (including planning and consultation requirements)
- governance and representation arrangements including those for Māori
- changes to legislation
- transition processes.

The Commission's report also describes how a stronger relationship might be developed between central and local government in Auckland, founded in a shared interest in the prosperity and well-being of New Zealand. Here, it has concluded that a fundamental rebalancing of the relationship is required. First, it proposes a new, stronger relationship between central and Auckland government. Secondly, it proposes a major realignment of responsibilities between regional and local levels of government to be achieved within the overarching framework of a new Auckland Council. The Commission's report seeks clarity of responsibility and greater alignment of purpose amongst tiers of government operating in Auckland.

The Commission emphasises, however, that the recommended changes to structures and powers will not, by themselves, secure the revitalisation of Auckland's local government and the prosperity of the city. It stresses the importance of changed behaviours in all three tiers of government, the need for leadership, and the need for organisational culture change. The sustained effort to achieve a real shift in how local government operates and what it achieves in Auckland should not be underestimated. The key issue will be ensuring that Auckland's elected leaders learn how to think both regionally and locally.

Structure of report

The Commission's report is structured to establish, first, a thorough understanding of Auckland and its challenges; second, to define a desired future; third, to identify the reforms necessary to achieve that future; and finally, to describe the means by which reforms are to be achieved.

First **Setting the Context** (Chapters 1–5) outlines the role that large cities such as Auckland play, and the contributions such cities can make nationally and globally. The report then assesses the current position of Auckland and describes existing local government arrangements and their evolution. This section of the report concludes with lessons from the past and challenges to be faced in future.

The next part of the report expands on the Commission’s **Vision for Auckland** (Chapters 6–10). It explores the ability of Auckland’s current local governance to achieve that vision, and outlines how an integrated and sustainable approach to economic development, environmental management, social well-being, and culture and diversity will ensure the region’s long-term prosperity.

A large part of the report, **Structural reform** (Chapters 11–23), analyses the strengths and weaknesses of current local governance arrangements and outlines the reforms proposed by the Commission to better achieve the objectives identified by the Commission.

Then **Practical solutions to pressing problems** (Chapters 24–30) sets out in detail how it is proposed that planning will be undertaken, and core infrastructure provided and managed by the Auckland Council.

The final part, **Making the changes** (Chapters 31–33), sets out the statutory reforms the Commission anticipates will be required, summarises a financial cost-benefit analysis prepared for the Commission, and outlines proposed transition arrangements.

Appendices A–E provide the Commission’s terms of reference, followed by the Taylor Duignan Barry report (financial cost-benefit analysis) and three glossaries – local government terms, Māori terms, and abbreviations used in the report.

The opportunity

The Commission believes that adopting its recommendations will assist in restoring confidence in Auckland’s governance arrangements and will provide new impetus to New Zealand’s largest city-region.

The Commission envisages a city-region that is able to take an integrated approach to its development, an inclusive society that maximises the potential of its diverse and growing population, a city that utilises its resources in a responsible way, supports the growth of the local economy, and makes a stronger contribution to the national economy.

In the short term, improved governance for Auckland should enable it to make a constructive contribution to recent central government initiatives including the development of a 20-year infrastructure plan, streamlining the Resource Management

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Act, and the initiatives arising from the February 2009 Job Summit.⁷ More generally, the Commission is very aware of the difficult fiscal environment and the need now, more than ever, for a focused, efficient, and productive local government sector that delivers value for money.

The proposals made by the Commission will involve significant change. While the Commission has sought to design its transition arrangements to minimise disruption, there inevitably will be some. There may be a temptation to defer changes, particularly as Auckland will be preparing over the next few years for the Rugby World Cup. To do so would, however, risk losing the positive momentum for change amongst Aucklanders, plainly evident to the Commission over the past year.

The Commission urges the Government to view its recommendations as an integrated package, which needs to be adopted with urgency, so changes can be implemented in readiness for the October 2010 local body elections. Any change comes with adjustment costs, but the Commission's analysis suggests that the benefits over time will far outweigh those. The Commission has consulted widely and has found, overwhelmingly, that Auckland is ready for positive change.

7 The following recent political developments indicate areas where Auckland local government can contribute to national objectives:

- The Resource Management (Simplifying and Streamlining) Amendment Bill was introduced to Parliament on 19 February 2009.
- The Minister for Infrastructure will develop a 20-year National Infrastructure Plan by the end of 2009. The Minister will be advised by a National Infrastructure Board, including representatives from the private sector and local government.
- A stepped-up programme of Crown infrastructure investment across New Zealand was outlined in the Speech from the Throne on 9 December 2008. The first tranche of projects was announced in February 2009.
- The Prime Minister's Summit on Employment, held 27 February 2009 in South Auckland, identified several near-term priority initiatives for local and regional government: rolling out good practice in regulatory administration and streamlining consents, bringing forward infrastructure development and broadening work on employment through the Mayors' Taskforce for Jobs. (All information available from www.beehive.govt.nz.)

PART TWO: SETTING THE CONTEXT

1. Why Auckland Matters

“The future of humanity lies in cities: in good urban governance and sustainable urban development.”

Kofi Annan, former Secretary-General of the United Nations.

1.1 The terms of reference of the Royal Commission on Auckland Governance (“the Commission”), set out in Appendix A, provide that an aim of local governance reform is to assist Auckland become, and to be recognised as, a “successful, sustainable city in the Asia Pacific region”. They include provision for the Commission to investigate what is required

to support and enhance ... the performance of the Auckland region ... and in its role as a key transport hub for New Zealand and the Pacific region; and ... the ability of the Auckland region to compete internationally as a desirable place to live, work, invest and do business;¹

1.2 This chapter explores why cities such as Auckland are important, how they contribute to national prosperity, what makes a successful city, and what greater success might mean and look like for Auckland.

Why are cities important?

1.3 Kofi Annan, the former Secretary-General of the United Nations, summed it up when he said,

We have entered the urban millennium.
At their best, cities are engines of growth and incubators of civilization. They are cross-roads of ideas, places of great intellectual ferment and innovation. ...
[But] cities can also be places of exploitation, disease, violent crime, unemployment, underemployment and extreme poverty. ...
... we must do more to make our cities safe and liveable places for all.²

¹ Appendix A: Terms of Reference, p. 741.

² United Nations, “Secretary-General Calls For Practical, Achievable Programme To Make Globalization A Positive Force For All World’s People”, UN Secretary-General press release SG/SM/7479 (inaugural address to Urban 21: Global Conference on the Urban Future, Berlin, July 2000), 5 July 2000 (available at www.un.org, accessed February 2009).

1. Why Auckland Matters

1.4 Over half of the world's 6.8 billion people and over 70% of New Zealand's population currently live in urban areas.³ Globally, there are 450 so-called "city regions" with million-plus populations. Auckland is one of them. These cities form the peaks of the world map of population density and stand out as the primary power points of the global urban age.⁴

1.5 Successful international cities are more productive and innovative, grow faster, have higher wages, and attract people, capital, and economic activity.⁵ Businesses cluster together and benefit from economies of scale in terms of production, marketing, sales, and access to infrastructure. Co-location of people, activities, and skills stimulates knowledge and idea transfers, prompting innovation. Concentrations of workers provide both a pool of labour and ready consumer markets. These cities can develop strong financial markets, which provide the capital that businesses need to grow. This process is known as agglomeration.

1.6 In a highly competitive global economy, it is individual cities that attract (or do not attract) skilled people, investment, and high-value economic activity. Cities have therefore become the key actors in the global economy, forming hubs of specialised economic activity within value chains that span the world.

1.7 A city that can maximise both the benefits of agglomeration and become an international competitor will play a key role in its national economy. The result is a large dynamic urban area of national importance. Like London and Stockholm, Auckland is one of a small group of cities producing a high proportion of its country's income – in Auckland's case 34% of gross domestic product.⁶

1.8 Cities like Auckland will be at the forefront of national efforts to cope with the present global economic crisis. Auckland houses the financial capital markets on which New Zealand businesses depend. The city is likely to be the site of significant amounts of infrastructure spending contained in the Government's recently announced financial stimulus package. As home to much of New Zealand's business activity, the social impacts of the downturn resulting from unemployment and reduced incomes will be strongly felt in a city that already houses large pockets of deprivation. Enabling Auckland and its

3 US Census Bureau World POPclock Projection (available at www.census.gov/ipc/www/popclockworld.html, accessed February 2009). Statistics New Zealand, *New Zealand in Profile: An overview of New Zealand's people, economy and environment*, Wellington, 2008. Statistics New Zealand's figure refers to New Zealand's main urban areas and includes Whangarei, Auckland, Hamilton, Tauranga, Rotorua, New Plymouth, Gisborne, Napier, Hastings, Wanganui, Palmerston North, Kapiti Coast, Wellington, Nelson Christchurch, Dunedin, and Invercargill (available at www.stats.govt.nz).

4 Soja, Edward and Kanai, Miguel, "The Urbanisation of the World", in Ricky Burdett and Deyan Sudjic (eds.), *The Endless City: The Urban Age Project by the London School of Economics and Deutsche Bank's Alfred Herrhausen Society*, Phaidon Press, London, 2008, pp. 54–70 (p. 56).

5 Capital Strategy Limited, "Auckland: New Zealand's First City of Global Significance, Key Themes", Summary Report to MED: Government and Urban Development Office for the Growth and Innovation Advisory Board, November 2005, p. 4.

6 Committee for Auckland, *Growing Auckland, Growing New Zealand*, November 2008, p. 5 (available at www.aucklandnz.org, accessed March 2009).

local government to respond effectively to these challenges in partnership with central government will be central to the nation's economic recovery.

How Auckland contributes to New Zealand

1.9 The need to improve Auckland's governance is as much about New Zealand as it is about Auckland. New Zealand's success in achieving national and international economic goals depends on the ability to effectively plan and manage the development of Auckland.

1.10 Auckland has a close relationship to the rest of New Zealand. Different parts of the country contribute differently to the national economy. Auckland, with its large concentration of people and businesses, tends to specialise in tertiary and service-based production. Other regions favour primary production and secondary processing or manufacturing.

1.11 For the nation to prosper, the components of the economy, be it Southland's dairy industry or the Auckland-based financial specialists managing forex transactions, must be in a position to do their job with excellence. Local government has a key role in optimising, where it can, the conditions for high performance as discussed later in this report.

1.12 Auckland provides a set of unique services that are utilised by people and businesses all over the country. These include the specialised business, professional, and financial services, distribution (wholesaling, transport, and storage), and the tertiary education sector, which educates 40% of New Zealand's university students.⁷

1.13 Auckland is the country's major international gateway, bringing in immigrants, tourists to travel throughout the country, and trading exports and imports, both those produced in Auckland and the specialist output of regional economies. Seventy percent of all international visitors pass through Auckland's airport.⁸ The city attracted 42% of the country's skilled migrants in 2005/06.⁹ Fifty-nine percent of New Zealand's imports and 33% of exports pass through either the Ports of Auckland or Auckland International

7 Education figure calculated using information from providers and Education Counts provider-based enrolments updated with information from 2007 (available at www.educationcounts.govt.nz).

8 Submission to the Royal Commission on Auckland Governance from Auckland International Airport Ltd, p. 2. (All submissions are available at www.royalcommission.govt.nz.) The region hosts major events such as the America's Cup and dominates New Zealand's convention and incentive travel market. Events and conferences held in Auckland have national economic impact through post-event tourism and sourcing of goods and services required for such visitors to Auckland.

9 Covec, "The Composition and Scale of Auckland's Economy" in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 67–99 (p. 78) (available at www.royalcommission.govt.nz).

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Airport.¹⁰ If this and the rest of Auckland's transport network operates poorly, it impacts on the rest of the economy.

1.14 Auckland's large population also provides a significant domestic market – the city is a net importer of goods and services from the rest of the country.¹¹ It has its own rapidly growing sectors of specialised economic activity including specialised manufacturing and technology, the marine industry, creative industries, and information and communication technologies.¹² Significant facilities for innovation and entrepreneurship exist with tertiary, research, major Crown research institutes, and other organisations all operating in the city.

1.15 Auckland contributes slightly more to government revenue (35%) than its share of national population (33%).¹³ This is typical of major metropolitan areas in other OECD countries.

What would make Auckland more successful?

1.16 A primary determinant of a city's success is the features that attract people to it. Why do people come to Auckland and continue to choose to live and work here?

1.17 When people think of cities such as New York, Shanghai, or Sydney, certain features of the city and the people who inhabit it immediately spring to mind. For New York it might be Central Park, skyscrapers, museums, and Broadway. Sydney could be described as a lifestyle – confident people, beaches, harbour, and the Opera House. The business opportunities and excitement of an exponentially growing economy would exemplify Shanghai.

10 Ibid., p 97. Note 1: Covec also noted that the value of national services exports had doubled and imports increased by 39% between 1999 and 2005, and concluded that although regionally disaggregated data for service trade are not currently available it would be reasonable to assume that Auckland is responsible for a major proportion of this.

Note 2: Imports dominate trade, reflecting the inputs into the city's manufacturing industries, its role as a distribution centre, and consumption by its residents. Resource and rural-based exports from ports closer to the location of production are likely to explain the lower rate of exports leaving the country via Auckland.

11 New Zealand Institute of Economic Research, "NZ Regional Trade: Linkages between major centres and the rest of New Zealand", Report to Committee for Auckland, NZIER, Wellington, 2008, p. 4.

12 Auckland's creative industries (screen production, television, design, music, fashion, digital content etc.) generated 3.1% of New Zealand's GDP in 2001–2006 and grew at over three times the national average for the industry. The Auckland marine industry is expected to double in scale by 2020 to \$3.2 billion, growing annually 4.9%. Source: Committee for Auckland, *Growing Auckland, Growing New Zealand*, November 2008, p. 11–12 (available at www.aucklandnz.org, accessed March 2009).

50% of New Zealand's information and communication technology sector is located in Auckland and 30% of the biotech industry. Source: Committee for Auckland, *The Case for Auckland*, Auckland City Council, August 2006, p. 12 (available at www.aucklandnz.org, accessed February 2009).

13 New Zealand Institute of Economic Research, "Auckland's contribution to the Government's surplus in 2007: Updated estimates of the net flow of central Government funding from the Auckland region in fiscal year 2007", Report to Committee for Auckland, NZIER, Wellington, 2007, p. 1.

1.18 When asked, Aucklanders and visitors are fairly consistent about what they like and dislike about Auckland. Employment opportunities, vibrancy of the big city and its surrounding environment, beaches, parks, the weather, open space, trees, and the Hauraki Gulf are Auckland's most popular assets. The biggest dislikes are traffic congestion and the lack of good public transport, with crime and urban expansion also mentioned as concerns.¹⁴

1.19 Many submitters also commented on the city's cultural diversity and its unique environment, history, and traditions including the identities of the city's constituent communities. "A city with 1000 year old Pohutukawa trees in its streets, a city with a shoreline with a mix of industrial and recreational zones. A city with volcanic cones. A city not powered by nuclear power!!", one submitter enthused.¹⁵

1.20 This enviable lifestyle is Auckland's core asset. Properly fostered and promoted internationally it can attract what regional economic development expert Richard Florida calls the highly mobile, lifestyle-driven "creative class" of individuals, with the ability to innovate to create the new business opportunities that drive a city's prosperity. Florida identifies a particular set of city characteristics – diversity, openness to newcomers, and a richness of experience ranging from vibrant nightlife to active outdoor recreation as such key attractors.¹⁶ The highly regarded *Monocle* survey of 20 top cities worldwide provides another perspective, identifying that urban dwellers want a mix of shops and services within walking distance, a good transport interchange close by, green space as part of their residence, a good park with a swimming pool nearby, independent businesses as a key feature of the community, a sense of security, "excellent coffee and a bit of grit and surprise".¹⁷

1.21 Auckland ranks close to the top of a number of international lists of best places to live, which cite its spectacular natural setting, relative affordability, and peaceful, tolerant, multicultural population. The 2008 Mercer Worldwide Quality of Living Survey ranked Auckland fifth out of 215 cities.¹⁸ In short, there is much that is right about Auckland most of the time. Yet at the same time the Commission's terms of reference recognise there is potential for Auckland to do better.

14 Regional Growth Forum, *Summary of Consultation Processes: The Views of Stakeholders and the Public*, Regional Growth Forum, June 1998, p. 2. Ten years later, 71% of Aucklanders state that the region is a good or great place to live. High proportions of people were satisfied with access to parks and open spaces and the look and feel of their neighbourhood, while the lowest proportion was happy with the availability of public transport. Reflecting the priority placed on Auckland's environment, 73% were either concerned or very concerned about the general environment, specifically air pollution from traffic and water pollution. See Auckland Regional Council, "Environmental Awareness Survey, 2006/2007, Final Report", 2007, p. 2. Similar comments were made in submissions to the Commission. See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Chapters 2, 13, and 17 (available at www.royalcommission.govt.nz).

15 Submission to the Royal Commission on Auckland Governance from Tom Ransom.

16 Florida, Richard, *The Rise of the Creative Class*, Hazard Press, Christchurch, 2003.

17 Brûlé, T., "A league table of liveable cities", *The Financial Times*, 13 June 2008 (available at www.ft.com, accessed February 2009).

18 Mercer's 2008 Quality of Living Survey highlights (available at www.mercer.com, accessed January 2009).

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1.22 A number of internationally recognised models seek to identify the world's most influential cities and rank them according to criteria such as the provision of advanced business services such as accounting, or the role they play in the media industry or hosting international institutions.¹⁹ In this context, Auckland displays some characteristics of such cities but clearly does not influence world events to the same extent as cities like New York or London. Given Auckland's size and location, it is probably unrealistic to expect it to do so.

1.23 Yet there are many lessons for Auckland in the body of international and theoretical research on the features that underpin the economic growth of successful cities.²⁰

1.24 Growing cities have businesses that are continually innovating, producing new products, and increasing the efficiency of their services. For example five of the seven international entrepreneurs recognised in the 2009 World Class New Zealand Awards are, or have been, Auckland-based.²¹ Strongly performing universities and research facilities, underpinned by a good general education system, stimulate innovation and produce highly skilled labour.

1.25 Infrastructure, a core responsibility of local government, integrated into a well-planned, attractive urban form, is key. Well-functioning transport links and electronic communications enable the movement of people, products, and information to, from, and within the city. If Auckland is to enjoy the full benefits of agglomeration it will need to address transport, communications, and connectivity in particular. A reliable, competitively priced supply of key utilities such as power and water provides stability of essential inputs. Business infrastructure, such as finance and venture capital markets and business services (accounting and legal services), supports well-functioning business. The built form of a successful city provides for a mix of heritage and quality new development, and recreation opportunities; it reflects the lifestyle values of its inhabitants and promotes interaction between them.

1.26 Underpinning economic success are strong communities bound together by collective values, social linkages, and a sense of unity and harmony. Economic growth relies on attracting people to live in the region, and maximising the potential of the whole population by supporting them to be healthy, housed, educated, safe, and socially connected. An OECD review found that this "social capital" contributes to personal health, productivity improvements, increased regional innovation, and helping people find jobs.²²

19 Beaverstock, J.V., Smith, R.G., and Taylor, P.J., "A Roster of World Cities", *Cities*, Vol. 16(6), 1999, pp. 445–458; Taylor, P.J., "Leading World Cities: Empirical Evaluations of Urban Nodes in Multiple Networks", *Urban Studies*, Vol. 42(9), 2005, pp. 1593–1608.

20 See in particular, Covec, "Drivers of Economic Growth in Auckland", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 101–129; Grimes, Arthur, *Auckland's Economic Transformation: Evidence to Underpin Action*, A discussion paper for GUEDO, March 2007.

21 "Honouring the Work of the Magnificent Seven", *New Zealand Herald*, 18 February 2009.

22 OECD Centre for Educational Research and Innovation, *The Well-being of Nations: The Role of Human and Social Capital*, OECD 2001, pp. 52–61 (available at www.oecd.org, accessed February 2009).

1.27 The communities of successful cities are able to adjust to the types of societal changes encountered by Auckland in recent years including immigration, other demographic shifts, and the challenge of maintaining the affordability of a decent standard of living, including housing. The Commission observed in the cities it visited that local governments often play a facilitative role, spearheading acceptance of the benefits of diversity, proactively addressing developing social problems, and factoring the needs of communities into decisions about urban form and public transport planning.

1.28 Despite their prosperity, cities can also fall victim to the “urban paradox” – alongside high concentrations of wealth and employment, cities also tend to concentrate a high number of unemployed and marginalised people and significant deprivation. Cities have to deal with the challenges of economic adjustment, poverty, and developing social cohesion, and in many cases, with higher criminality.²³ As the Commission elaborates later in its report, these are all matters that Auckland needs to address if it is to be a leading city.

1.29 Broadly speaking, a successful city is one that achieves a balance between the benefits and challenges of economic growth and social cohesion. Cities must be dynamic and constantly changing in order to survive. Economic prosperity alone is not enough if a city no longer functions for the people and businesses that live and work in it. For example, research commissioned by the Commission suggests that land shortages (showing up as high property prices, the cost of commuting, and congestion) may be a key factor in decisions by older workers to move away from Auckland, trading off income for an improved lifestyle.²⁴

1.30 Ensuring the long-term viability of a city is as important as ensuring short-term growth. On one hand the strains on modern cities are greater than ever as growth puts pressures on biodiversity, land, air, and water quality. Yet on the other hand, city densities and scale are associated with more efficient use of resources. Growth provides opportunities for more sustainable models of development and servicing, including public transport, apartment living, or community infrastructure. In addition, knowledge-intensive, “weightless” economic activity (such as the creative industries, research-based activity, financial services, contact centres, and software development) tends to locate in cities facilitating sustainable business opportunities including electronic exports or adding knowledge-based value to physical products.²⁵

23 Opening remarks by Angel Gurría, OECD Secretary-General, in OECD, *What policies for globalising cities? Rethinking the urban policy agenda*, Proceedings of an international conference, Madrid, March 2007, p. 35 (available at www.oecd.org, accessed February 2009).

24 Covec, “Drivers of Economic Growth in Auckland”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, p. 105.

25 Skilling, David and Boven, Danielle, *So far yet so close: Connecting New Zealand to the global economy*, Discussion Paper 2007/1, The New Zealand Institute, Auckland, March 2007, p. 37. The weightless economy is a term that describes economic activity that does not involve the transaction of a physical product. In an international context, it means activities that can be delivered to an international market by electronic means in real time.

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1.31 Sustainable development, as defined by the United Nations, is development that meets “the needs of the present without compromising the ability of future generations to meet their own needs”,²⁶ and is increasingly promoted as a key reference point for cities. As discussed in Chapter 8, “Environment, Urban Design, and Heritage”, the North American cities the Commission visited are much further ahead than Auckland in making the necessary transition from liveability to sustainability.

1.32 There are a number of areas where Auckland can realistically expect to improve its performance:

- Actively safeguard the city’s enviable lifestyle. Key to this will be sustainability – integrating economic, social, and environmental objectives so the city has the resilience to maintain long-term viability.
- Better articulate Auckland’s identity internationally. In a highly competitive international market, tourists, migrants, and business people need consistent, reliable information about what the city has to offer.
- Improve the quality of road, rail, electricity, and broadband infrastructure, including the development of a multimodal integrated transport network.
- Better harness the benefits of agglomeration to increase Auckland’s per capita contribution to national GDP growth. In particular transport infrastructure must be improved so that it does not undercut the benefits of agglomeration.
- Continue to improve the education and skill levels of Auckland’s population. It is important to rely not only on skilled migration, but to ensure that the skills of migrants are identified and fully utilised, and to influence the policies of Auckland’s quality tertiary educational institutions to ensure that the skill mix better meets the requirements of employers.
- Improve Auckland’s levels of research and development and innovation.
- Ensure that the cost of living, especially housing affordability for lower-paid workers, does not impact negatively on the city’s quality of life, or discourage workers from coming to Auckland.
- Increase efforts to improve social outcomes in the face of pressures resulting from population growth, diversity, inequality, and the current economic recession.

1.33 These are dealt with in more detail in Chapter 2, “Auckland Now”, which looks at Auckland’s economy, social landscape, and environment in comparison with other international cities.

26 United Nations, “Report of the World Commission on Environment and Development”, General Assembly Resolution 42/187, 11 December 1987, p. 1 (available at www.un.org, accessed February 2009).

The Commission's definition of a successful Auckland

1.34 The Commission has detected a strong sense that Aucklanders feel their city and region is at a crossroads. The past few years have seen significant economic and population growth, which is starting now to place pressure on the city's potential for further expansion, the city's social fabric, and many of the lifestyle qualities that Aucklanders value. External pressures such as climate change and fuel prices are also causing many Aucklanders to rethink the future of their city. This is consistent with the findings of international economic research on successful cities – creating and maintaining success is a dynamic process, with a constant need to manage the pressures caused by growth.

1.35 The Commission has therefore elected to take a broad definition of success, taking into account the need to build on Auckland's uniqueness, the need for prosperity, and the need to ensure that prosperity continues into the future. A successful Auckland will have the following characteristics:

- **Strong economic performance.** Auckland is an essential component of the national economy and needs to be at the forefront of New Zealand's recovery from the global economic crisis. Supporting agglomeration will be key to this.
- **A well-planned urban form, including infrastructure.** Planning processes should ensure that the city's identity is reflected in its open spaces and its buildings, and that the urban form promotes human interaction as well as the exchange of goods and services. World-class infrastructure for transport, water, and broadband, and security of energy supply, must be assured.
- **Social cohesion.** A city that bonds people together, particularly in the context of cultural diversity, will be better placed to integrate newcomers, minimise crime, and provide housing, education, and work opportunities that underpin the well-being of the city as a whole. Auckland should be a place where communities are recognised and their contribution to governance welcomed. Widespread social well-being, including the ability to afford a decent standard of living, particularly housing, contributes to social cohesion.
- **High-quality lifestyle and amenities.** People want to live in a pleasant, safe environment with easily accessible cultural and sporting facilities. Auckland's quality of life consistently rates highly for both current Aucklanders and those looking from afar. Commentators on cities now characteristically emphasise the importance of arts, recreation, and diversity.
- **A strong identity and international reputation.** Auckland's physical characteristics, the attitudes of its people, and the mix of cultures that shape the city are unique. Guarding and promoting these internationally in a strategic way will strengthen the city's presence.
- **Sustainability.** Integrating economic, social and environmental issues is critical to our city's long-term viability. Doing so will build resilience to deal not only

1. Why Auckland Matters

with the challenges of economic growth but also with global forces such as population pressure, resource shortages, and climate change.

The role of local government

1.36 Auckland's success rests in large part on the quality of its lifestyle. Local government plays a direct role in this area, through functions as diverse as parks and reserves management, urban design, public space, public facilities such as the Aotea Centre and stadiums, public transport, health inspections of restaurants, building standards, and rubbish collection.

1.37 Similarly, local government is involved in many of the areas where Auckland needs to do better; for example, it is responsible for providing key infrastructure such as local roading and water and has a critical role in promoting social cohesion and well-being. In a mixed economy, the private sector clearly is the most important driver of Auckland's economic growth, but local government can do much to support it.

1.38 Effective regional leadership and strategic decision making by local government are required to achieve this. As outlined above, Auckland needs to meet the challenge of balancing its success with the pressures of growth in a way that provides for long-term sustainability. Achieving this will require the involvement of the multiplicity of stakeholders with an interest in the city's success and must be done in active partnership with central government. Local government institutions must be capable of bringing together different points of view, reaching points of agreement, and ensuring that the resulting decisions are implemented.

1.39 Good governance (how we make decisions) and good government (the structures within which decisions are made) are both crucial to Auckland's success. In Chapters 6–30, this report analyses the effectiveness of Auckland's current local government in terms of its ability to enable the city to achieve success according to the criteria defined above by the Commission.

2. Auckland Now

2.1 Today's Auckland is larger, more prosperous, more ethnically diverse, and more concerned about future sustainability than ever before.

2.2 This chapter begins with a brief description of what Auckland was like 50 years ago, and then goes on to examine the Auckland of today. It looks at the region's current situation in terms of Auckland's population, economy, social landscape, and the environment, highlighting key challenges for local government, which are addressed in detail in later chapters.

AUCKLAND IN THE 1960s

2.3 Auckland's urban form has changed significantly over the past 50 years. In the 1960s the urban area was significantly smaller and the pattern of land use was less dense, although the suburbs were growing fast. The Auckland Regional Authority was created in 1963, and its jurisdiction covered 31 local territorial bodies. Population density was seven people per acre.¹

2.4 The popularity of the motor car was, at that stage, already influencing the city's development as people became more mobile. While Queen Street remained the retail and commercial hub, inner city traffic congestion was driving people out to larger suburban shopping centres in areas such as Mt Roskill, Takapuna, Otahuhu, and Papatoetoe. Industry was concentrated in inner city areas including Parnell and Freemans Bay as well as Te Papa and Otahuhu. It was also expanding out to rural land in Rosebank Peninsula and South Auckland. New housing suburbs followed close behind.² The populations of central suburbs such as Newmarket and Mt Eden were decreasing. The areas now comprising Franklin and Rodney Districts were predominantly rural, with the beginning of the development of holiday homes on the Whangaparaoa Peninsula.

2.5 As is the case today, Auckland in the 1960s was dealing with a growing number of residents, but diversity was only just beginning to increase. At the 1961 census, the population was approaching half a million,³ having increased 17% between 1956 and 1961.⁴ Māori accounted for 4% of Auckland's population and Pacific peoples 1%, with

1 "Population Leaps Ahead", *New Zealand Herald – Supplement*, 2 June 1964, p. 2.

2 "Auckland City" from *An Encyclopaedia of New Zealand*, edited by A.H. McLintock, originally published in 1966, *Te Ara – The Encyclopaedia of New Zealand*, updated 18 September 2007; and Margaret McClure, "Auckland", *Te Ara – The Encyclopaedia of New Zealand*, updated 8 May 2008 (both available at www.teara.govt.nz, accessed February 2009).

3 The population was 448,365 at the census of 1961. "Auckland City", *An Encyclopaedia of New Zealand*, see *Te Ara – The Encyclopaedia of New Zealand*.

4 "Population Leaps Ahead", *New Zealand Herald – Supplement*, 2 June 1964, p. 2.

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both groups growing fast.⁵ (There was no category for Asian, but the Chinese proportion of the population was 0.4%.⁶) The post-war baby boom meant large numbers of school children, for whom new schools were being rapidly constructed in the suburbs. Nearly 5,000 students attended the University of Auckland. New Zealand's first urban marae⁷ was established at Mangere in 1965.⁸

2.6 Auckland was an important player in the national economy. The city's share of New Zealand's total trade was 26%, most of it handled through Auckland's ports. Agricultural products dominated overseas exports. Auckland had more heavy industry than any other New Zealand city. The Glenbrook Steel Mill was built in 1969 and the city exported a considerable amount of iron and steel. Domestic manufacturing (clothing, footwear, foodstuffs, appliances, textiles, furnishings, building materials) also played an important role in the city's economy, reflecting the import protection policies of the day. Auckland hosted the head offices of many New Zealand-wide firms and provincial offices of most Government departments.⁹

2.7 Transport infrastructure was undergoing rapid development. The construction of the harbour bridge in 1959 had linked up the north and south of the city. Most freight moved in, out, and around the city by rail. The Port of Auckland was the largest port, the Port of Onehunga being constrained, as it is now, by difficult access. Merchant ships also traded out of the Royal New Zealand Navy base at Devonport. Passengers travelled mainly by sea. Air travel was in its infancy, operating mainly out of the Royal New Zealand Air Force base at Whenuapai prior to the opening of Auckland International Airport in 1966.¹⁰

2.8 Many of the concerns about the city's future revolved around the implications of growth. In 1964, the *New Zealand Herald* highlighted issues such as land use planning to accommodate population growth, providing for rapidly increasing Māori and Pacific populations, maintaining the city's character and heritage, reshaping the central city, managing more cars on the roads, and protecting the city's recreational assets such as beaches and parks.¹¹

5 Figures calculated on the basis of data cited in "One in Ten Will be Polynesian", *New Zealand Herald – Supplement*, 2 June 1964, p. 2.

6 Department of Statistics, *Population Census 1961, Vol. 7: Race*, Government Printer, Wellington, 1964.

7 Marae – tribal meeting house(s) and buildings.

8 "Auckland City" from *An Encyclopaedia of New Zealand*, 1966, and Margaret McClure, "Auckland", *Te Ara – The Encyclopaedia of New Zealand*.

9 Ibid.

10 Ibid.

11 "Population Leaps Ahead", *New Zealand Herald – Supplement*, 2 June 1964.

AUCKLAND TODAY

New Zealand's largest city

2.9 Three times larger than Wellington or Christchurch, Auckland is New Zealand's biggest city by a considerable margin. At the time of the 2006 census it was home to a third of New Zealand's population, or 1.3 million people, and a third of the national workforce.¹² The current population is estimated to be almost 1.4 million.¹³

2.10 With a total land area of 5,000 square kilometres, the Auckland region extends from Te Hana north of Wellsford to Pukekohe in the south. The region is endowed with significant natural assets – three large harbours, 1,600 kilometres of coastline, numerous beaches, and the islands of the Hauraki Gulf. It also has a globally significant volcanic landscape and an extensive network of regional parks.

2.11 Auckland's urban form is relatively dispersed and polycentric. The Auckland central business district ("CBD") is the most significant urban centre for the region, but other sub-regional city and town centres are also important. Some parts of the region are densely populated, others are rural, characterised by farmland and small service towns. Overall, Auckland is less densely populated than many of its international counterparts.¹⁴ The population balance, however, is tilted towards the urban. Although only around 11% of the land in the region is urban use, most of the population (89%) live in urban areas where business and employment opportunities are concentrated.¹⁵

Auckland's population

2.12 By 2050, Auckland's population is predicted to reach over 2 million, representing 41% of New Zealand's population.¹⁶ The number of Aucklanders has increased relatively quickly because of historically high levels of overseas inbound migration and the city's much higher rate of natural population increase compared with the rest of New Zealand. These factors have more than compensated for the movement of many Aucklanders to

¹² Auckland Regional Council, *Employment in the Auckland Region: Results from the 2006 Census of Population and Dwellings*, 2006 Census Series, April 2008, p. 1 (available at www.arc.govt.nz, accessed February 2009).

¹³ Statistics New Zealand, *Auckland Region Quarterly Review*, March 2008, p. 3.

¹⁴ Committee for Auckland, *The Case for Auckland*, August 2006, p. 37 (available at www.aucklandnz.org, accessed February 2009).

¹⁵ Figures provided by Auckland Regional Council, sourced from Statistics New Zealand and ARC, "Draft Regional Monitor: Land-use and Built Environment".

¹⁶ McDermott, Philip, "Auckland's Population", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 39–66 (p. 45) (available at www.royalcommission.govt.nz).

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other parts of the country. The region has had to cope with an annual population growth rate of 2.4% for the five years to June 2006, reducing to 1.7% in the year to June 2007.¹⁷

2.13 Currently Auckland's age structure is similar to the rest of New Zealand, except in the young worker age group where Auckland has a relatively higher share. Over time, however, Auckland's population is expected to age significantly, although compared with the rest of New Zealand, Auckland will continue to have relatively higher levels of young workers and lower numbers of older people.

2.14 The city is already the most ethnically diverse region in New Zealand and distinctive internationally for its mix of peoples. In 2006, 56% of the regional population identified with European ethnic groups, 19% with Asian, 14% with Pacific peoples, and 11% with Māori.¹⁸ Looking to the future, ethnic groups, particularly Asian and Pacific peoples, will increase most quickly from both ongoing migration and, for the Pacific Islands population in particular, third and fourth generation births in Auckland. It is estimated that in the past 15 years approximately 65% of New Zealand's adult non-English speaking migrants settled in Auckland, and the city population currently includes around 190 different ethnic groups.¹⁹

The challenge for local government: Responding to rapid demographic change

To put Auckland's population growth in perspective, the Auckland region receives the equivalent of the population of the Wellington region every 20 years. This means that the entire range of infrastructure/services provided by both central and local government in Auckland (including roads, rail, public transport, energy and water infrastructure, schools, hospitals, universities) must be upgraded and/or expanded every two decades.

Complicating the situation is the fact that the growth is not uniformly spread across the city. Projections suggest faster population growth in Manukau than in North Shore, Waitakere, and Auckland Cities.²⁰ Outer areas (Rodney and Franklin) will also grow rapidly, although these areas will remain relatively less populated than other parts of the region.

As a result of increasing diversity, the needs and expectations of the population will become more complex and localised. Particular combinations of cultural influences and affiliations, differences in demography (age structure, fertility, and life expectancy) and socio-economic status among ethnic groups result in different needs for publicly provided goods and services. For example, the Pacific and Māori populations are

17 Ibid., p. 45.

18 Ibid., p. 52.

19 Ministry of Social Development, *The Social Landscape in Auckland Region*, Ministry of Social Development, July 2008, p. 3 (available at www.royalcommission.govt.nz, "Research Papers").

20 McDermott, Philip, "Auckland's Population", in *Report, Volume 4: Research Papers*, p. 58.

younger while the Asian population is characterised by older workers and students. Different ethnic groups and age groups also tend to cluster in parts of the city; for example, most of the younger and older populations will be concentrated in what is now Auckland and Manukau Cities. How local government engages with local communities and addresses their particular needs will in future vary considerably across the city.

Should inward migration continue, Auckland will increasingly face the challenges of settling newcomers from diverse cultural and language backgrounds. Successful settlement depends on providing migrants with the language, social, and work skills they need to participate in the life of their new community. Failure to do so can lead to low educational achievement, unemployment, and crime for younger people, and social isolation for older people. While central government is responsible for providing many of these services, the social and economic impacts of unsuccessful migrant settlement are felt locally, and local government has an important role to play.

Migration rates, however, are vulnerable to international competition in relation to wages and conditions, particularly for skilled workers, and New Zealand's continued attractiveness as a destination is by no means assured. Uncertainty about the rate and composition of migration-driven population growth makes it difficult for local government to justify long-term decisions about the land, infrastructure, and services required to cater for more people. Yet there is also a risk that failure to provide services and facilities of an appropriate standard will discourage immigration and investment.

Auckland's economy

2.15 As outlined in Chapter 1, "Why Auckland Matters", Auckland is a key player in the national economy; operating industry clusters in manufacturing and technology, the marine industries, creative industries, and information and communications technology ("ICT"); providing specialised services such as business services, distribution and tertiary education; acting as an international gateway; and providing the country's largest domestic market.

Economic performance

2.16 For most of the past decade, Auckland's economy has consistently outpaced national economic growth, peaking in the year to March 2008 when regional gross domestic product ("GDP") grew by an estimated 3.9% compared with the national growth rate of 2.9%.²¹ Until recently, employment growth has also been above average, with much of it occurring in high value-added industries, especially transport, storage,

²¹ Auckland Regional Council, *Business and Economy 2008: The Auckland Region*, Auckland Regional Council, 2008, p. 2 (available at www.arc.govt.nz, accessed February 2009).

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communications, finance, insurance, property, and business services. This growth has fed through into labour shortages and rapidly rising house prices.²²

2.17 As the economic recession started to bite in mid-2008, Auckland's economy has been hard hit. The regional GDP growth rate dropped back to 1.8% for the year to September 2008, the same rate as for New Zealand as a whole. Regional employment growth has also fallen steeply, much more so than nationally. House price inflation and labour shortages eased in the year to March 2008 compared with the previous year. These results are consistent with past trends where Auckland's business cycle has been ahead of national upturns and downturns by about two quarters. The situation is expected to worsen further this year, with improvement predicted in 2010.²³

2.18 Clearly Auckland's economy has the ability to be a strong performer. But does it lead national growth in the way that other large international cities do? This is an important question in seeking to understand how best Auckland can contribute to New Zealand's recovery from the current economic crisis.

2.19 The *Economic Development Indicators 2007* report compared Auckland's performance with that of other regions of New Zealand and with six "comparator cities" of mostly similar size, density, and economic make-up, namely Vancouver, Brisbane, Adelaide, Copenhagen, Seattle, and Melbourne. Auckland's productivity levels (GDP per worker) are lower than the average of a sample of 78 metropolitan regions in the Organisation for Economic Co-operation and Development ("OECD") and below most comparator cities. The difference in productivity between Auckland and New Zealand as a whole – the Auckland "premium" – is in the middle of the comparator cities, suggesting that, in the New Zealand context, Auckland is contributing normally to economic growth.²⁴

2.20 These findings are supplemented by research undertaken for the Commission by Covec Ltd on the drivers of Auckland's economic growth. It was found that, while Auckland's economy does matter to the rest of New Zealand, it is not currently acting as an engine of growth for the following reasons:

- Causal linkages between the economies of Auckland and other parts of New Zealand are weak.
- Although Aucklanders earn more than other New Zealanders and their productivity (average GDP per capita) is higher than the rest of New Zealand combined, the Auckland economy has been growing faster, but not much faster overall, than in the rest of the country.²⁵

22 Note that at the time of writing this report, economic conditions were undergoing significant change. This report has endeavoured to include the most up-to-date data wherever possible.

23 Ibid., pp. 3, 6; and Auckland Regional Council, *Auckland Business and Economy Update 08*, December 2008 (available at www.arc.govt.nz, accessed February 2009).

24 Ministry of Economic Development, The Treasury, Statistics New Zealand, *Economic Development Indicators 2007*, Wellington, 2007, pp. 110–120 (available at www.med.govt.nz, accessed February 2009).

25 Covec, "Drivers of Economic Growth in Auckland", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 101–129 (p. 106).

2.21 Covec concluded that there is evidence that the scale of the Auckland economy has helped to stimulate economic growth through agglomeration and innovation. To the extent that it can improve its performance in these areas, and manage the costs of further growth, Auckland has the potential to play a greater role in the national economy.

Agglomeration

2.22 Covec reviewed a number of recent studies that have demonstrated that agglomeration is occurring in Auckland and making the region more productive.²⁶

2.23 Research by Motu Economic and Public Policy Research shows that value added per worker in the Auckland region is 30–50% higher than that of the regions outside Auckland, and in particular this productivity premium is 120–150% higher in Auckland’s CBD.²⁷ This reflects the high-value industries located in Auckland.

2.24 International research suggests that doubling a city’s population will increase productivity by between 3% and 8%.²⁸ In Auckland’s case, with a much lower expected rate of population increase (43% over the next 24 years), Covec has concluded that the agglomeration-based productivity gains are likely to be at the lower end of the range – about 3% in total over the next two decades.²⁹

2.25 Achieving these gains, however, will require trade-offs between the costs and benefits of increasing population densities. Some people will inevitably be discouraged from living in Auckland should the greater population result in increased house prices, more commuting, greater congestion, and negative social outcomes. Local government’s transport and land use policies will therefore have a significant role in how agglomeration develops in Auckland. Improved mobility would also allow areas of employment to be accessed by a wider pool of workers, potentially increasing the density of economic activity.

Human capital

2.26 Overall, the education levels of New Zealand’s workforce are above the OECD median and improving. However, there are significant numbers of people at the lowest levels of literacy and numeracy.³⁰ Auckland’s share of the working-age population with a

26 Ibid., p. 118. Agglomeration is the process whereby businesses cluster together and benefit from economies of scale in terms of production, marketing, and sales, and access to infrastructure. Co-location of people, activities, and skills stimulates knowledge and idea transfers, prompting innovation. Concentrations of workers provide both a pool of labour and ready consumer markets. Such clusters usually occur in larger cities with strong financial markets, which provide the capital that businesses need to grow.

27 Maré David (Motu Economic and Public Policy Research), *Labour Productivity in Auckland Firms*, Ministry of Economic Development, Occasional Paper 08/09, Wellington, August 2008, p. 35.

28 Covec, “Drivers of Economic Growth in Auckland”, in *Report, Volume 4: Research Papers*, p. 105.

29 Ibid., p. 105.

30 *Economic Development Indicators 2007*, p. 61. This “long tail of underachievement” occurs in some of the fastest growing population groups and therefore potentially has significance in terms of the ability of these groups to contribute to/benefit from the knowledge economy.

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tertiary qualification is low by international standards, falling below all but one of the six comparator cities cited in *Economic Development Indicators 2007*.³¹

2.27 This is despite the fact that Auckland educates a large proportion of New Zealand's university students (40%); New Zealand's university graduation rate is one of the highest in the OECD; and the quality of the region's tertiary institutions is high (for example the University of Auckland is ranked 65th out of over 500 universities according to the Times Higher Education-QS World University Rankings 2008).³²

2.28 Until recently Auckland firms were experiencing skills shortages, ranging from shortages of trades people for the construction industry through to those with specialised tertiary qualifications, including the ICT sector. Twenty-six percent of Auckland firms reported difficulties in finding skilled labour in the March 2008 quarter, but this has dropped back to just 1% in the September 2008 quarter as the economy has contracted.³³ These skill shortages occurred despite the high level of inward migration outlined earlier in this chapter. Although migrants are often highly qualified (more have bachelors degrees than Auckland-born residents), they are more likely to be unemployed or underemployed, representing an economic loss to the Auckland economy.³⁴

2.29 It has also been suggested that the mix of tertiary qualifications of Aucklanders may not be optimal for meeting the labour market needs of Auckland's long-term economic growth. For example, New Zealand exceeds OECD norms in the number of science graduates, but falls well short of OECD averages in the number of engineers and PhD graduates.³⁵ Management skills are perceived to be less available in New Zealand and lower than in Australia, the UK, and many other OECD countries, according to the International Institute of Management Development World Competitiveness Yearbook.³⁶

Innovation and entrepreneurship

2.30 In 2007 the OECD reported on New Zealand's innovation system and identified a number of deficiencies, including issues of particular relevance to local government in Auckland, namely infrastructure weaknesses (broadband, electricity networks, and Auckland's transport) and the need to assist the diffusion of innovation by helping small and medium enterprises interact better with the city's strong tertiary education and

31 Ibid., p. 118. The comparator cities are Vancouver, Brisbane, Adelaide, Copenhagen, Seattle, and Melbourne.

32 Times Higher Education-QS World University Rankings 2008 (available at www.topuniversities.com, accessed February 2009).

33 Auckland Regional Council, *Business and Economy 2008: The Auckland Region*, p. 3, and *Business and Economy Update 2008: The Auckland Region*, p. 2.

34 Committee for Auckland, *Growing Auckland, Growing New Zealand*, November 2008, p. 20 (available at www.aucklandnz.org, accessed March 2009).

35 *Economic Development Indicators 2007*, p. 63.

36 Cited in *Economic Development Indicators 2007*, p. 62.

research community.³⁷ Auckland's infrastructure is discussed below, and the issues relating to education, research, and innovation are outlined below.

2.31 Tertiary education facilities have the potential to play an important role in innovation – not only through teaching and the imparting of skills, and research and its application by business, but also because of the role they play in attracting highly talented people to a city. In theory, Auckland is in a strong position – the region is a significant national centre of learning, containing a number of tertiary research institutions, major Crown research institutes, and other research organisations. The University of Auckland's UniServices has grown to become the largest organisation commercialising university research in Australasia. Auckland also has a high-quality lifestyle, increasingly seen as a major factor in attracting innovative people and the business and capital that follow them.

2.32 Yet at both a local and national level, indicators suggest that innovation is not occurring as widely as might be expected. Auckland's share of national employment in high-tech services and goods manufacturing is broadly in the middle of the comparator cities mentioned, but this may simply reflect the fact that Auckland has a greater proportion of its national population than the other comparator cities.³⁸ Nationally New Zealand has a low level of research and development ("R&D") and patenting (patenting is seen as a measure of the effectiveness of R&D spending) compared with the OECD average. However the growth of R&D in New Zealand has been one of the strongest in the OECD.³⁹

2.33 As indicated by the OECD, the weakness seems to be in the area of linkages between education/research and business. Three business incubators, which develop businesses from a very preliminary stage, supported by New Zealand Trade and Enterprise, are located in Auckland at the University of Auckland, Massey University, and Auckland University of Technology. What Auckland lacks compared with some other successful cities, particularly in Asia, are industry-based science or business parks (such as biotech or aeronautical parks), which allow more established firms to co-locate in a supported setting.⁴⁰ These are demonstrated to attract innovators, by providing opportunities for collaboration between entrepreneurs working on complementary development and the ability to share resources, workforces, and technology, as envisaged in the theory on agglomeration economies.

37 Organisation for Economic Co-operation and Development, *OECD Reviews of Innovation Policy: New Zealand*, September 2007 (available at www.oecd.org, accessed February 2009), cited in Covec, "Drivers of Economic Growth in Auckland", in *Report, Volume 4: Research Papers*, pp. 124–125.

38 *Economic Development Indicators 2007*, pp. 112, 118. The comparator cities are Brisbane, Adelaide, Melbourne. No comparison is made for Seattle, Vancouver, and Copenhagen.

39 *Ibid.*, p. 44.

40 A project to develop a New Zealand Innovation Centre was announced in 2008. Central government has pledged \$25 million and Auckland City Council has earmarked \$20 million worth of land for the innovation centre at the University of Auckland's Tamaki Campus. The centre's aim is to create a cluster of companies and support organisations that will foster growth of high-tech research and development companies. (See www.nzinnovationcentre.com.)

The challenge for local government:

Addressing the recession in the short term while maintaining focus on the issues that will boost the performance of Auckland's economy in the long term

The significant role of the Auckland region in the national economy, and the potential for it to contribute more to New Zealand's economy, is recognised by central government.

The 2006 Metropolitan Auckland Project Background Paper concluded that Auckland has many of the ingredients to become a much higher economic performer.⁴¹ It attributed the city's underperformance to population-led growth cushioning lower productivity, over-reliance on domestic-led growth, infrastructure constraints (technology, broadband, transport, energy), skills shortages in a tight labour market, relatively low levels of educational achievement in some sectors of the regional population, low levels of research and development, and low levels of business expenditure on investment.

Local government has the ability to influence outcomes in some of these areas, whether as a provider of services, through its policy and regulatory settings that impact on decisions made by businesses, or through the ability of the city to attract and retain talented people.

It is important that focusing on short- to medium-term measures to ameliorate the effects of the economic crisis does not draw attention away from the fundamental changes that must be made to promote the productivity and competitiveness of Auckland businesses. In particular, careful consideration must be given to the long-term cost to Auckland's economy of making quick savings by cutting core infrastructure spending.

Keeping a close check on regulatory costs and impediments to business and maintaining cost-effective delivery of public services are key areas for local government activity in addressing the impacts of the recession in Auckland.

Infrastructure

2.34 The World Economic Forum *Global Competitiveness Report 2008–2009* ranked New Zealand's infrastructure 50th out of 134 countries, down from 33rd the previous year.⁴² The quality of the country's port and air transport infrastructure rated as competitive advantages while New Zealand's road, electricity, and railroad infrastructures were cited

41 De Blaauw, N., Waite D., and Williamson J., *Metropolitan Auckland Project: Background Paper*, Ascari Partners, 2006, p. 20.

42 World Economic Forum, *Global Competitiveness Report 2008–2009*, Geneva, 2008, p. 384 (available at gcr.weforum.org, accessed February 2009).

as competitive disadvantages. New Zealand businesses rated inadequate infrastructure as the most problematic of 15 different factors for doing business.⁴³

2.35 As outlined in Chapter 1, Auckland's economy plays a significant distribution role in the New Zealand economy. This in part reflects the presence of the major air and sea ports through which significant trade volumes flow. Auckland International Airport hosts 70% of all international travellers to New Zealand and is the second largest cargo port by value.⁴⁴

2.36 Some \$23 billion in exports and imports flow through Ports of Auckland annually.⁴⁵ The Port of Auckland is New Zealand's largest container port, handling 37% of New Zealand's total container trade by volume.⁴⁶ By international standards, however, the city's port is small, ranking at 100 in the American Association of Port Authorities' listing of world ports measured by container traffic volume, behind two comparator cities, Vancouver and Melbourne.⁴⁷ The future role and scale of Auckland's port will be influenced by international trends in the maritime industry, including the use of larger international vessels requiring deeper harbours and wanting to call at fewer New Zealand ports, and the growth of coastal shipping driven by higher fuel charges and other road transport costs. Decisions about port infrastructure will also have economic implications for other infrastructure such as road and rail transport links.

2.37 Auckland's land transport infrastructure is highly dependent on roading, both for moving people and freight. In 2006 71% of Aucklanders travelled to work by car, van, or truck.⁴⁸ The number of cars on Auckland's roads is continuing to increase. In comparison with the Australian comparator cities, a smaller proportion of people in Auckland travelled to work in Auckland by car; however, while car use in Auckland has steadily risen, the proportion of Australian car commuters peaked in the late 1990s/early 2000s and has been dropping since.⁴⁹ Almost all freight is transported by road, some 250 million tonnes in 2002.⁵⁰ Traffic congestion is perceived to be a significant problem by Aucklanders. Morning peak travel delay times fluctuate but show improvement recently

43 Ibid., New Zealand Country Profile, pp. 258–259.

44 Submission to the Royal Commission on Auckland Governance from Auckland International Airport Ltd, p. 2. (All submissions are available at www.royalcommission.govt.nz.)

45 Submission to the Royal Commission on Auckland Governance from Ports of Auckland Ltd, p. 2.

46 Ibid., p. 2.

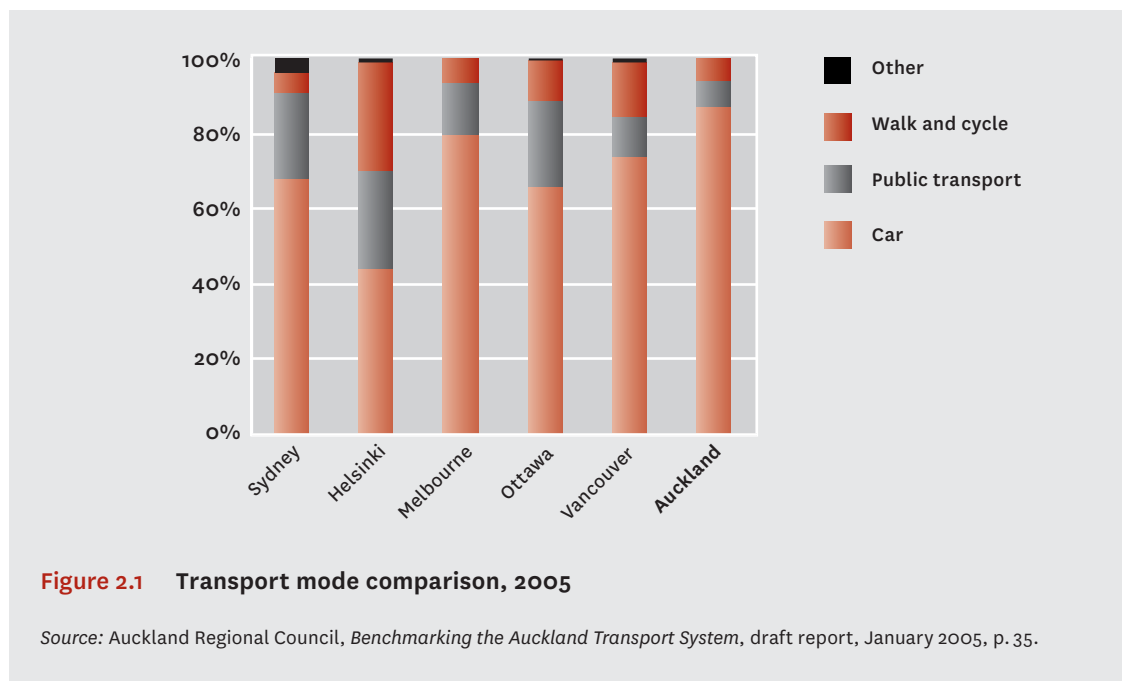
47 American Association of Port Authorities, *World Port Ranking 2007* (available at www.aapa-ports.org, accessed February 2009). The comparator cities are Vancouver, Brisbane, Adelaide, Copenhagen, Seattle, and Melbourne.

48 Auckland Regional Council, *The People of the Auckland Region*, Auckland Regional Council, 2006, p. 11.

49 Mees P., Sorupia E., and Stone J., *Travel to Work in Australian Capital Cities 1976–2006: An analysis of census data 2007*, University of Melbourne and the Australasian Centre for the Governance and Management of Urban Transport, pp. 4–5 (available at www.abp.unimelb.edu.au, accessed February 2009). The comparator cities in Australia are Brisbane, Adelaide, and Melbourne.

50 Auckland Regional Council, *Auckland Regional Freight Strategy 2006: Summary Document*, p. 3 (available at www.arc.govt.nz, accessed February 2009).

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reducing from 0.84 minutes of delay per kilometre in March 2007 to 0.76 minutes in March 2008.⁵¹

2.38 Research in 2005 by the Auckland Regional Council (“ARC”) benchmarking Auckland’s transport system against Melbourne, Sydney, Brisbane, Ottawa, Vancouver, and Helsinki found Auckland has the highest proportion of car use and lowest use of other transport modes. This is illustrated in Figure 2.1. Auckland also had the lowest levels of public transport supply and usage. However, this has changed recently with higher fuel prices and improved public transport options resulting in an increase in rail and bus commuter patronage. In the year to March 2008, public transport patronage Auckland-wide increased by 4.4%, and public transport trips to the CBD grew by 11%.⁵²

2.39 It is clear that, unlike many other European, Australian and US cities, Auckland does not yet offer an effectively integrated transport system so that users can move easily between modes (for example, walking, car, cycling, public transport) to access a wide variety of destinations. Cities that offer such systems are increasingly being seen as more desirable places to live in terms of quality of life.

2.40 The 2005 Auckland Regional Land Transport Strategy envisages a shift towards investment in public transport and travel demand management although road transport will continue to receive the bulk of funding.⁵³ Relative spending on infrastructure

⁵¹ Auckland Regional Council, Transit New Zealand, *Congestion Indicator Report 2008*. Measurement of average delay per kilometre involves surveys on a sample of Auckland’s strategic and regional arterial networks.

⁵² Auckland Regional Transport Authority, *Annual Report 2008*, p. 5.

⁵³ Auckland Regional Council, *Moving forward: Summary Document, 2005 Auckland Regional Land Transport Strategy*, p. 4 (available at www.arc.govt.nz, accessed February 2009).

for roading and public transport in Auckland mirrors the pattern of usage, although significant investment in rail has been made and more is planned for the future. This is outlined in more detail in Chapter 25, “Transport”. Generally, cities tend to spend more on public transport as population increases, reflecting the economics of mass transit systems versus the infrastructure and environmental costs of greater car use. Auckland is currently spending less on public transport relative to population than many other international cities.⁵⁴

2.41 By international standards Auckland’s broadband infrastructure is lagging behind in investment, speed, and widespread access. In 2005, while 49% of Aucklanders had access to the internet (primarily dial-up) at home, compared with 11% nationally, speed and quality varied considerably across the city.⁵⁵ The New Zealand Institute has estimated average broadband download speeds in Auckland at 3 Mb/s.⁵⁶ By comparison, Singapore is targeting a 1 Gb/s fibre-to-premises service “for every home, school and business” by 2015.⁵⁷ Nationally, New Zealand’s e-readiness ranking is the lowest out of Australia, Canada, United States, and Denmark, and went down between 2007 and 2008.⁵⁸ New Zealand also has the lowest number of broadband subscribers per 100 inhabitants of the comparator countries.⁵⁹

2.42 Clearly the development of advanced broadband services in New Zealand has been relatively slow, and there are also a relatively small number of service providers and high comparative prices for internet access. This is of concern to the New Zealand Government, which intends to invest up to \$1.5 billion in an ultra-fast broadband network with a “fibre-to-the-home” aspiration connecting 75% of New Zealanders.⁶⁰

2.43 For cities, ICT infrastructure, particularly fast broadband, is becoming an important element in maintaining international competitiveness. It enables firms to participate in the international digital economy, thereby improving productivity, attracting business (especially multinationals), people, and investment, and improving access to global markets as outlined in Chapter 27, “Information and Communications Technology”.

54 Information provided by the Auckland Regional Land Transport Authority.

55 Committee for Auckland, *The Case for Auckland*, p. 29.

56 Cited in Auckland Regional Broadband Advisory, *The Auckland Broadband Imperative: Enabling Transformation in the Auckland Region, A White Paper for Broadband in Auckland, Version 1.0*, January 2008, p. 11 (available at www.aucklandplus.com, accessed February 2009). Mb/s (megabits per second) is a data transfer rate.

57 Infocomm Development Authority of Singapore, “Updates on Singapore’s 10 Year Infocomm Masterplan – Intelligent Nation 2015 (iN2015)” (Fact Sheet available at www.ida.gov.sg, accessed February 2009). 1 Gb/s (gigabits per second) = 1,000 Mb/s.

58 Economist Intelligence Unit, *E-readiness rankings 2008: A white paper from the Economist Intelligence Unit*, June 2008, p. 5 (available at www.eiu.com, accessed February 2009).

59 *Economic Development Indicators 2007*, p. 75. Comparator countries relate to the comparator cities used previously and are Canada, Australia, Denmark, United States.

60 Hon Steven Joyce, Minister for Communications and Information Technology, “Government readies for new moves on broadband”, media release, 5 February 2009 (available at www.beehive.govt.nz, accessed March 2009) and National Party “Policy 2008: Infrastructure – Broadband” (available at www.national.org.nz, accessed March 2009).

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2.44 Auckland's large population places particular pressure on the national electricity grid at peak times. Ensuring security of supply from a system heavily dependent on hydro power is a national issue. Maintaining reliable transmission to Auckland, however, is also strongly influenced by transmission infrastructure adequacy and the additional risk that all sources of generation are to the south of the city and feed through only two major transmission lines. (See Chapter 28, "Electricity".)

2.45 The 2006 prolonged power outage to the central city and recent power outages have highlighted Auckland's problems with reliable power supply, and international perceptions of the city's electricity security may still be influenced by it. The World Economic Forum *Global Competitiveness Report 2008–2009* ranked New Zealand 52 out of 134 countries for the quality of its electricity supply (defined in that index as lack of interruption and lack of voltage fluctuation relative to other countries).⁶¹

The challenge for local government: Infrastructure

Infrastructure is both expensive and essential. The region depends on central government funding for some major infrastructure assets such as highways. Other infrastructure, such as stormwater, is expected to be funded locally. Auckland faces significant infrastructural challenges in areas of direct local government involvement such as transport and stormwater. Demand is rising but the infrastructure required to satisfy it is inadequate. Public transport must be improved to reduce travel times, support intensification, reduce environmental impacts, and improve social cohesion – demand needs to be managed and existing infrastructure better utilised. Auckland lags internationally in its ability to cater for fast broadband, regarded as a key infrastructure asset underpinning future economic growth. Power supply is also an issue in terms of transmission vulnerability.

Addressing many of Auckland's key challenges involves decisions about infrastructure. For example the ability to meet social needs such as affordable housing and safety are linked to community infrastructure and public transport. People on lower incomes are particularly reliant on public transport to get to work. And decisions about infrastructure affect most other issues in the region ranging from land use to air quality.

It is essential that planning for infrastructure takes a long-term focus. This means taking into account global changes such as climate change and peak oil – might the Auckland of the future be less car-dependent, produce more weightless exports, and have a greater number of workers operating from home?⁶² Infrastructure designed around

61 *Global Competitiveness Report 2008-2009*, p. 390.

62 Skilling, David and Boven, Danielle, *So far yet so close: Connecting New Zealand to the global economy*, Discussion Paper 2007/1, New Zealand Institute, Auckland, March 2007, p. 37. The weightless economy is a term that describes economic activity that does not involve the transaction of a physical product. Examples of weightless activities include the creative industries, research-based activity, financial services, contact centres, and software.

this scenario would mean less spending on roading but more on public transport and provision for fast broadband.

Auckland's place in the Asia-Pacific economy

2.46 With a few large notable exceptions, Auckland's businesses are not strongly internationally focused. Many that do operate internationally have production bases offshore, often in Asia, but retain head offices in Auckland. Most of the city's businesses are small, service-oriented, locally focused firms. Eighty-five percent of firms are locally owned and orientated.⁶³ While one-third of them import raw materials, less than 10% are involved in exporting.⁶⁴ However, it is likely that Auckland provides valuable inputs to national chains of production that end up exporting to the rest of the world. A significant proportion of Auckland's business activity is domestically focused.⁶⁵

2.47 Surprisingly, there are no data available on international destination and sources of Auckland's exports, imports, and foreign investment – it is not possible to find evidence to develop conclusions about the extent and nature of the city's links with the Asia-Pacific region and how they might be developed further.

2.48 After Sydney and Melbourne, Auckland is one of three (roughly equal) centres of economic activity (with Brisbane and Perth) in Australasia.⁶⁶ To the extent that Auckland is linked into the Australasian economy, there is a tendency to lose some functions such as management and service functions to the larger cities, Sydney and Melbourne. But the fact that there are other sectors in which Auckland is already internationally competitive, such as the marine and film industries, indicates that the city does have specialised niches within the Asia-Pacific region.

2.49 Auckland's increasing Pacific Islands and Asian populations are deepening the city's linkages to the Asia-Pacific region. Many migrants retain long-term and sometimes intergenerational connections to their countries of origin. These provide channels for ongoing cross-cultural influences, personal and business relationships, and inward and outward income transfers and investment.

2.50 New Zealand participates in the key economic institutions of the Asia-Pacific region such as Asia-Pacific Economic Cooperation ("APEC") and has free trade agreements with China, Brunei, Chile, Singapore, Thailand, and Australia. While Auckland is not directly represented in these arrangements, it has had indirect and direct input into them. Auckland has been the location of major international economic meetings, including

63 Ministry of Economic Development, Auckland Regional Council, *Urban Centres and Economic Performance: Auckland Stocktake*, Auckland Sustainable Cities Programme, June 2006, p. 53 (available at www.sustainableauckland.govt.nz, accessed February 2009).

64 *Ibid.*, p. 53.

65 Committee for Auckland, *The Case for Auckland*, p. 4.

66 Capital Strategy Limited, *Auckland: New Zealand's First City of Global Significance*, Key Themes, Summary Report to MED: Government and Urban Development Office for the Growth and Innovation Advisory Board, November 2005, p. 14.

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APEC 1999. Auckland businesspeople participate in the business forums and consultation processes associated with these institutions, and its businesses benefit from trade and investment liberalisation achieved at national level.

Auckland's social landscape

2.51 Like many large cities, Auckland's social landscape depends on the perspective from which it is viewed. There are certainly concentrations of wealth in the city. There is considerable choice in terms of high-quality educational and health services, both public and private. Good housing is available, and most Aucklanders are in good health. Yet there is a significant proportion of the population whose access to the full range of lifestyle services and choices offered by the city is constrained for various reasons outlined in the following paragraphs. The well-being of these groups is likely to be further compromised as the impact of the economic recession increasingly affects Aucklanders. The social well-being of Auckland's population and the governance recommendations are discussed in detail in Chapter 9, "Promoting Social Well-Being".

Disparity

2.52 Disparity is a feature of Auckland's social landscape as it is in many larger cities. Social conditions vary significantly across the region and between different ethnic and socio-economic groups. There are significant pockets of deprivation that are often masked by regional statistics. Within Auckland, higher deprivation is often concentrated in particular areas, mainly in Manukau and Auckland Cities, with 30% of Aucklanders (almost 400,000 people) living in areas with higher deprivation.⁶⁷ By comparison, 25% of the Wellington region's population and 21% of the Canterbury region's population live in areas of higher deprivation.⁶⁸ Māori and Pacific peoples and people living in areas of high deprivation have higher rates of mortality and disease, lower educational qualifications, higher rates of truancy, stand downs, and suspensions, and higher rates of overcrowding.

2.53 In December 2008, approximately 11% of the working-age population in Auckland was receiving a main benefit, which includes unemployment, domestic purposes, sickness, and invalids benefits.⁶⁹ This is similar to the national average, but there is a 12% difference across the city – 17% of working-age Papakura residents were on a main benefit compared with only 5% on the North Shore.⁷⁰

67 Areas of higher deprivation are the 30% of areas within New Zealand that have deprivation scores between eight and 10 on the New Zealand Index of Deprivation 2006 (NZDep2006). Ministry of Social Development, *The Social Landscape in Auckland Region*, p. 4.

68 Calculated by the Ministry of Social Development using data from NZDep2006.

69 December quarter figure calculated by the Ministry of Social Development.

70 *The Social Landscape in Auckland Region*, p. 13.

Health challenges

2.54 Health services are delivered in Auckland through the Waitemata, Auckland, and Counties Manukau District Health Boards and the Auckland Regional Public Health Service (“ARPHS”), which provides public health services for the three boards. While local government does not directly provide healthcare, its policies and regulations on matters such as gambling, alcohol, pollution, food inspection, public transport, and sport and physical activity have a direct impact on people’s health.

2.55 Maintaining the health of Auckland’s growing, ageing, and increasingly ethnically and socio-economically diverse population is challenging. Broadly speaking the city’s older, younger, Māori, Pacific, and new immigrants have a disproportionate number of health ailments. The ARPHS *Service Delivery Plan 2007/2008 to 2009/2010* identified the following priority areas – reducing the incidence and impact of infectious diseases, obesity, diabetes, cardiovascular disease, tobacco- and alcohol-related harm, cancer, and environmental inequalities.⁷¹

2.56 Some health issues, such as cancer or tobacco-related illness, are national problems. Others have higher incidence in Auckland and may relate to particular circumstances of big-city living and socio-economic status. One example is infectious diseases, which spread more easily in circumstances of poverty and overcrowding. Of New Zealand’s 12 largest cities, Manukau City had the highest rate of meningococcal disease for children under 15 in 2006 (although this had reduced considerably compared with 2002) and had 18 cases of tuberculosis, while most of the other big cities had none.⁷² The relationship between housing, overcrowding, and social well-being is discussed in detail in Chapter 9.

2.57 There are significant differences in healthcare requirements across the Auckland region. For example, the 2007 *Quality of Life* report found that of New Zealand’s 12 largest cities, infant mortality rates between 2000 and 2003 were the highest in Manukau, while Rodney had the second lowest rate. Manukau City also had one of highest birth rates for teenage mothers (13–17 years), North Shore had the lowest.⁷³

2.58 In 2006, ARPHS identified urban development, transport and food, and alcohol and tobacco as the three major areas where local government activity could improve health and well-being. As the city’s population grows and becomes more densely housed, good urban design is essential to create an environment that supports good health. For example, access to open space and physical activity opportunities are important for tackling obesity; housing quality has a significant impact on overall health and well-being;

71 Auckland Regional Public Health Service, *Service Delivery Plan 2007/2008 to 2009/2010*, June 2007 (available at www.arphs.govt.nz, accessed February 2009), cited in *The Social Landscape in Auckland Region*, p. 6.

72 *The Social Landscape in Auckland Region*, p. 7.

73 New Zealand’s 12 biggest cities are Rodney, North Shore, Waitakere, Auckland, Manukau, Hamilton, Tauranga, Porirua, Hutt, Wellington, Christchurch, Dunedin. Quality of Life Project, *Quality of Life ’07 in Twelve of New Zealand’s Cities*, pp. 51–52 (available at www.qualityoflifeproject.govt.nz, accessed February 2009).

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and good transport links reduce the potential for social isolation, among other things. Over-reliance on car transport restricts physical activity, contributing to health issues such as heart disease, diabetes, and obesity.

Educational underperformance

2.59 Auckland educates about 33% of New Zealand's school population.⁷⁴ It has proportionately more schools than other parts of New Zealand at the extreme ends of the school decile range reflecting the uneven distribution of socio-economic groups across the city.

2.60 Low uptake of preschool education, unqualified school-leavers, and ethnic and sub-regional disparities in gaining educational qualifications are issues for Auckland's education system. Participation in early childhood education in 2006 was the lowest in the country, and there are significant sub-regional access inequalities, which are discussed in further detail in Chapter 9. The low participation can be explained to some extent by lack of childcare facilities, and the high Pacific, and to a lesser degree Māori, population in Auckland, given both groups have lower participation in preschool education and are over-represented in the age group being measured.

2.61 At the other end of the school system, while 76% of Aucklanders have at least an upper secondary school education and 27% have a tertiary education,⁷⁵ 18% of Aucklanders over 15 have no educational qualifications.⁷⁶ Most of the latter live in Manukau and Auckland Cities. In terms of ethnicity, Asian school leavers have the highest percentage of qualifications at NCEA Level 2 or higher (86%) and Māori have the lowest (43%).⁷⁷ Sub-regionally, North Shore City has the highest percentage of school leavers with qualifications at NCEA Level 2 or higher (79%) and Papakura District has the lowest (56%).⁷⁸

2.62 The implications of this are far-reaching for the individuals concerned, for communities, and for the economy. Educational attainment is linked to employment, with only 52% of those with no qualifications participating in the workforce compared with 85% of those with a bachelor degree or higher.⁷⁹

Increasing unemployment overall, with sub-regional variations

2.63 Auckland's economic growth in recent years has resulted in relatively low unemployment. In the September 2008 quarter, the unemployment rate in the Auckland

74 *The Social Landscape in Auckland Region*, p. 9.

75 Ministry of Social Development, *The Social Report 2008*, Regional Indicators – Auckland, August 2008 (available at www.socialreport.msd.govt.nz, accessed February 2009).

76 *The Social Landscape in Auckland Region*, p. 10.

77 *The Social Report 2008*, Regional Indicators – Auckland.

78 *The Social Report 2008: Regional Indicators*. For territorial authority data see the website www.socialreport.msd.govt.nz.

79 Department of Labour, *Annual In-Depth Regional Report*, Department of Labour, Auckland, 2007, cited in *The Social Landscape in Auckland Region*, p. 10.

region was 4.4%, only slightly higher than the national rate for the same quarter (4.2%).⁸⁰ Across the region unemployment figures varied greatly, from 10.8% unemployment in the Papakura District to 2.4% in North Shore City.⁸¹

2.64 However, as the economy has moved into recession, unemployment in the Auckland region appears to be increasing at a greater rate than the national average. December 2008 quarter figures show the region's unemployment rate to have increased to 5.2%, while the national figure is 4.6%.⁸² Similarly the number of people in the Auckland region receiving the unemployment benefit increased by 35% for the 2008 December quarter compared with the same period in 2007.⁸³

2.65 Complete information is not available on the level of underemployment (where people are already working but are unable to work in areas that utilise their skills, or where people who want to work full-time but can find only part-time work). However, anecdotal evidence from migrants and refugees suggests it is an issue for this population.

2.66 Like other social domains such as health and education, employment seems to be influenced by where people live in the city and their socio-economic status. Sustainable employment helps to connect people in their communities and provides economic independence.

Expensive housing

2.67 In 2008 Auckland was the second least affordable region in New Zealand for purchasing a house.⁸⁴ It was also relatively expensive by international standards. The 5th Annual Demographia International Housing Affordability Survey classified Auckland's housing as severely unaffordable.⁸⁵ As noted previously, the importance of housing in relation to social well-being and other outcomes is a key theme in Chapter 9, "Promoting Social Well-Being".

2.68 Auckland's rate of home ownership was about 3% lower than the national average in 2006.⁸⁶ In 2004, 55,120 homeowners were paying more than 30% of their household income on housing costs.⁸⁷ There was also a growing number of working households

80 Statistics New Zealand, *Household Labour Force Survey: September 2008 Quarter*, Wellington, 2008 (available at www.stats.govt.nz, accessed February 2009).

81 Territorial authority unemployment figures supplied by Statistics New Zealand.

82 Statistics New Zealand, *Household Labour Force Survey: December 2008 Quarter*, Wellington, 2008 (available at www.stats.govt.nz, accessed February 2009).

83 Ministry of Social Development, "Benefit Factsheets", Auckland Region, December 2008 and December 2007 (available at www.msd.govt.nz).

84 Hargreaves, B., *Home Affordability Report*, Massey University, Palmerston North, March 2008, cited in *The Social Landscape in Auckland Region*, p. 14.

85 5th Annual Demographia International Housing Affordability Survey: 2009, Ratings for Metropolitan Markets, data for 3rd quarter 2008 (available at www.demographia.com, accessed February 2009).

86 *The Social Landscape in Auckland Region*, p. 15.

87 DTZ New Zealand and New Zealand Institute of Economic Research, *The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region*, Centre for Housing Research Aotearoa New Zealand (CHRANZ), Wellington, March 2007, p. 54, cited in *The Social Landscape in Auckland Region*, p. 15.

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(estimated at 54,900 in 2006) unable to purchase a home even at the lower end of the housing market (in the lower quartile or lower-scale house price range).⁸⁸ A key issue in the rental market is a shortage of affordable and secure rental accommodation for poorer households and vulnerable people.

2.69 The proportion of the Auckland region's population living in crowded housing in 2006 was the highest in the country at 16%, with considerable variation across the region, from 5% in Rodney to 25% in Manukau.⁸⁹ A breakdown by ethnicity shows that the figures are even higher for Pacific communities (48%), Māori (27%), other ethnic groups (23%), and Asian (21.5%).⁹⁰

2.70 Lack of affordable housing is both a social and economic issue. Where Aucklanders can afford to live, the quality of their housing, and how much income they have left over after meeting housing costs affects people's education, health, and employment. Housing costs may constrain Auckland's economy by limiting housing options for low- to medium-paid workers and determining whether employees locate or remain in the region.

2.71 The economic recession is having both negative and positive effects on Auckland's housing situation. Auckland property values fell by 6.9% in the year to September 2008, which should be making housing cheaper, yet household incomes are under threat from unemployment and the slowing economy.⁹¹ There has also been a steady rise in mortgagee house sales which indicates ongoing pressure on housing affordability as interest rates remain high.⁹² The changes are most likely to impact negatively on lower-income households.

The challenge for local government: Housing affordability

A wide range of interrelated factors affect the price of housing. Supply side issues, some of which are influenced by local government, include the availability of land affected by urban planning policies and land banking, development costs (and delays), construction costs, and central government policy. Demand side issues include population growth, changing household composition, location and accessibility, and liveability, as well as wider economic factors such as the labour market, housing market cycles, investment preferences, and the liquidity of debt.

88 Ibid.

89 The measure of crowded housing is those requiring one or more additional bedrooms as defined by the Canadian National Occupancy Standard. Ministry of Social Development, *The Social Landscape in Auckland Region*, p. 16.

90 *The Social Landscape in Auckland Region*, p. 16.

91 Auckland Regional Council, *Auckland Business and Economy Update 08*, p. 3.

92 "Mortgagee index at record high", index compiled from mortgagee sales listed on TradeMe and realestate.co.nz, posted 8 September 2008 (available at www.interest.co.nz, accessed February 2009).

Further complicating the situation are increasingly diverse cultural norms, changing household and family structures, and differences in socio-economic status, which result in a multiplicity of different housing requirements among different groups and between localities.

Rising personal debt

2.72 The level of personal over-indebtedness has risen in the past 10 years and is seen as a significant barrier to achieving positive social and economic outcomes. Fringe lenders with high interest rates and charges, and over-priced mobile shops and door-to-door operators who sell on credit, particularly in South Auckland, are identified as particular problems. Research by the Ministry of Consumer Affairs identified inability to meet the needs of everyday household expenses as the most common reason for borrowing from fringe lenders by Pacific consumers in South Auckland.⁹³

Crime and safety

2.73 Broadly speaking, Auckland seems to be less safe than the rest of New Zealand, both in terms of residents' perceptions of safety and rates of recorded criminal offences. In absolute terms, however, the statistics show sub-regional differences and an increase in reported violent crime (which may partly be associated with increased reporting of domestic violence).

2.74 Similarly Aucklanders assessed their personal safety differently depending on where they lived in the city. In 2006 Manukau had the lowest percentage of residents who felt safe in their home, neighbourhood, and city centre during the day and after dark, while Rodney and North Shore had the highest percentage.⁹⁴

2.75 The rate of recorded criminal offences in the Auckland region shows a slight downward trend between 1998 and 2007.⁹⁵ Dishonesty offences (burglary, car conversion, theft, receiving, and fraud) are the most common offences across the city. Across the city's three police districts (Waitemata, Auckland City, and Counties Manukau), the rate of recorded violent offences has increased since 1999, most noticeably in Counties Manukau.⁹⁶

Social linkages

2.76 Social cohesion describes the strength of the networks and relationships and the degree of trust that binds people together in communities. Most of the factors influencing social cohesion, namely population and immigration patterns, economic factors, natural environment, and information technology, are in a state of change in Auckland as a result of the region's rapid growth in recent years. Measures for assessing social cohesion are

93 *The Social Landscape in Auckland Region*, p. 17.

94 *Ibid.*, p. 17.

95 *The Social Report 2008*, Regional Indicators – Auckland, p. 19.

96 *The Social Landscape in Auckland Region*, p. 19.

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in their early stages, and there is little comparative international data, but the following information provides some indication of the city's performance in this area:

- According to indicators of social connectedness such as telephone access, internet access to the home, and contact between young people and their parents, Auckland performs above average, but is consistently outperformed by some other regions in New Zealand.⁹⁷ Social connectedness refers to the relationships people have with others. It underpins well-being by giving people support, happiness, contentment, and a sense they belong and have a role to play in society.⁹⁸
- Compared with other parts of New Zealand, Auckland has a lower proportion of low-income earners, but the higher cost of living needs to be considered.⁹⁹ Insufficient economic resources limit people's ability to participate in their communities and their quality of life, including lower educational attainment and poorer health for children growing up in low-income households. The latest OECD comparison (from 2004) placed New Zealand 16th out of 30 OECD countries with 11% of the population on a low income.¹⁰⁰ New Zealand had proportionately fewer low-income earners than the United States, similar numbers to Canada, and more than Denmark.¹⁰¹

The challenge for local government: Addressing social deprivation and disparity

Central government retains primary responsibility for funding and delivering core social services such as health and education and its macroeconomic policy settings influence issues such as housing affordability.

The role of local government has traditionally focused on the following:

- (a) **Strategies, policies, and planning.** At local level this addresses issues such as community safety and open space. At regional level there is limited recognition of social issues, but this is beginning to change as planning becomes much more integrated across economic, social, environmental, and cultural spheres.
- (b) **Regulatory activities that contribute to social well-being outcomes.** For example local government is responsible for certain public health outcomes under the Health Act 1956.

97 *The Social Report 2008*, Regional Indicators – Regional Councils, pp. 28–29.

98 *The Social Report 2008*, pp. 110–121.

99 *The Social Report 2008*, Regional Indicators – Regional Councils, p. 16.

100 The OECD measure of low income is 50% of the median equivalent disposable household income. *The Social Report 2008*, pp. 62–63.

101 *Ibid.*, p. 63. The proportion of New Zealand's population on low incomes had risen to 12% by 2007.

- (c) **Community provision.** As well as providing physical infrastructure such as roading, this includes community development services and facilities such as libraries, sport, and recreation.
- (d) **Leadership, advocacy, and collaboration.** All councils have undertaken this in the traditional areas of concern such as community safety. Some councils have also tackled other social issues such as youth gangs, family violence, or affordable housing.
- (e) **Service provision.** Some, but not all, of the territorial authorities are involved in directly providing social services, for example pensioner housing.

The private sector (not-for-profit organisations, volunteers, philanthropists, and business) also has a role in addressing Auckland's social issues. The not-for-profit sector provides assistance to groups such as those with disabilities or on benefits, or through activities such as supporting business or skills development in more deprived communities. Philanthropy occurs through various organisations. Volunteerism, although diminished as people become more time-poor, is still evident in areas such as school boards or community groups.

As Auckland's social issues become increasingly complex and are exacerbated by the current economic recession, new ways will need to be found to address the problems, many of which are, in the New Zealand context, unique to Auckland. In particular, resources must be applied to improve social well-being for the most deprived communities. Auckland carries the burden of this deprivation in three ways – the loss of potential to contribute to Auckland's growth, the additional pressure on health and social services, and the reduced desirability of Auckland as a place to live.

Improving social well-being outcomes clearly will require central and local government to work together very closely as central government holds the funding and is responsible for delivering many social services while local government has close knowledge of the needs and priorities of its local communities. Some councils are already engaged in partnership projects with central government, such as the Tamaki Transformation Programme, which involves the Auckland City and Auckland Regional Councils, Housing New Zealand, Ministry of Social Development, health agencies, and the local community.

The private sector, in the form of not-for-profit and business organisations, can also have an important role to play in advocacy, funding, service delivery, and capacity building. Formal cooperation between these groups and local government is in its infancy in Auckland. Consideration must be given to local government structures that could facilitate and foster these types of collaborative approaches to addressing social issues.

While attempts have been made to address social issues at a regional level through the One Plan for Auckland and the Auckland Sustainability Framework and a range of other regional issue-specific strategies, there is no overall regional strategic direction for social development, and it is probably fair to say, no common understanding between

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central and local government about the key social priorities for Auckland and how to address them.

Auckland's environment and heritage

2.77 Aucklanders place high value on the natural environment and heritage of their city – the beaches, countryside, bush, volcanic cones, clean air and water, and the region's cultural and historic heritage. Local government plays a direct role in managing the environment and heritage through its responsibilities under the Resource Management Act 1991 ("RMA") and the Biosecurity Act 1993. Its policies and regulations on issues such as land use, transport, and other service provision can also impact positively or negatively on the region's environment.

2.78 This section summarises the condition of Auckland's environment, drawing on the ARC's environmental monitoring data.¹⁰²

Climate change likely to cause extreme weather

2.79 Although specific data regarding the effect of climate change on Auckland are not yet available, Ministry for the Environment projections for New Zealand indicate that Auckland is currently and will in future face more extreme weather conditions such as droughts and storms.¹⁰³ Average temperatures are expected to increase by about 1 °C by 2040 and 2 °C by 2090.¹⁰⁴ Changes in rainfall and wind patterns will show even more marked seasonality, for example with more westerlies expected in spring than occur now. Since 1998 the annual mean temperature for Auckland has been consistently higher than the long-term average.¹⁰⁵ Auckland's sea level is rising and may rise faster than average over the next 20–30 years.¹⁰⁶

Air pollution

2.80 Vehicles are the main source of Auckland's air pollution, closely followed by the discharges from wood-fired domestic heating. Key pollutants include fine particulates, carbon monoxide, nitrogen dioxide, and ozone. They affect air clarity and can affect health – in Auckland it is estimated that air pollution causes over 500 premature deaths per year

102 Auckland Regional Council, *State of the Auckland Region Report 2004* (available at www.arc.govt.nz, accessed February 2009). This section of Chapter 2, "Auckland Now", also includes updated data received from Auckland Regional Council.

103 Ministry for the Environment, *Climate Change Effects and Impacts Assessment: A Guidance Manual for Local Government in New Zealand*, 2nd edn, May 2008, p. xii (available at www.mfe.govt.nz, accessed February 2009).

104 *Ibid.*, p. xi.

105 *State of the Auckland Region Report 2004*, p. 52.

106 *Ibid.*, p. 59.

and 1.1 million “reduced activity days per year” when people feel unable to go to work or school.¹⁰⁷

2.81 There is no overall measure of the quality of Auckland’s air. The ARC undertakes monitoring at specific sites to assess air quality in relation to Ministry for the Environment targets for acceptable levels of specific pollutants, but the situation is complicated by wide intra-regional variation, the effect of weather patterns on pollution dispersal, and changes in traffic patterns.¹⁰⁸ Results from the ARC’s monitoring programme show that while the overall number of days where the ministry’s targets have been exceeded does appear to have dropped over time, the downward trend has been highly variable. In terms of individual pollutants, particulate exceedences have increased slightly in recent years. Significant improvements in vehicle technology and fuel consumption have reduced vehicle emissions, which account for most particulate pollution, but these gains have been offset by increases in vehicle numbers, more car usage, more diesel vehicles, and larger vehicle engines.¹⁰⁹

A changing landscape

2.82 Auckland is becoming more built up and less open. Demand for housing, including the popularity of rural lifestyle and coastal property, is seeing building on previously undeveloped land. Rural land is shifting from pastoral farming with its open landscape towards more intensive and enclosed landscapes associated with horticulture, viticulture, lifestyle blocks, or commercial forestry. The scale and intensity of housing development in our coastal areas means that many of the unique coastal and estuarine landscapes that contribute significantly to the identity of Auckland are being modified or disappearing.¹¹⁰

2.83 Public open space (parks, volcanic cones, sports grounds, bush, and islands) forms approximately 16.7% of the region’s total land area.¹¹¹ This is made up of land owned and controlled by the city, district, and regional councils and the Department of Conservation (“DOC”). Around 46% of this is regional parks managed by the ARC.¹¹² As the population grows this land is being used more and more intensively.

2.84 Open space has overlapping uses for recreational, cultural, and environmental purposes. Some of the land was purchased by local and central government to protect valued resources (water) and cultural and natural features such as the Waitakeres, the Hunuas, the Hauraki Gulf islands, and the volcanic cones. The amount of “green space” (open space under the management and control of, or leased by, councils) per

107 Auckland Regional Council, “Update on Health Effects from Motor Vehicle Emissions to Air”, Report to the Regional Land Transport Committee, September 2007.

108 Pollutants monitored include fine particles (PM₁₀ and PM_{2.5}), carbon monoxide (CO), ozone (O₃), and nitrogen dioxide (NO₂). Auckland Regional Council, “State of the Region’s Air Quality”, *AirFacts*, 4, Auckland Regional Council, July 2007 (available at www.arc.govt.nz, accessed February 2009).

109 Auckland Regional Council, “State of the Region’s Air Quality”, *AirFacts*, 4, and “Vehicles, Air Quality and Climate Change”, *AirFacts*, 15, November 2007.

110 *State of the Auckland Region Report 2004*, p. 78.

111 *Ibid.*, p. 79.

112 *Ibid.*

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1,000 residents varies across the Auckland region. For the cities in the Auckland region mentioned in the 2007 *Quality of Life* report, the amount of green space per 1,000 residents ranges from 4.9 hectares in Auckland City to 9.3 hectares in North Shore City. In comparison, outside the region, Hamilton has 12.4 hectares per 1,000 residents and Tauranga has 18.4 hectares. Between 2004 and 2006 the amount of green space per 1,000 residents actually decreased in Auckland City and Rodney District.¹¹³

The challenge for local government: Auckland's urban form

Managing Auckland's growth and development in the context of the region's highly dispersed urban form is complicated. Accommodating population growth through urban sprawl has increased infrastructure costs and places pressure on the environment.

It is essential that the region's land use develops more sustainably in future. The Auckland Regional Growth Strategy provides for a more compact urban form. The need for land use intensification is agreed and legislated for in the Local Government (Auckland) Amendment Act 2004.¹¹⁴ The challenge is ensuring implementation.

Achieving intensification will need to take into account issues such as preserving heritage and historic buildings, the quality of amenities in high-density areas, and maintaining sufficient open space for recreation. At the same time, population growth will also need to be accommodated, with implications for the provision of public transport, roading, and other infrastructure. Related to this is the continuing pressure for subdivision and the loss of productive agricultural and horticultural land, particularly on the urban fringes. The multitude of existing plans and associated regulation at local and regional level has led to calls for region-wide spatial planning, control of greenfield and brownfield development, and a coordinated approach to urban renewal.

113 Quality of Life Project, *Quality of Life '07 in Twelve of New Zealand's Cities*, 2007, p. 220. The cities in the Auckland region included in the *Quality of Life* report are Rodney, North Shore, Waitakere, Auckland, and Manukau. "Green space" includes sports areas, parks and gardens (including passive recreational spaces, historic reserves, and scenic reserves), riverside/lakeside/beachside walks, and other similar areas.

114 The Local Government (Auckland) Amendment Act 2004, among other things, requires local authorities to amend land transport and land use provisions in their planning documents to give effect, in an integrated manner, to the growth concept in the Auckland Regional Growth Strategy. One of the key features of the growth concept is that growth is to be managed by promoting quality, compact urban environments (intensification). See Regional Growth Forum, *Auckland Regional Growth Strategy: 2050*, 1999, p. 2, and Local Government (Auckland) Amendment Act 2004, sections 3(b), 40(1), and Schedule 5.

Biodiversity under threat

2.85 Auckland's biodiversity, its plants, animals and the habitats they live in, has been extensively modified and reduced from its original state. In 2004, the region contained 15% indigenous forest, 11% regenerating scrub, and less than 0.4% freshwater wetland.¹¹⁵

2.86 Nevertheless, the Auckland region remains home to some unique native species such as the world's only viable stitchbird population, located on Little Barrier Island. It also contains significant natural areas and habitats. These include the Waitakere Ranges, the Hunua Ranges, the large harbours and estuaries, remnants of forest and wetlands in both urban and rural areas, and gulf islands such as Great Barrier Island. In 2004 it was estimated that 11% of the region's land area was within protected natural areas with the majority in regional parks and DOC land, as well as local scenic and recreational reserves, together with an increasing amount of private land subject to protection covenants, mainly in rural areas.¹¹⁶

2.87 Vegetation clearance, urban growth and development, and introduced weeds and pests are the main threats to Auckland's biodiversity. Both the ARC and DOC manage ecological restoration projects such as dune and wetland restoration, and the establishment of the Tawharanui Open Sanctuary. Pest levels are the lowest in mainland New Zealand at many of these sites, with a major pest eradication project now under way on Rangitoto and Motutapu Islands.

2.88 Auckland's biodiversity is important for many reasons. In conservation terms the city's variety of native species is significant nationally – over one-third of the country's native ferns and over half of New Zealand's bird species exist in the Auckland region.¹¹⁷ Access to such a rich natural environment is also a recreational asset for the city's residents and a tourist attraction for visitors.

Water supply

2.89 Auckland's water comes from underground aquifers and surface sources such as lakes, dams, and streams. Water can be taken "as of right" for individual domestic purposes and animal drinking water. Water for other purposes, mainly municipal supplies, is governed by resource consents under the RMA. Where supply is controlled, water is allocated up to sustainable levels, but there is evidence that a number of streams are under pressure from overuse.

2.90 Major water sources include the municipal bulk water supply dams in the Waitakere and Hunua Ranges, Hayes Creek, and the Onehunga Aquifer. Significant quantities of water are also taken from the Waikato River, Franklin lowlands, the north-western periphery of metropolitan Auckland, industrialised parts of the Auckland isthmus, Manukau City, and Clevedon Valley. Individual reticulated water supplies exist in many rural towns. Eighty percent of the water allocated under provisions of the RMA in the Auckland region goes to

115 *State of the Auckland Region Report 2004*, p. 91.

116 *Ibid.*, p. 92.

117 *Ibid.*, p. 94.

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the major reticulated supplies in Auckland, Rodney, and Franklin.¹¹⁸ In urban areas water is of high quality and the supply is reliable. There is no evidence of shortages, but there is potential for better demand management. Outside the metropolitan areas, water is scarce in a number of small communities such as Snells Beach, Algies Bay, Warkworth, Helensville, Omaha, and parts of Franklin District.

Beaches and coastline under pressure from city's growth

2.91 Auckland has a highly diverse range of marine environments, from exposed west coast ocean beaches to two of the southern hemisphere's largest harbours. The Hauraki Gulf is protected as a marine park under the Hauraki Gulf Marine Park Act 2000. It includes reserves and conservation areas administered by DOC, and the surrounding foreshore, seabed, and coastal waters. Local authorities can add their reserves to the marine park while retaining ownership, and protected private or Māori land can also be included in the park with the owners' consent. The Hauraki Gulf Marine Park covers the Hauraki Gulf, Waitemata Harbour, Firth of Thames, east coast of the Coromandel Peninsula, Little Barrier Island, the Mokohinau Islands, more than half of Great Barrier Island, Cuvier Island, Rangitoto Island, Mototapu Island, Mount Moehau, Mansion House on Kawau Island, North Head Historic Reserve, four marine reserves, and the internationally recognised wetland at the Firth of Thames.

2.92 Auckland's marine ecosystem hosts flora and fauna ranging from mangroves to sediment-dwelling organisms and fish. It also accommodates many different human activities such as recreational swimming and boating, commercial and recreational fishing, shipping, and aquaculture.

2.93 Auckland's growth is placing pressure on the city's marine environment. Recreational use is intensifying as the population grows, as is demand for commercial activity such as aquaculture. Urban development and development of coastal property for housing has increased the amount of runoff from roads, sediment washed into the sea, and stormwater discharges into the sea. More intensive farming practices now deposit large amounts of nutrients into areas such as the Firth of Thames; this can cause algal blooms. Pollutants are highest around urban areas and in sheltered areas such as the upper harbour that do not flush out so regularly.

2.94 Although Auckland does not discharge sewage directly into the sea, discharges do occur via overflows into the wastewater system. The other major marine contaminant is stormwater, which washes contaminants from the land into the sea. Accumulation of heavy metals (mainly zinc, copper, lead) is causing the most concern, especially where it settles in marine sediment and affects the health of shellfish and fish. Vehicles are the major source of these pollutants, along with some seepage from older contaminated land sites. Unsafe levels of microbial contamination (caused by sewage discharges) at some

118 Auckland Regional Council, *The Big Clean Update*, Edn 12, Auckland Regional Council Newsletter, June 2006, p. 1 (available at www.arc.govt.nz, accessed February 2009).

Auckland beaches is a significant issue for many Aucklanders, but there is evidence that the situation is improving as wastewater systems are upgraded.¹¹⁹

Fresh water quality

2.95 There is wide variation in the quality of water in Auckland's lakes and streams, largely dependent on how the land around them is used, although the ARC's water quality data suggest that quality of water in Auckland's rivers and streams is getting better.¹²⁰ As with the marine environment (as outlined above), increasing urbanisation and more intensive farming in the Auckland region is increasing the potential for pollution.

2.96 In urban areas the main contaminators of Auckland's streams and lakes are sediment from earthworks (the single largest contaminant), rural unsealed roads, and forestry and horticulture, as well as stormwater contaminants generated from roads and hard surfaces, and pollution events such as oil spills. Rural water is contaminated by nutrient enrichment from farm run-off and sediment from farm development. Many lakes are also threatened by introduced pest plants and exotic fish, which crowd out native species and clog waterways.¹²¹

2.97 Water pollution complaints to the ARC have steadily increased. Most of these relate to industrial sources, particularly vehicle and equipment washing, and oil and petrochemical spills. This is attributed to increased public awareness of the effects of water pollution and the ARC's role in dealing with it.¹²²

Heritage

2.98 Auckland's historic heritage comprises

- aspects of the natural and cultural environment
- built heritage – historic buildings or structures and their settings
- archaeological sites
- places of special significance to Māori, including wāhi tapu¹²³, urupā¹²⁴, and places of traditional importance
- trees or other vegetation with historical or cultural associations
- places where past events have taken place
- cemeteries and burial places

119 Hauraki Gulf Forum, *Tikapa Moana – Hauraki Gulf State of the Environment Report*, Auckland Regional Council, June 2008, p. i (available at www.arc.govt.nz, accessed February 2009).

120 Scarsbrook, M., *River Water Quality: State and Trends in the Auckland Region*, Technical Publication No 336, Auckland Regional Council 2007, p. 1 (available at www.arc.govt.nz, accessed February 2009).

121 *State of the Auckland Region Report 2004*, pp. 109–119.

122 *Ibid.*, pp. 116–117.

123 Wāhi tapu – sacred place, location with spiritual meaning.

124 Urupā – burial ground, cemetery.

2. Auckland Now

- shipwrecks and other maritime heritage
- landscapes and areas of heritage places.

2.99 Heritage is of central importance in defining the identity of Auckland. There are 3,100 protected cultural heritage sites in the region. The ARC's cultural heritage inventory has more than 14,000 items recorded including over 8,000 recorded archaeological sites, 1,000 sites with historic maritime associations, 2,100 historic buildings and structures, and approximately 600 botanical heritage sites.¹²⁵ Yet much of the total Auckland region is still to be systematically assessed and surveyed to identify cultural heritage resources and only a small proportion of sites are formally scheduled for protection in regional or district council plans. In particular, cultural heritage places of significance to Māori are largely under-represented in statutory documents in the region. The sustainable management of archaeological sites and other aspects of historical heritage is a significant issue in the region.¹²⁶ In particular, the destruction of Auckland's built heritage has been the subject of much recent public debate with both positive developments such as the preservation of the low-rise heritage-based area of the Britomart project, yet concern about changes to planning provisions that would have resulted in the demolition of more older homes in heritage zones. (Aspects of Auckland's natural heritage have already been discussed.)

Sustainability

2.100 Local government in Auckland has a history of involvement in managing the effects of development on the environment through its role in implementing the provisions of the RMA. Section 5(2) of the Act describes sustainable management as

- ... managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural wellbeing and for their health and safety while—
- (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
 - (b) Safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and
 - (c) Avoiding, remedying, or mitigating any adverse effects of activities on the environment.

125 See www.arc.govt.nz, "Cultural Heritage Inventory".

126 *State of the Auckland Region Report 2004*, p. 86.

2.101 Given that the legislation was world-leading in terms of environmental management when it was passed in 1991, it is probably fair to say that Auckland’s local government is quite experienced in this area compared with other cities internationally.

2.102 Recent years have seen an increasing focus on becoming a sustainable city. In 1993, Waitakere City committed itself to becoming an “eco city” by adopting the principles of the United Nations Rio Declaration on Environment and Development and Agenda 21 as guiding documents.¹²⁷

2.103 In 2007, Auckland’s local authorities, in a joint project with central government, developed the Auckland Sustainability Framework. The framework describes sustainability as anticipating future challenges and opportunities; working within ecological limits; acknowledging social, cultural, economic, and environmental interrelationships; learning from the past, enhancing Auckland’s current well-being, and creating a positive and enduring legacy; and developing “a resilient region that can adapt to change by building strong communities and robust ecological systems, and designing flexibility into our economy, infrastructure and buildings”.¹²⁸

2.104 The Auckland Sustainability Framework aims to enable the region to continue to develop in the face of five identified future challenges – climate change, increasing pressure on and shortages of natural resources such as oil and water, capitalising on globalisation, managing population growth and demographic change, and addressing disadvantage. Comprehensive measures to assess Auckland’s sustainability are still under development. As has been noted in respect of other regional initiatives, little action has followed the preparation of the framework.

The challenge for local government:

Meeting the global challenges of the future – climate change and resource shortages

Climate change will impact on a wide range of local government activities including strategic and land use planning (for example promoting development away from coastal areas should sea levels rise), water supply and irrigation (in event of drought), stormwater and flood management, roading and other infrastructure (for example the need to build to withstand more extreme weather), coastal infrastructure (to cope with rising sea levels), management of terrestrial and aquatic ecosystems (should climate change affect habitats), civil defence and emergency management (for extreme weather events) and biosecurity (if increasing temperatures make New Zealand more hospitable to tropical pests).

In terms of resource shortages, operating in an oil-scarce world is inevitable. Closer to home, natural resources that a number of generations have taken for granted will

127 See www.waitakere.govt.nz.

128 Auckland Regional Growth Forum, *Auckland Sustainability Framework*, September 2007, p. 5 (available at www.sustainingauckland.org.nz, accessed February 2009).

2. Auckland Now

be coming under pressure. For example, the Auckland region has a finite supply of water available for use and an increasing number of people wanting to use it. Managing local government responsibilities for water allocation will become more complex, and will need to address demand management. A more managed water system might be required delivering different water qualities appropriate for different uses, for example grey water for toilets and gardens.

Conclusion

2.105 The analysis contained in this chapter suggests there are a number of areas in Auckland's economic, social, and environmental performance where better long-term performance can realistically be achieved. These are as follows:

- Actively safeguard the city's enviable lifestyle. Key to this will be sustainability – integrating economic, social, and environmental objectives so the city has the resilience to maintain long-term viability.
- Better articulate Auckland's identity internationally. In a highly competitive international market, tourists, migrants, and businesspeople need consistent reliable information about what the city has to offer.
- Improve the quality of road, rail, electricity, and broadband infrastructure, including the development of a multimodal integrated transport network.
- Better harness the benefits of agglomeration to increase Auckland's per capita contribution to national GDP growth. In particular transport infrastructure must be improved so that it does not undercut the benefits of agglomeration.
- Continue to improve the education and skill levels of Auckland's population. It is important not to rely only on skilled migration, but to ensure that the skills of migrants are identified and fully utilised, and to influence the policies of Auckland's quality tertiary educational institutions to ensure that the skill mix better meets the requirements of employers.
- Improve Auckland's levels of research and development and innovation.
- Ensure that the cost of living, especially housing affordability for lower-paid workers, does not impact negatively on the city's quality of life or discourage workers from coming to Auckland.
- Increase efforts to improve social outcomes in the face of pressures resulting from population growth, diversity, inequality, and the current economic recession.

2.106 Designing local governance structures that will enable these changes is at the core of the Commission's work.

3. Auckland’s Existing Local Government Arrangements

3.1 This chapter outlines the structure and functions of Auckland’s current local government arrangements. The first part of the chapter describes the legislative framework for local government in New Zealand, and specifically for Auckland. The second part of the chapter describes the eight councils in the Auckland region, the functions they perform, and their work to date on regional cooperation and shared services.

The legislative framework

3.2 The Local Government Act 2002 (“LGA 2002”) constitutes local authorities and defines their powers and the framework within which they must operate. There are two other most important pieces of legislation that regulate local government: the Local Electoral Act 2001 and the Local Government (Rating) Act 2002.

3.3 The Local Electoral Act 2001 sets out how local authority elections and polls should be conducted. It provides opportunities and procedures for local authorities to choose local electoral systems (first past the post or single transferable vote), and to review their representation arrangements, including the boundaries of constituencies for regional councils, and of wards and communities for territorial authorities. It also enables the creation of Māori constituencies and wards.

3.4 The Local Government (Rating) Act 2002 prescribes rating mechanisms, which are the primary means by which councils raise revenue from their communities. The exercise of rating powers is subject to the transparency, consultation, and accountability requirements under the LGA 2002.¹

3.5 Many other Acts govern specific responsibilities of local government, from resource management to dog control. These are listed in Appendix 3.1 to this chapter.

3.6 Special legislation has been enacted to provide for particular needs in Auckland. This includes the Auckland Metropolitan Drainage Act 1960, the North Shore Drainage Act 1963, the Hauraki Gulf Marine Park Act 2000, the Waitakere Ranges Heritage Protection Act 2007, and the Local Government (Auckland) Amendment Act 2004 (“LGAAA”), which among other things established the Auckland Regional Transport Authority and required changes to regional and district plans to implement the Auckland Regional Growth Strategy.

¹ Local Government Act 2002 (hereafter LGA 2002), sections 3(c), 39, and 40.

3. Auckland's Existing Local Government Arrangements

Units of local government

3.7 New Zealand has three tiers of local governance – regional councils, territorial authorities (which must be either a city or district council), and community boards.

3.8 Territorial authorities (and their predecessor boroughs and counties) have been the core units of local government in New Zealand since the abolition of provincial government in 1876. Local government legislation since then has reinforced this core status of territorial authorities. The power of general competence, which was given to councils under the LGA 2002,² gives both regional councils and territorial authorities the ability to deal with any issue as long as it is not prohibited by law. Both are charged with the same purpose of enabling democratic decision making and promoting the economic, environmental, and cultural well-being of communities.³ However, the ability of regional councils to exercise that power is limited by the detailed procedures in the Act for regional councils taking on significant new activities.⁴

3.9 The basic functions of regional councils are to provide environmental regulation, stemming originally from water management but also anticipating the wider environmental range of the Resource Management Act (“RMA”) of 1991. Since 1989, further responsibilities have been conferred on regional councils (notably under the RMA and in relation to public transport), but they remain essentially special-purpose agencies. Regional councils do not generally have power over territorial authorities, except in a few specific cases such as the regional policy statement made under the RMA.⁵

3.10 Regional councils have the following main functions under legislation:

- environmental management including water quality and use, contaminant discharge, coastal management, soil erosion (RMA)
- regional growth strategy, which is made under the LGA 2002, RMA, and transport legislation
- hazardous waste management (Hazardous Substances and New Organisms Act 1996)
- river and lake management, including flood and drainage control, under the Soil Conservation and Rivers Control Act 1941
- land transport (including public transport) planning and funding under the Land Transport Act 1998 and other Acts
- harbour and waterway navigation (Maritime Transport Act 1994)
- regional pest management under the Biosecurity Act 1993

2 LGA 2002, section 12.

3 LGA 2002, section 10.

4 LGA 2002, section 16.

5 Resource Management Act 1991, sections 59–62.

3. Auckland's Existing Local Government Arrangements

- regional parks and reserves (Reserves Act 1977)
- safety of dams (Building Act 2004)
- civil defence (Civil Defence Emergency Management Act 2002).

3.11 The legislation distinguishes between regional councils and territorial authorities

- by reference to their jurisdiction, either regional or territorial
- by limiting the power of general competence of regional councils to activities they have previously performed.⁶

3.12 In most regions of New Zealand, including Auckland, a regional council operates alongside a number of territorial authorities. There is another model in use, which is where a region is governed by a “unitary authority,” that is, a territorial authority that has the responsibilities, duties, and powers of a regional council.⁷ Gisborne, Marlborough, Nelson, and Tasman regions have unitary authorities. The rationale for forming these unitary authorities is based on their small populations and rating bases and the savings in administrative costs that can be achieved from consolidating territorial and regional functions. However, these are not the only possible reasons for forming a unitary authority, and the Commission has identified advantages for Auckland in such an arrangement. This is expanded on later in this report.

3.13 Community boards are established at the discretion of territorial authorities. The status of community boards is that of an unincorporated statutory entity. Elected at the same time as the council, a community board usually consists of five or six members (sometimes including one or more councillors at the discretion of the territorial authority). Their role is essentially representative and advisory rather than having any specific executive authority. The powers of community boards are only those delegated to them by their territorial authorities, unless powers are expressly given to them by any Order in Council that incorporates a community board. Even then, they cannot deal with property or employ staff.⁸

3.14 Apart from elected local authorities, the LGA 2002 provides for three types of council-owned subsidiary organisations:⁹

- council organisation, in which a council controls any proportion of voting rights or rights to appoint directors
- council-controlled organisation, in which one or more local authorities control half or more of the voting rights, or have the right to appoint half or more of the organisation's directors

6 LGA 2002, sections 12 and 16.

7 LGA 2002, section 5.

8 LGA 2002, sections 50–53.

9 LGA 2002, Part 5. Council organisations are discussed in more detail in Chapter 21, “Council Organisations and Council-Controlled Organisations”.

3. Auckland's Existing Local Government Arrangements

- council-controlled trading organisation, which is a council-controlled organisation that trades for profit.¹⁰

3.15 The reasons councils place an activity into a separate entity include

- improved commercial focus – operating a company with a professional board of directors with the objective of making a profit
- minimising risk – using an incorporated structure to insulate a council from liability for an activity or venture
- empowering local communities – creating a trust with a set budget funded by the council but managed by a community for a specific purpose, such as maintaining a community centre
- tax effectiveness – obtaining “charitable” status for a trust so that it is exempt from income tax.

Local authority elections

3.16 Local authorities have the choice of using either the first-past-the-post electoral system or the single transferable vote system. They can also choose between booth voting, postal voting, or a combination of the two. The majority have opted for first past the post using postal voting. In Auckland, all councils use first past the post with a postal ballot (although Waitakere City Council has indicated it will shift to single transferable vote at the 2010 elections).

3.17 Regional councils must be divided into constituencies from which members are elected. Territorial authority members may be elected by combinations of wards or by the district as a whole. A change from wards to “at-large” elections can be effected only during the six-yearly review of representation arrangements required by legislation.¹¹ The number of members and the constituency or ward boundaries are proposed by each local authority through the review process, subject to appeal to the Local Government Commission.¹² Local authorities are required to ensure that

- wards or constituencies provide effective representation of communities in the district or region respectively
- the number of council members provides fair representation for the population of the district or region as a whole, and for each individual ward or constituency

10 LGA 2002, sections 5–7.

11 Local Electoral Act 2001, sections 19H and 19I.

12 The Local Government Commission is an independent statutory body, whose main role is to make decisions on the structure and representation requirements of local government in New Zealand. Examples of decisions made by the commission are the alteration of boundaries between local authorities, alteration of ward boundaries, and the abolition and amalgamation of local authorities. (See www.lgc.govt.nz. Past actions of Local Government Commissions are noted in Chapter 4, “History of Auckland’s Governance”.)

3. Auckland's Existing Local Government Arrangements

Table 3.1 Representation arrangements of Auckland's local authorities and community boards

Council	Mayor elected at large	Number of councillors	Number of wards/constituencies	Community boards	Community board members	Permanent consultative forums/committees/boards
Rodney District Council	1	12	4	0		1 (Kawau Island)
North Shore City Council	1	15	3	6	24	
Waitakere City Council	1	14	4	4	20	4 (Māori, Pacific Islands, Ethnic, Youth)
Auckland City Council	1	19	7	10	52	1 (Pacific Islands)
Manukau City Council	1	17	7	8	41	2 (Pacific Islands, Māori)
Papakura District Council	1	8	4	0		1 (Māori)
Franklin District Council	1	12	4	2	8	1 (Māori)
Auckland Regional Council		13	6 ¹			
Totals	7	110	39	30	145	10

Table footnote: see further detail on ARC constituencies in Table 3.2. *Source:* Council websites.

(the ratio of population of each ward or constituency to members is to be no more than 10% greater or smaller than the ratio of population of the whole district or region to the total number of members).¹³

3.18 The representation arrangements for Auckland's local authorities and community boards are set out in Table 3.1.

3.19 The constituency arrangements for the Auckland Regional Council ("ARC") are set out in Table 3.2. Members of the ARC are elected from six constituencies, which follow the same general boundaries as the districts of the territorial authorities, except that the

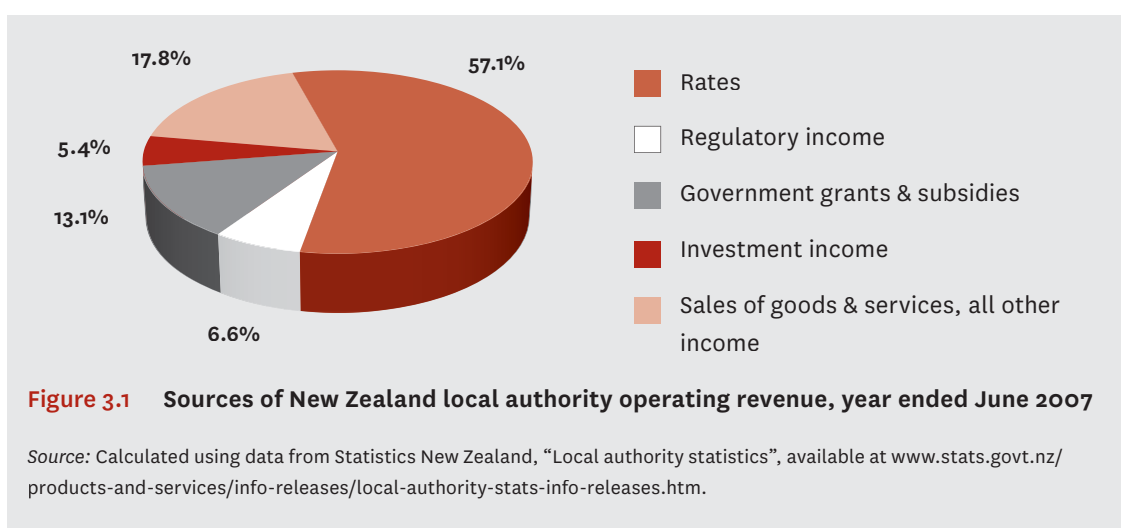
¹³ Local Electoral Act 2001, sections 19T–19V.

3. Auckland's Existing Local Government Arrangements

Table 3.2 Constituencies in representation arrangements for Auckland Regional Council

Auckland Regional Council constituencies	Number of councillors
Rodney District	1
North Shore City	2
Waitakere City	2
Auckland City	4
Manukau City	3
Franklin/Papakura Districts	1

Source: Council websites.



districts of Franklin and Papakura form a single constituency. The chairperson of the ARC is elected by and from among its councillors at the first meeting after their election.

Funding

3.20 Nationally, local authorities obtain their operating revenue from a number of sources. In the year ended 30 June 2007, local government received approximately \$5.8 billion in operating income (GST inclusive). Figure 3.1 shows that, New Zealand-wide, the bulk of this comes from rates (57%), sale of goods and services and other income (18%), and central government transfers (13%).

3.21 In Auckland, the total income available to each council and the sources of that funding vary considerably. Table 3.3 shows a breakdown by authority of their operating revenue for the year ended 30 June 2007.

3.22 Auckland City has the largest available operating revenue, per head of population, and Papakura District the least. Rates comprise the bulk of income for all councils. It is

3. Auckland's Existing Local Government Arrangements

Table 3.3 Sources of Auckland local authority operating revenue, year ended June 2007
(% of total income)

	Rates	Regulatory income	Government grants & subsidies	Investment income	Sales of goods & services and other income
Rodney District	73.3%	9.7%	5.1%	1.1%	10.8%
North Shore City	65.5%	6.8%	4.8%	1.2%	21.6%
Waitakere City	62.7%	7.9%	5.5%	1.2%	22.8%
Auckland City	67.7%	9.1%	2.3%	5.5%	15.3%
Manukau City	60.6%	9.1%	6.0%	9.4%	15.0%
Papakura District	71.0%	11.4%	4.9%	2.1%	10.6%
Franklin District	64.8%	7.3%	16.1%	0.3%	11.5%
Auckland Regional Council	69.6%	8.3%	3.2%	0.9%	18.1%

Source: Calculated using data from Statistics New Zealand, "Individual local authority statistics", available at www.stats.govt.nz/datasets/govt-finance/local-authority-financial-statistics-by-council.htm. Figures have been rounded to one decimal place and therefore do not always add up to 100%.

worth noting, however, that councils operate a range of different rating systems, which impact both the quantity of their total rates take and which sectors of their communities bear the rates burden. For example, rating systems may incorporate differentials between diverse types of properties (residential, business, rural).

3.23 Local authorities also raise significant income from sources other than rates. Table 3.3 shows that some councils have significant investments that provide additional revenue (in 2007, ranging from around 9% for Manukau City to less than 1% for the ARC and Franklin District). Sales of goods and services are significant for some councils (between 11% and 22% in 2007). This may be influenced by the varying arrangements throughout the region for pricing and retailing water to consumers. Franklin District has the largest proportion of revenue provided by Government grants and subsidies, possibly because of transfers for rural roading.

Structure of Auckland's local government

3.24 The following local authorities and subsidiary bodies have been established in Auckland region:

- One **regional council** (the ARC) has primary responsibilities for environmental regulation, ownership and management of regional parks, regional growth, transport planning, and funding for passenger transport. It also advocates and

3. Auckland's Existing Local Government Arrangements

partners with central government on behalf of the region (however individual territorial authorities also do this separately), and coordinates with the territorial authorities on region-wide issues.

- Seven **territorial authorities** (Rodney District, North Shore City, Waitakere City, Auckland City, Manukau City, Papakura District, and Franklin District)¹⁴ provide a very broad range of infrastructure and services: land use planning; environmental health management; water, wastewater, and stormwater; solid waste; and local community facilities. They also advocate and partner with central government on behalf of their communities, and coordinate with the regional council and other territorial authorities on some region-wide issues.
- Thirty **community boards** created by five of the territorial authorities represent smaller geographical areas, and in some cases exercise delegated responsibilities. Community boards are described in detail in research papers contained in Volume 4 of this report.¹⁵ As described there, community boards in Auckland region generally do not have wide delegations from their parent councils and the function they have is mainly one of advocacy.¹⁶
- More than 40 **council organisations, council-controlled organisations, and council-controlled trading organisations** are described in Chapter 21. Councils have controlling interests in some, but not all, of these organisations. The organisations have a wide range of functions and constitutions, and include both for-profit and not-for-profit organisations. The for-profit organisations include retail water companies and The Edge, which runs the Aotea Centre and Civic Theatre. The not-for-profit organisations include a variety of trusts that promote the arts, education, recreation, and sport. Most of the organisations have been voluntarily set up, or had interests acquired in them, by councils for their own reasons. Some organisations are required by legislation, for example Watercare Services Ltd, Auckland Regional Holdings Ltd, and Auckland Regional Transport Authority.¹⁷

14 Franklin District Council represents a geographic area that falls within both the Auckland and Waikato regions (see Figure 3.2). For the purposes of transport, the Auckland region is deemed to include the whole of the Franklin District.

15 Richardson, Mike, Part 9, "Setting Community Boards in Context", and Richardson, Mary, Part 10, "Auckland Community Boards", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009.

16 Richardson, Mike, "Setting Community Boards in Context", in *Report, Volume 4: Research Papers*, pp. 387–472.

17 Local Government Act 1974, Part 44C, section 707ZZZR (Watercare); Local Government Auckland Amendment Act 2004, sections 6–37 (Auckland Regional Holdings and Auckland Regional Transport Authority).

Auckland Regional Council

3.25 The ARC has seven principal functions, which incorporate the regulatory, ownership, management, and regional planning work it undertakes:

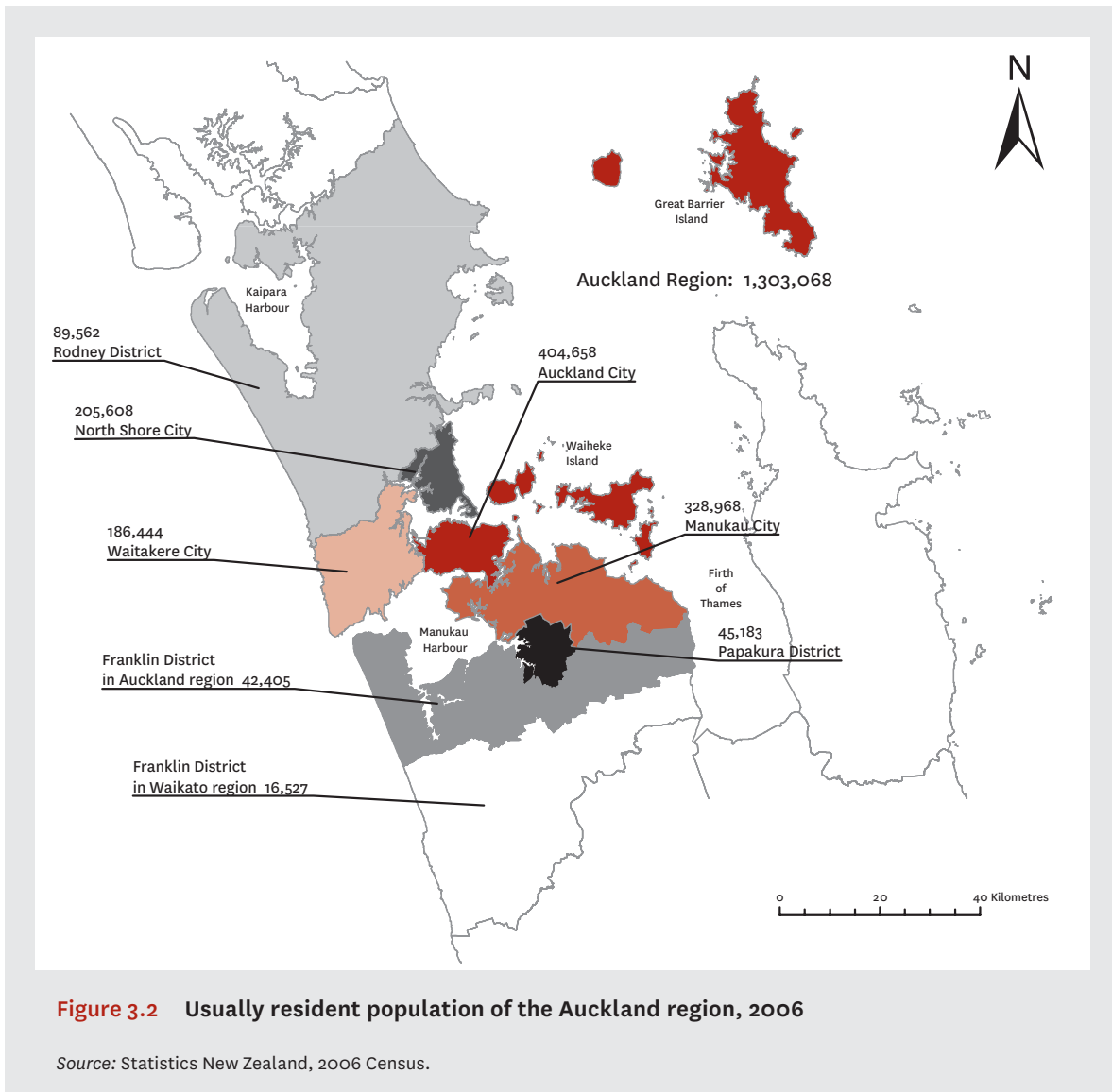
- **transport** – developing transport strategy and planning, and funding the region's public transport system through the Auckland Regional Transport Authority
- **regional parks** – the acquisition and management of 25 regional parks covering over 40,000 hectares and including 150 kilometres of coastline, ranging from wilderness areas to farms and sandy beaches
- **resource management** – monitoring, policy and strategy development, the provision of resource consents, pollution response, and the preservation and restoration of the region's natural, historic, and cultural heritage
- **regional leadership and community development** – regional coordination and external relations, democracy services (facilitating meetings and electoral processes), relations with Māori, sustainable schools, and community projects
- **built environment** – development and implementation of the Auckland Regional Growth Strategy and Auckland Regional Policy Statement and regional plans under the RMA, effective management of physical and spatial growth in the Auckland region and its impact
- **economic development** – involvement in the implementation of regional projects to deliver the Auckland Regional Economic Development Strategy through AucklandPlus
- **safety** – managing hazardous events, providing civil defence, and harbourmaster operations.

Territorial authorities

3.26 Territorial authorities have considerable discretion under the LGA 2002 to decide what functions they will undertake to meet the needs of their communities to promote the social, economic, environmental, and cultural well-being of those communities, and how they will go about it. They are required under legislation to carry out particular functions:

- land use management (urban and rural planning) under the RMA
- regulatory control and licensing of a wide range of activities (gaming, dogs, environmental health, fencing of swimming pools etc.) under a wide range of legislation
- network utility services such as water, wastewater, and stormwater under the Local Government Acts 1974 and 2002
- local and arterial roads under the Local Government Act 1974
- parks and reserves under the Local Government Act 2002 and the Reserves Act 1977

3. Auckland's Existing Local Government Arrangements



- civil defence under the Civil Defence and Emergency Management Act 2002
- rural fire protection under the Forest and Rural Fires Act 1977
- community development under the Local Government Act 2002.

3.27 At a practical level, meeting the needs of Auckland's diverse population has resulted in councils undertaking a large number of specific functions. Appendix 3.2 at the end of this chapter lists 135 of these.

3.28 Territorial authorities have carved out specific identities for themselves in response to community priorities. For example, Waitakere City Council declared itself an "eco city" in 1993 to "eliminate threats to the environment and our communities and to build

3. Auckland's Existing Local Government Arrangements

a sustainable future for our city”.¹⁸ Franklin District Council’s Vision Statement outlines its aim to become “*Franklin: A country lifestyle in harmony with our environment*”,¹⁹ reflecting its large rural land base and location on the fringes of the metropolitan area. Its functions include land drainage systems and rural fire services to meet the needs of its rural community. In response to the needs of its diverse population, Manukau City Council has a strong focus on social issues such as providing pensioner housing and funding community advisers.

3.29 In terms of delivery, some functions are provided in a fairly standard way while others vary depending on local decisions. For example, four of the Auckland councils provide retail water and wastewater services directly to consumers – two do so through council-controlled organisations and one provides these services under a franchise agreement with a private operator.

Regional diversity

3.30 Intra-regional differences such as land area, population, urban/rural split, and socio-economic composition shape the communities of Auckland. As is evident in Figure 3.2, there is wide variation in the land area of Auckland’s territorial authorities and the populations they serve. Rodney District has the largest land area, and Papakura District the smallest. Auckland City has the largest population, followed by Manukau City, with Papakura District the smallest. Auckland City (excluding the Hauraki Gulf islands) is the most densely populated and Rodney District the least.

3.31 The urban/rural land mix also varies widely as shown in Figure 3.3. If urban land is defined as land within the metropolitan urban limit, the region as a whole is 89% rural and 11% urban; 83% of North Shore City is urban while 100% of Franklin District is rural (including rural towns). It is also worth noting the variation within Auckland City; it must meet the needs of its rural areas (comprising the Hauraki Gulf islands) alongside those of the most densely populated urban area of the city centre.

Coordination of activities

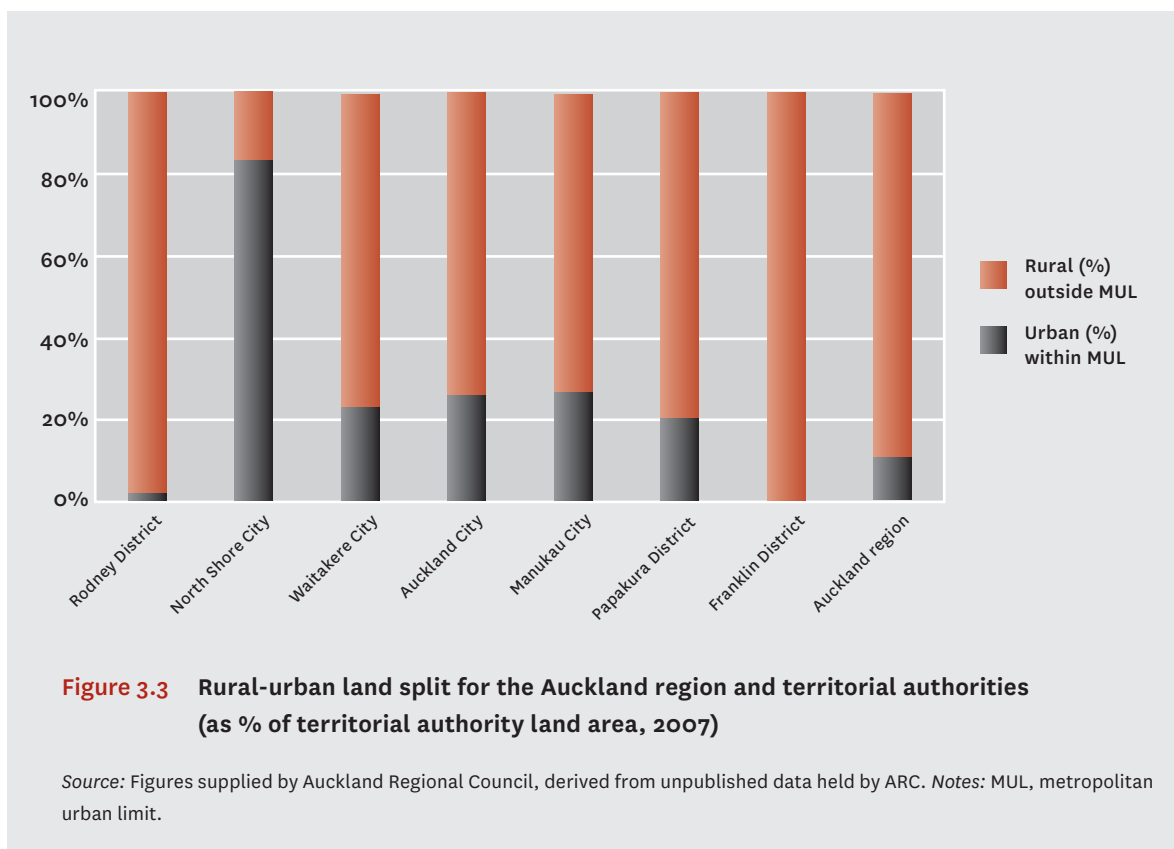
3.32 As outlined above, the legislation provides broad objectives but limited guidance on how the objectives for the tiers of local government are to be discharged, beyond prescribing accountability and consultation. This has resulted in the following four characteristics of local government activities in the Auckland region.

3.33 First, Auckland’s local authorities to a large extent determine their own activities in line with the priorities of their local communities, as intended by the LGA 2002 (aside from some legislatively determined functions, such as ARC’s role in transport planning and the responsibilities of all local authorities under the RMA).

18 Waitakere City Council, *Annual Report 2006/2007*, p. 3 (available at www.waitakere.govt.nz, accessed February 2009).

19 Submission to the Royal Commission on Auckland Governance from Franklin District Council, p. 3. (All submissions are available at www.royalcommission.govt.nz.)

3. Auckland's Existing Local Government Arrangements



3.34 Second, roles are often shared and/or overlap. For example, central, regional, and territorial government have different but overlapping responsibility for transport, parks and reserves, community development, economic development, civil defence, recreation, and events. Not all decisions made by central government align with regional priorities. Both the ARC and the territorial authorities interact with central government, sometimes competing with each other.

3.35 Third, on many key regional issues, there is no hierarchical relationship or binding decision-making process to ensure a coordinated approach by regional and territorial authorities (although there have been piecemeal attempts to remedy this, such as the LGAAA, which requires district plans to align with regional plans to implement the regional growth strategy). This can lead to different interpretations and applications of supposedly regional policy in different parts of Auckland. For example, while the ARC sets the strategy for the built environment, the delivery and implementation of that strategy depends on decisions made by Auckland's territorial authorities and other agencies with respect to town centre planning, road and streetscape management, regulation of the built environment through district plans, and issuing of building consents. Also, some territorial authorities have active property development roles. Many regional decisions are made in voluntary non-binding regional forums, while implementation is carried out (or not carried out) at territorial authority level.

3.36 Fourth, the seven territorial authorities operate independently of each other and have their own funding sources. In practice this means that they undertake, for the most part independently, a core of common functions such as street maintenance and

3. Auckland's Existing Local Government Arrangements

providing libraries. They also exercise a range of discretionary functions (ranging from film promotion to running camping grounds) to meet local needs and aspirations. Each has its own planning and regulatory systems; for example, there are seven distinct district plans and seven sets of rules for building consents and planning applications.

Cooperation and shared services

3.37 In recent years, questions have been raised as to whether more effective coordination at a regional level might enable the whole region to better deal with the scale of the pressures and opportunities resulting from Auckland's rapid growth and social change. In response, there has been some cooperation between local authorities to coordinate and share services, and in the preparation of regional policy for Auckland.

3.38 In an attempt to coordinate administration and decision making, councils have set up a mass of joint committees and groups including both councillors and staff. As part of its submission, the North Shore City Council gave the Commission an indicative list of 100 national and regional teams and working groups in the region, included as an appendix to Chapter 11, "Defining the Problems".²⁰

3.39 At the functional level of local government service delivery and back-room operations, Auckland's local authorities have explored the feasibility of common support operations. Options range from combining operations to establish shared service centres²¹ through to collaboration and best-practice sharing. Further work is envisaged through the One Plan process, which provides a single strategic plan for the region²² (discussed further below).

3.40 Starting in 1999, the Auckland Region Chief Executive Officers' Forum established a vision and strategy for shared services across the seven Auckland councils.²³ A series of pilot projects was initiated with anticipated savings of up to \$6 million on procurement alone. Examples of recent shared services projects include the following:

- **eLGAR** (Libraries for a Great Auckland Region) brought together five Auckland councils in order to achieve the scale required to deliver better library services. Projects have included replacing the core library management system, which at the time was the largest collaborative information technology project undertaken within local government.
- The **LiDAR** (light detection and ranging) project was primarily a procurement exercise to provide the entire region with highly accurate aerial photography for use in activities such as consents, roading, and emergency planning. By

²⁰ Submission to the Royal Commission on Auckland Governance from North Shore City Council, pp. 47–52. See also Chapter 11, "Defining the Problems", Appendix 11.1.

²¹ The shared services initiatives are set out in Chapter 32, "Achieving a High-Performance Auckland Council".

²² Regional Sustainable Development Forum, *One Plan for the Auckland region*, October 2008 (see www.aucklandoneplan.org.nz, accessed March 2009)..

²³ Auckland Chief Executives Forum, "Shared Services – Councils of the Auckland Region", 1999, overview available at www.northshorecity.govt.nz/your_council/projects/shared_services_agreement.htm (accessed February 2009).

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collaborating on this exercise, effectively buying one flight instead of eight, it is estimated that the Auckland councils saved well over \$1 million.

- The **Regional Traffic Management** project involved the collaboration of Auckland's councils with a third party, Transit New Zealand (now the New Zealand Transport Agency), to create a consistent, region-wide approach to the management of traffic signal systems. It also led to the creation of the Traffic Management Unit (owned by Transit but working on behalf of the councils) for the operation, management, and maintenance of the signals.
- **Manukau Auckland Recycling Services** – in June 2008, Auckland and Manukau City Councils aligned recycling contracts and secured a private-sector supplier to provide (on council land) a state-of-the-art recycling facility on a “build, own, operate, transfer” basis.

3.41 In January 2007, Auckland's local authorities made a series of joint recommendations to central government on regional cooperation in a report called “Strengthening Auckland's Regional Governance Proposal”. It identified the following existing problems in regional governance:

- There is generally adequate strategy but this is not fully integrated or aligned with an overall direction that indicates the region's priorities.
- The region fails to deliver on strategy because of fragmented powers and accountabilities for funding, service delivery, and the commitment to fund.
- Some decisions appear to be “mislocated” – undertaken at the national or local sphere of government when the impacts are mostly regional.
- There is heavy reliance on voluntary and statutory joint decision-making forums but these are not able to “bind” or influence expenditure and other decisions of sovereign organisations. Non-funders also have significant influence on decision making, particularly in the area of transport.
- The result is lack of certainty (especially in funding), clarity, understanding, mandate, leadership, and a single voice for Auckland with central government.
- There is insufficient revenue at regional level.
- There are inefficiencies and inconsistent standards and financial impacts owing to duplication and transaction costs.²⁴

3.42 The report's proposed governance model comprised

- a strengthened regional council
- a new political forum, the Regional Sustainable Development Forum, comprising representatives of Auckland councils, central government, adjacent regional

24 Auckland Mayoral Forum, “Strengthening Auckland's Regional Governance Proposal”, December 2006, pp. 8–9.

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councils, and Māori – this forum would be the mechanism for developing regional priorities and for the region's engagement with central government

- the One Plan for Auckland, providing a single, strategic framework and plan of action for the Auckland region, including funding and implementation agreements.²⁵

3.43 A number of additional recommendations relating to the three waters, transport, regional facilities, economic development, shared services, tourism, and major events were also included.

3.44 Central government broadly endorsed the recommendations in July 2007, with an emphasis on developing the strategic planning aspects of the proposal. To date, the Regional Sustainable Development Forum has produced a draft One Plan (adopted by the ARC in October 2008), setting out a blueprint for regional investment in projects covering both infrastructure and social issues. There are seven programmes of action identified:

- improving public transport
- completing the transport network
- Digital Auckland (broadband)
- Destination Auckland (initially leveraging off the Rugby World Cup)
- CBD and waterfront
- building communities
- growth through skills.²⁶

The One Plan is expected to be advanced by councils through their long-term council community plans to be published in July 2009.

3.45 The Commission acknowledges the intent and efforts of Auckland councils in getting the One Plan to this stage. But the Commission also observes that the region's history in managing to implement what are, in the end, voluntary joint recommendations is one of missed opportunities with few tangible results.

25 "Strengthening Auckland's Regional Governance: Final Report June 2007", pp. 10–17 (available at www.aucklandoneplan.org.nz, "Regional Governance", accessed February 2009).

26 Regional Sustainable Development Forum, *One Plan for the Auckland Region, Version 1*, October 2008 (available at www.aucklandoneplan.org.nz, accessed February 2009).

3. Auckland's Existing Local Government Arrangements

Appendix 3.1: Legislation governing local authorities

The following Acts contain provisions that affect the operation of local government.

Primary legislation of local government

Local Government Act 1974 (remnant provisions not replaced by Local Government Act 2002)

Local Government Act 2002

Legislation governing specific powers of local government

Bylaws Act 1910

Chatham Islands Council Act 1995

Dog Control Act 1996

Land Drainage Act 1908

Litter Act 1979

Local Authorities (Members' Interests) Act 1968

Local Government Official Information and Meetings Act 1987

Local Legislation Acts (1926–1992)

Municipal Insurance Act 1960

Public Bodies Contracts Act 1959

Public Bodies Leases Act 1969

Rates Rebate Act 1973

Legislation governing specific obligations of local government

Biosecurity Act 1993

Building Act 2004

Civil Defence Emergency Management Act 2002

Forest and Rural Fires Act 1977

Hazardous Substances and New Organisms Act 1996

Health Act 1956

Land Transport Management Act 2003

Land Transport Act 1998

Public Works Act 1981

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Reserves Act 1977

Resource Management Act 1991

Soil Conservation and Rivers Control Act 1941

Transit New Zealand Act 1989

Transport Act 1962.

In addition, Parliament's Standing Orders grant local authorities the right to promote local legislation specifically affecting their own districts or region.

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Appendix 3.2: Activities undertaken by Auckland's local authorities

Activity	Activity
Affordable housing advocacy	Community development
Air quality control (environmental and health)	Community development, partnerships, services, and support
Animal control, impounding, welfare	Community grants and levies
Art galleries	Community notice boards
Arts and culture	Community planning
Asset and liability management	Corporate services
Auckland Regional Holdings	Council-controlled organisations
Beach control	Crematorium
Beautification	Crime prevention
Biosecurity	Cultural heritage conservation
Broadband	Democracy and governance
Brothels – control of location and signage	Democracy services
Building consents processing, advice, and compliance	District planning
Business support	District promotion
By-laws (wide variety) and enforcement	Dog control
Cemeteries	Economic development
Citizen and customer contact	Education and employment advocacy
Citizens Advice Bureaux	Entertainment and cultural venues
Citizenship services	Environmental health control
Civil defence emergency management	Environmental monitoring
Climate change	Events promotion
Closed landfills management	Farming in parks
Coastal environment development control	Film facilitation
Coastal planning and management	Fire protection
Community centres, halls, and facilities	Flood protection

3. Auckland's Existing Local Government Arrangements

Activities undertaken by Auckland's local authorities, *continued*

Activity	Activity
Food premises licensing	Parks and reserves
Forests	Passenger transport policy and facilities
Gambling and gaming machine policy	Pensioner housing
Gardens	Planning
Graffiti control and removal	Playgrounds
Grants	Pollution response
Harbourmaster	Pounds
Hazard register	Property information memoranda (PIMs)
Hazardous substances controls	Property management
Hazards management	Public information
Health – advocacy and programmes	Public transport planning
Holiday parks	Quarries
Land development	Rating
Land drainage	Recreation and sport programmes
Land information memoranda (LIMs)	Recreation centres
Land management	Recycling
Land use planning	Refuse transfer stations
Landfills	Regional and district leadership
Libraries	Regional growth planning
Liquor licensing	Regional parks
Management of social facilities	Regional planning
Māori relations	Regional social development strategy
Marina operations	Resource consents processing and monitoring
Migrant settlement facilitation	Revenue collection and management
Museums	Road asset management
Natural heritage conservation	Road construction
Noise control	Road maintenance
Parking control	Road safety
Parking places	Safety in public places

3. Auckland's Existing Local Government Arrangements

Activities undertaken by Auckland's local authorities, *continued*

Activity	Activity
Shared service development	Treasury and debt management
Shareholdings and investments	Urban and rural design
Sister city programmes	Vehicle testing station
Social well-being advisory group	Visitor services
Sports grounds and venues	Walking and cycling strategy
Stormwater management	Walkways
Street furniture and trees	War memorials
Swimming pools	Waste management
Toilets – public	Wastewater
Tourist facilities and information	Water quality monitoring
Town centre and business precincts promotion	Water supply
Transport network management	Wharf management
Transport policy and planning	Zoo

Source: Collated by the Commission based on a survey of Auckland territorial authorities, July 2008.

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“History is a guide to navigation in perilous times. History is who we are and why we are the way we are.”

David McCullough, social historian, Pulitzer Prize-winning author, and winner of the US Presidential Medal of Freedom.

4.1 Knowledge of the history of local government in Auckland is important in order to understand how and why Auckland has its present governance arrangements. Insight into how problems have been tackled, or failed to be tackled, in the past will help greatly in deciding how present challenges should best be approached. This chapter draws heavily on the work of political scientist Graham Bush, who was commissioned to write a research paper on this topic for the Commission,¹ as well as published work by other historians such as Michael King, R.C.J. Stone, and James Belich.

4.2 Over the past century, many minds have attempted to devise governmental systems for Auckland that would meet its changing needs, and facilitate its growth in a managed way. Most of these attempts failed, at least in part, and there are clear patterns to be seen in the attempts and the reasons for their lack of success.

4.3 The history of Auckland's local governance reveals the presence of many key governance issues from the city's very inception: the question of Māori sovereignty and the relationship between Māori and European; the political tension between Auckland and Wellington; the importance of infrastructure issues, particularly sewage, transport, and roading; the value of considered legislation and resourcing; and the repeated efforts to amalgamate and centralise on the one hand, and powerful opposition protecting vested interests and maintaining local bodies on the other. It tracks central government interest and involvement, and also the ongoing nature of regional/territorial tension. It shows how throughout the past 100 years, reformists of Auckland's local government have been consistently opposed and, on the rare occasions when reform has been successfully promoted and legislation passed to ensure its implementation, it has invariably been modified by the next Government.

4.4 The latest chapter in this history has been the establishment of the Royal Commission on Auckland Governance, which was asked to recommend changes in Auckland's governance that will position the city to flourish in the coming decades. It seems that Auckland and New Zealand are ready and willing as never before to grapple with this issue as the city faces the challenges of continued growth, patchy infrastructure, and international competition. The Commission has undertaken a programme of intensive

¹ Bush, Graham, “Historical Overview of Auckland Governance”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 1–37.

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consultation and comprehensive research to ensure its recommendations are based on a deep understanding of Auckland, and what the region needs and desires.

The beginnings

4.5 The isthmus of Auckland, between the Manukau Harbour on the Tasman Sea, and the Waitemata Harbour on the Pacific Ocean, was first settled by Māori around 1350. The land was fertile, there was plenty of water, and the geography was varied with volcanic peaks, forested valleys, and broad areas of land reaching down to the sea. When Europeans arrived in the early 19th century, they brought with them firearms, which triggered fierce intertribal warfare and sent many Māori to seek refuge in more isolated places. The “terraced volcanic cones and numerous abandoned plantations”² they left were evidence of previously dense habitation. There were few Māori in the area when European settlement began.

4.6 Two critical things happened in the 1830s: pressure was brought to bear on the Colonial Office in London, with requests from New Zealand traders for the British Government to intervene more strongly in New Zealand affairs; and Edward Gibbon Wakefield established a private firm called the New Zealand Company, with a plan to colonise the country and set up its own government. In response, the British Government sent Captain William Hobson to formally establish a British colony with a legal constitution. Historians Claudia Orange and Michael King have written how the pressure from the New Zealand Company’s private enterprise plan to colonise part of New Zealand changed the previous focus of the Colonial Office from its original plan, “a Māori New Zealand in which [European] settlers would somehow be accommodated”³ to instead “a settler New Zealand in which the Māori people would have a special ‘protected’ position”.⁴ This difference was crucial, and is one that Māori continue to refer to, including in their submissions to the Commission.⁵

4.7 Hobson called for a treaty document to formalise the transfer of sovereignty from Māori to British rule; a treaty was written in four days and translated into Māori overnight. The first article of the treaty stated that the Chiefs of the Confederation of the United Tribes of New Zealand would “cede to Her Majesty the Queen of England absolutely and without reservation all the rights and powers of Sovereignty ... over their respective Territories ...”. In the second article of the treaty, Queen Victoria guaranteed the chiefs

² Stone, R.C.J., *Logan Campbell's Auckland: Tales from the Early Years*, Auckland University Press, Auckland, 2007, p. 41.

³ Orange, Claudia, *An Illustrated History of the Treaty of Waitangi*, Allen & Unwin, Wellington, 1990, p. 11.

⁴ *Ibid.*, p. 11.

⁵ For example, the submission to the Royal Commission on Auckland Governance from Ngāti Whātua Nga Rima o Kaipara made the point that “the Auckland regional councils are in our tribal area (not the other way around!)” [p.14]; and a submission from C. Maanu Paul on behalf of Tamaki ki te Tonga District Maori Council pointed out that settlements in Auckland, and all the subsequent local bodies that governed them, did not recognise tangata whenua [people of the land] boundaries, despite “these having [been] established for some seven Hundred years” [p. 2]. (All submissions are available at www.royalcommission.govt.nz.)

and tribes and their families “the full exclusive and undisturbed possession of their Lands and Estates Forests Fisheries and other properties ...”. However, the Māori version spoke of governorship rather than sovereignty, and assured them they retained “the unqualified exercise of their chieftainship over their lands, villages and all their treasures”.⁶ It is easy to see how these differences in phrasing led to enduring deep-seated resentments and a sense of betrayal about what this treaty truly meant. The rights of Māori to governance in the Auckland region, or to kaitiakitanga – guardianship of its natural resources – remains a relevant issue for them.

4.8 In 1840 the Treaty of Waitangi was signed, and a year later William Hobson, as the new Governor of New Zealand, chose the isthmus area of what is now Auckland as his new capital. It was centrally situated between the European settlements at Kororareka in the Bay of Islands and Port Nicholson (where Wellington would be built), and “between the two areas with the densest Māori population, the Waikato and surrounding districts, and the country to the north of Auckland”.⁷ Hobson negotiated with the local people who had authority over the land, the Ngāti Whātua-o-Tāmaki, who had previously let him know they would welcome the governor settling there, in the belief he would bring both trade and security.⁸

4.9 Previously known as Tāmaki-makau-rau, Hobson renamed the settlement after one of his patrons in the Royal Navy, George Eden, Earl of Auckland. Wellington settlers jeered at it, calling it “a ‘proclamation town’, created by the Lieutenant-Governor’s decree on a site inhabited by a few Māoris, one Scotsman, and his partner”.⁹ Auckland’s first settlers were denounced by other colonists for their wild speculation on property, and were “stigmatised as adventurers and landsharks, men on the make”,¹⁰ a reputation that has existed ever since. But immigrants quickly settled there, initially from Scotland, Ireland, and Australia.

4.10 Auckland rapidly became a major commercial centre and, with two ports on its two harbours, a gateway for the export and import of goods.

4.11 Its population grew in spurts, from nearly 2,000 in 1841, to 58,000 by 1881. Since 1886, it has remained New Zealand’s fastest growing and most populous city.¹¹

4.12 The Colonial Office granted Hobson the power to divide the colony into districts, counties, “hundreds”,¹² townships, and parishes, as he saw fit. He ran the capital with help

6 King, Michael, *The Penguin History of New Zealand*, Penguin Books, Auckland, 2003, p. 160.

7 Sinclair, Keith (additional material by Raewyn Dalziel), *A History of New Zealand*, Penguin Books, Auckland, 1991, p. 75.

8 Stone, *Logan Campbell's Auckland*, p. 42.

9 Sinclair, *A History of New Zealand*, p. 102.

10 Stone, *Logan Campbell's Auckland*, p. 6.

11 Belich, James, *Paradise Reforged: A History of the New Zealanders From the 1880s to the Year 2000*, Allen Lane/The Penguin Press, Auckland, 2001, p. 525.

12 A “hundred” was an administrative division of a county, based on the English system.

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from officials and the military, and they began to develop governance and services in a rather haphazard manner.

4.13 As Auckland's settlement grew, one of its initial key issues was the building and maintenance of roads. In the 1840s there were a few abortive legislative attempts to organise Auckland's governance, which were mainly focused around public works such as roading. Auckland's transport governance began with the ineffectual Public Roads and Works Ordinance in 1845. Then in 1848, the rapidly growing "County of Eden was divided into six hundreds in which elected wardens were to supervise the construction of roads and other very local works and to manage the Crown wastelands."¹³

4.14 In 1846, Governor Grey oversaw the 1846 Constitution, which divided the European-occupied areas of the country into corporate boroughs, with provincial councils in Auckland, Wellington, Canterbury, Otago, Taranaki, and Nelson. In 1851, the ambitious Auckland Borough Council was established, with a vast area and numerous responsibilities including the police, schools, and hospitals. But it had no legislative framework, no rating structure, and almost no candidates for office. Unsurprisingly, it failed within a year. In 1853, a city council was set up by the Auckland Provincial Council, but that foundered a few years later because of personal politics and resistance to the levying of rates.

4.15 In the early 1860s, war broke out. It began in Taranaki and then, in the view of one historian, it was the Auckland business set who "instigated the invasion of the Māori King's lands in the Waikato", a move fuelled by speculative ambitions.¹⁴ With the subsequent Māori uprisings throughout the North Island, many Auckland settlers were fearful of a Māori invasion of their town. The battles hardened attitudes between the two races, and resulted in the seizure of much land. The subsequent passing of legislation (such as the Native Land Acts in 1865) "led to the confiscation of over two million acres of Maori land in the Auckland province".¹⁵

4.16 By 1866, Auckland's "warmongering influence"¹⁶ and the massive growth of the population in the South Island led to the capital being shifted to Wellington after 25 years in Auckland. Although it was against Auckland's wishes, for political and economic reasons the move was seen as a prudent choice given Wellington's proximity to the South Island (which some feared might otherwise break away and establish itself as a separate colony). The resentment in Auckland lasted for decades, with a city chronicler writing 40 years later of the "disappointment and bitterness" that was still being "handed down from father to son and mother to daughter".¹⁷ Auckland-Wellington tension has remained ever since, with both cities claiming primacy. One historian noted that a consequence of

13 Bush, *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 4.

14 Lee, Michael, "Strangers in the 21st Century: Auckland and New Zealand Politics Without Bruce Jesson", lecture on behalf of the Bruce Jesson Foundation, Maidment Theatre, Auckland University, 6 October 2008 (available at www.brucejesson.com, accessed February 2009).

15 Stone, *Logan Campbell's Auckland*, p. 12.

16 *Ibid.*, p. 13.

17 Quoted in Stone, *Logan Campbell's Auckland*, p. 14.

the capital's shift was the withdrawal of many of Auckland's key businessmen from the national political arena, a tendency he saw as continuing up to the present.¹⁸

4.17 From its inception, Auckland had seen itself as New Zealand's primary city; it was initially both the nation's capital and the provincial capital. When Anthony Trollope visited the colony in 1873, he wrote that "New Zealand consider[s] herself to be the cream of the British Empire ..." and "... Auckland considers herself to be the cream of New Zealand".¹⁹ However, Auckland's challenges were also foremost in terms of rapid growth, inadequate infrastructure, and fractured governance.

4.18 Throughout the 1860s and 1870s, tension between the provincial governments and central government had been growing. Auckland's provincial council even thought of seceding from the rest of the colony.²⁰ Further legislative attempts during the 1860s to bring some order into local government were unsuccessful until Auckland was again declared a borough, and then a city, in 1871 under specific legislation by the Provincial Government. The Auckland City Council and the Auckland Harbour Board were both formed that year.

4.19 The council had three major problems to work on: roading, water, and drainage. For some years in the early 1860s public works had practically ceased. Infrastructure lagged dangerously behind the needs of Auckland's burgeoning population. An example was the notorious open drain-cum-sewer of the central city which ran along lower Queen Street and discharged its foul contents into the harbour. For the next 30 years, the council continued to discharge raw sewage at various points into the harbour, with a consequent cost in epidemics and dysenteric illnesses such as typhoid. In 1904, the *Herald* newspaper presciently wrote, "We have long and uphill work still before us if we are to make our city wholesome and happy".²¹ Sewage was to be the major infrastructure issue for the first half of the 20th century.

4.20 City planning continued to happen in an ad hoc manner. In 1871, Auckland City Council had not a single public park, although it owned some undeveloped Crown reserves. It was the foresight of two individuals in particular, businessman Logan Campbell and Councillor C.J. Parr (who both went on to hold the office of Mayor), that ensured the promotion, acquisition, and development of Auckland's parks. C.J. Parr was concerned about the crowding and pollution of the city and advocated parks as the "lungs" of Auckland.²² This is one example of the critical difference that visionary leadership can make.

4.21 The first park acquired by the Auckland City Council was Western Park in 1879, then Albert Park, followed by the 196-acre Auckland Domain.

18 Ibid., p. 14.

19 Anthony Trollope in "Australia and New Zealand" (1873), quoted in Sinclair, *A History of New Zealand*, p. 221.

20 Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

21 Quoted in Stone, *Logan Campbell's Auckland*, p. 34.

22 Ibid., p. 35. Logan Campbell donated Cornwall Park to the people of Auckland in 1903. It remains a park administered by a private trust, for use by the city's residents.

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4.22 In 1876, in a major restructuring of local government, Premier Julius Vogel abolished the provincial system. By then, the Government had already taken over the management of public works, railways, and immigration. The provincial governments were replaced by 63 counties and some 314 subordinate boards,²³ which historian Keith Sinclair called “that confused multitude of road boards, rabbit boards, drainage, harbour, hospital and education boards, borough, county and city councils, which have ever since managed local affairs”.²⁴

4.23 Four counties were established in the Auckland area: Rodney, Waitemata, Eden, and Manukau, but the latter two failed. Graham Bush links the collapse of an operative county council in the crucial central Eden County (which equated to the Tāmaki isthmus), to the ongoing failure to establish an “orderly development of a coherent local government system for Auckland.”²⁵

4.24 Responsibilities of local bodies changed with the passage of years. A requirement for municipalities in 1876 was the mandatory provision of abattoirs, or slaughterhouses, which were forbidden to make a profit. The Auckland City Council also ran a building that was used as a produce market and council stables. Later it opened a fish market, bought a trawler, and sold fish.

4.25 By the 1880s, Auckland had already begun its sprawl. Homes were built further and further afield, and the extension of public transport routes became more necessary. As railways were built, noisy and messy industries were moved to remoter suburbs. In 1881 a private firm, the Devonport Steam Ferry Company, began a regular ferry service to and from Auckland City for people living on “the Shore”.

4.26 In the last decades of the 19th century the council developed much-needed infrastructure by installing a network of pipes to ensure a clean water supply, improving roading, and developing cultural and recreational facilities.²⁶ One historian believes that the opportunity to be connected to the new water network, as well as to fire and telephone services, was a major inducement for some road districts to be amalgamated with Auckland City in 1882. Unifying the organisations was a solution to a demanding problem. “Since economies of scale came from this amalgamation, the enlarged city was the ultimate beneficiary”.²⁷

4.27 Several themes can already be seen in the first 50 years of history of Auckland's governance: lack of considered legislative arrangements that were well resourced and supported; the importance of infrastructural development, particularly drainage and roading, to cope with the pressure of intense population growth; the fragmentation of governance; the Auckland-Wellington feud; and sectarian politics.

23 Bush, *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 5.

24 Sinclair, *A History of New Zealand*, p. 160.

25 Bush, *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 5.

26 Stone, *Logan Campbell's Auckland*, p. 4.

27 *Ibid.*, p. 4.

Calls for amalgamation

4.28 As the colony grew, so did the challenges and needs of its local governance sector – and the desire to restructure and reform it. In 1895, Prime Minister “King Dick” Seddon criticised the large number of local bodies and advocated restructuring, saying that they cost ratepayers too much. He envisaged establishing small, local government commissions that would contain the number and size of local bodies. The plan never came to fruition.

4.29 By the turn of the century, calls for amalgamation of the dozens of boards, districts, and boroughs grew increasingly clamorous. There was a “Greater Auckland” conference in 1904 which advocated the idea of a single regional authority, but the proposal crumbled in the face of antagonism from protective local interests.

4.30 Seven years after King Dick’s proposed scheme another Prime Minister, Joseph Ward, attempted reform. His plan to restructure local government into 24 elected provincial councils, supervised by a Local Government Board, was resisted by local bodies and also failed to eventuate.

4.31 However, the call for amalgamation was growing and some restructuring was achieved in the 1910s as Parnell, Grey Lynn, Remuera, and Epsom all joined the Auckland City Council. With the election of Mayor Arthur Myers, and the strategic manoeuvring of the Auckland City Council, some further restructuring was achieved in the 1920s. Two boroughs and five road districts joined Auckland City Council, followed by Avondale Borough and two other road districts. But these were the last such moves for over half a century.

4.32 In the first decades of the 20th century, awareness grew of the need for planning and the protection of Auckland’s environment. Logan Campbell donated Cornwall Park for use by the people of Auckland in 1903. In 1915, legislation was passed to protect Auckland’s landmark volcanic cones, particularly from erosion through constant quarrying. The city council began buying land in the Waitakere Ranges, both to gain access to water supply and to protect the area’s scenic qualities. In 1928, control of Motuihe Island was vested in Auckland City Council for the development of a marine park.

4.33 The growth of the city forced Auckland City Council to focus on two critical needs: water and power. Suburban bodies urged the Government to retail electricity from hydro stations through a system of elected power boards. By 1922, all power utility assets were transferred to the Auckland Electric Power Board for the princely sum of half a million pounds. The council had also turned its attention to water supply and significantly expanded its Waitakere sources, enough to last for nearly 25 years of growth.

4.34 By the 1920s, the Auckland City Council was the most progressive of all the councils in the region. It had purchased parks and constructed civic buildings and swimming pools; it had planned out an entire suburb, and built housing for low-income workers. The 1920s have been described by Graham Bush as “the heyday of the Council as owner of utilities and commercial entrepreneur: at one stage it sold water, electricity and fish, operated the

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tramways and an abattoir, and even commenced the process of acquiring the Auckland Gas Company.”²⁸

4.35 The planning of the city's civic centre, however, was disastrous. The Auckland City Council sponsored a design competition for a municipal administration block in 1921 to be sited by the Viaduct, but the ratepayers overwhelmingly rejected it. A subsequent Civic Centre Commission produced another proposal, which fared no better. By 1927, the council had abandoned the project. The lack of a planned, aesthetic, spacious city centre for Auckland has been bemoaned ever since.

4.36 In 1926, a national Town Planning Act was passed, which allowed for joint planning schemes. In spite of the logic of this, local politics meant it was never used well in Auckland. By the end of 1945, many local bodies in Auckland joined the Metropolitan Planning Committee, and produced an outline development plan which covered 300 square miles of the Auckland area. However the Planning Committee lacked the ability to implement this strategy, and it was left up to the local bodies to follow it if they wished.

Ad hoc arrangements

4.37 Throughout this time, and for many decades afterwards, Auckland's local governance was characterised by what was known as “ad hoc boards”, that is, single- or special-purpose boards, which each managed a specific service or infrastructure need, such as the Auckland Harbour Board, the Auckland Education Board, the Auckland Fire Board, the Hobson Bay Watershed Sewage Board, and so on. By 1926 there were over 350 such boards throughout the country, and a number of them were tailored for Auckland through special legislation. Although there were some advantages in the focused activity of these boards, it also increased the number of bodies, which were fiercely independent and resisted amalgamation.

The Great Depression

4.38 The Great Depression saw a major contraction in works and initiatives run by the council and local bodies. Bush notes that the “average annual rate increases of nearly 9% in the 1920s plummeted to 1.6% in the early 1930s”, and when 20% of rates were unpaid, “defaulters were allowed to expunge arrears by serving as unskilled labourers for the Council”.²⁹

28 Bush, Graham, “On the trail of the modernising city (1919-1945)”, in “History of Auckland City”, Auckland City Council website (www.aucklandcity.govt.nz, accessed February 2009).

29 Bush, in “History of Auckland City”, Auckland City Council website.

Reform attempts

4.39 As the 20th century progressed, reform attempts on Auckland's governance continued. The Labour Government made some initial plans in the 1930s, which were overtaken by the urgent priority of the war and the loss of many council staff to the war effort. The war caused a major contraction of council services and works owing to lack of staff and funding.

4.40 In 1944, the Parliamentary Committee on Local Government was established with a recommendation for a permanent, quasi-judicial commission that would oversee the creation, merger and amalgamation of local bodies. Although it planned to give Auckland priority, the Local Government Commission did not turn its attention to Auckland until 1949 and its attempt to consider consolidation was met with hostility.³⁰

4.41 A precedent was established when an amendment to the legislation was passed in 1953, weakening the powers of the commission and making its decisions subject to appeal. This made it less likely that any decision the commission made would be implemented.

4.42 In the 1950s, there were some small mergers and indications of change, mainly initiated by councils themselves as they realised the need to develop city-wide infrastructure because of the rapid increase of the population. The number of residents had doubled in 30 years, and managing traffic was an ongoing challenge.

4.43 In 1951, a policy for containing urban expansion was formalised in the "Outline Development Plan for Auckland", just as road building and increasing car ownership was encouraging the development of outlying low-density suburbs along transport routes and the rural-urban interface. There was growing pressure for these suburbs to be proclaimed wards or boroughs, thereby increasing the number of local bodies. As the population and suburbs grew, the urban boundaries were regularly extended.

4.44 The concept of regional planning came to the forefront again in 1953, when the Auckland Regional Planning Authority was one of six regional authorities established throughout New Zealand by the Town and Country Planning Act. In an echo of 1926 and 1945, the achievement of establishing a regional planning authority was diminished by its lack of power. The founding Chairman, the highly regarded Professor Kenneth Cumberland, deplored the fact that the Auckland Regional Planning Authority lacked the means to implement its plans.

4.45 Some regional planners such as F.W.O. Jones had the foresight to see the need for recreational areas in Auckland, and to protect the special "coastal landscapes from the subdivisions which began to appear after the war".³¹ The region was gradually enriched by the acquisition of other parks: in 1945, the 100-acre area of Churchill Park, and Browns Island in 1954 (a gift from former mayor Sir Ernest Davis).

30 Bush, *in Royal Commission on Auckland Governance, Report, Volume 4: Research Papers*, pp. 9–10.

31 Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

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4.46 The Auckland City Council also ventured into social areas such as housing. After the war, transit camps were used to house up to 3,000 people. In the 1950s, housing initiatives were begun in the inner city and Freemans Bay as the council attempted to clear slums and shift residents into distant state housing areas. In 1958, the council put up four blocks of pensioner housing, which catered for about 500 needy elderly people.³²

4.47 The 1950s saw a few half-hearted attempts to establish regional government in Auckland, including a study on local body arrangements in 1957. However, it lacked resources and commitment. The election of Sir Dove-Myer Robinson as Mayor of Auckland City in 1959 brought a proactive approach to the issue.

4.48 Dove-Myer Robinson was a businessman who came to politics through environmental activism. He was the leader of the Auckland and Suburban Drainage League, which vehemently opposed the Browns Island scheme, a proposal to pipe sewage to Browns Island “where after minimal treatment it would be discharged out of sight and out of mind into the Rangitoto channel”.³³ He decided to join the council to fight the proposal and, with the election of himself and other environmental supporters in 1952–53, managed to halt the project. International experts were called in, and the Auckland Metropolitan Drainage Board followed their farsighted recommendation, which was to use the “revolutionary technology of oxidation ponds and for these to be located at Mangere”.³⁴

4.49 This natural politician became known as “Robbie” and was elected mayor a record six times. In his first term, he managed to persuade and cajole 400 local body delegates to support the concept of a metropolitan-wide authority. The Auckland Regional Authority Establishment Committee was set up in 1960 to work on legislation to establish such a body. It was always going to be a difficult task, as there were then 31 territorial authorities and 16 ad hoc bodies,³⁵ and much parochial infighting. The initial agreement of the local body delegates quickly foundered on the reality of political disagreements about the regional authority’s functions and representation arrangements. Arguments became so vociferous and entrenched that the different factions each wrote their own legislation. Two bills with different structures and powers were sent to Parliament and the exhausting drama dragged on for another year before a drastically amended bill was passed, days before a general election. It was a difficult birth, but after three years of labouring, the Auckland Regional Authority (“ARA”) was established in 1963. This has been regarded as “Robbie’s capstone achievement”.³⁶

4.50 The ARA took over a wide variety of infrastructure functions, such as bulk water supply and sewage reticulation and treatment, which had previously been administered by different ad hoc boards, local body committees, and the Auckland City Council. Its

32 Bush, Graham, “Thinking and being metropolitan (1945-1971)”, in “History of Auckland City”, Auckland City Council website.

33 Lee, “Strangers in the 21st Century”, lecture, 6 October 2008.

34 Ibid.

35 See Appendix 4.1 at end of this chapter, which details the names of these bodies, pp. 133–134.

36 Lee, “Strangers in the 21st Century”, lecture, 6 October 2008.

functions also covered the international airport, public passenger transport, civil defence, and milk distribution. Its 43 members were elected at municipal and county elections, and many of them were local mayors. Its area of jurisdiction encompassed the 31 territorial local bodies in the region. The 1963 Auckland Regional Authority Act was Auckland's first step to multifunctional regional government.

4.51 A major programme of infrastructure development ensued. The ARA built five major dams in 12 years, increasing Auckland's bulk water storage capacity by over 385%. The sewage treatment plant at Mangere was upgraded, four large landfills were established, and much coastal land was bought as part of the regional parks network. In 1967 the Hauraki Gulf Marine Park was established, in recognition of the need for integrated management of this precious resource.

4.52 The 1960s saw further plans for local body amalgamation, which were proposed by the larger cities and counties in the region, and which were all defeated by the public or local politicians. As its rulings were regularly overturned by voters, the third Local Government Commission effectively abandoned its attempts to bring about territorial reform in Auckland.

4.53 However, at the end of the decade the Local Government Commission was reconstituted under the leadership of Hugh Fullarton and it conducted exhaustive consultation and investigation into local body boundaries and functions throughout the country, with particular focus on Auckland and Wellington. As it travelled from one district and town to another, resistance grew as members of each local body feared for their existence. When the commission finally released its recommendations, it included a new area scheme for Auckland, with eight territorial authorities and 11 new ad hoc boards,³⁷ to replace the 31 territorial authorities and 23 boards that existed. There was an immediate reaction with nearly 4,000 objections being lodged and legal counsel involved. Despite this, the Local Government Commission was unmoved, and in 1972 the final area scheme had four major cities.

4.54 However, that same year the Labour Party under Norman Kirk came to power, and the new Minister of Local Government, Henry May, announced that the Local Government Commission Act would be repealed. May then ushered in a new piece of legislation, the landmark Local Government Act, which finally became law in 1974. It would be the basis for local government for nearly 20 years.

4.55 The Local Government Act 1974 strengthened the powers of the Local Government Commission with its poll provisions, ensuring that at least half the electors – not just the voters – were needed to defeat a proposal from the commission. The Act also had provisions governing community councils, enabling them to be formed out of county

³⁷ The five municipalities and three counties were Auckland City, Northern City, Western City, Southern City, Pukekohe Borough, Northern County, Waiheke County, and Franklin County. The 11 ad hoc authorities were the Auckland Harbour Board, the Auckland Regional Water Board, an urban fire authority (Northern County), the North Shore Fire Board, an urban fire authority (Western City), the Auckland Metropolitan Fire Board, an urban fire authority (Franklin County), the Pukekohe Fire Board, the Waiheke secondary urban fire authority, the Waikato Valley Authority, and the Hauraki Catchment Board and Regional Water Board.

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boroughs and towns. Some councils were concerned at the prospect of numerous, potentially bothersome community councils in their area, and the Auckland City Council pre-emptively created an alternative, leading to the formation of numerous community committees in its area.

4.56 The Town and Country Planning Act 1953 (and the Town and Country Planning Act 1977), together with the district plans made under them, encouraged the separation of districts into retail/commercial/industrial and residential areas. It resulted in a large number of town centres across the region, each with its own clusters of residential and commercial development.

4.57 Meanwhile, the ARA was gradually garnering further responsibilities such as regional water management, refuse disposal, community development, the Mt Smart Stadium, employment creation, and urban transport planning – without abolishing a single ad hoc board. In terms of transport, the ARA was in charge of Auckland International Airport, bus operations, public transport funding, strategic transport planning, and regional roads. Following the Local Government Act 1974, the ARA established the Regional Growth Forum, which could approve a regional growth strategy. Regional management was coming into its own.

4.58 The victory of the National Party in 1975 led to the amendment of existing legislation: the polling provisions were softened, the ad hoc sector was removed from the Local Government Commission's ambit, and urban local bodies were prohibited from establishing community boards. The commission was charged with finding solutions that were supported by public opinion, and even then the minister could direct them to reconsider their plans.

4.59 The pendulum had swung again; far from moves to amalgamate, the 1970s saw some moves for secession, with various boroughs attempting to break away from the larger councils, or even to annex some of their territory. Aside from that, there was little change in Auckland's local government during the Muldoon era.³⁸

4.60 A similar scenario occurred in the transport sector. In the first half of the 20th century, trams and railway lines served Auckland's rapid growth. Solutions to transport problems had long been hotly debated, with calls as far back as the 1920s for an underground rail system featuring a central city tunnel to ease traffic congestion in the inner city. Although Auckland had "an excellent electric tram system supported by trains and harbour ferries",³⁹ a growing population required further development of the transport system. In 1947, there were plans from the Ministry of Works to electrify and expand the Auckland suburban rail network. These awaited action until 1954, when the National Government's Minister of Transport persuaded the Auckland City Council to drop the rail plans. The next day the Government signed the contract to build the road-only Auckland Harbour Bridge. The Auckland City Council then adopted a Master Transportation Plan, which concentrated on a motorway network, and essentially

38 Sir Robert Muldoon was Prime Minister from 1975 to 1984.

39 Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

ignored rail. At this point, the focus of Auckland's transport system began to swing to the automobile and over the following decades would inevitably follow the American design of motorways and far-flung suburbs with shopping malls. Two years later, in 1956, 72 kilometres of tram tracks that ran all over central Auckland were ripped out.⁴⁰ Public transport would not recover for more than half a century, and counting.⁴¹ Michael Lee comments that "Auckland almost overnight went from having one of the best public transport systems to one of the worst."⁴²

4.61 Nearly 10 years later, the 1965 De Leuw Cather report renewed the proposal for modernised rail transit, and although the council endorsed it, the possibility of enacting it dissolved in an ongoing tussle over who would pay the \$42 million in capital costs.

4.62 In the 1970s, back in his mayoral role, Sir Dove-Myer Robinson proposed a rapid rail plan that looked promising.⁴³ After some years, he persuaded Kirk's Labour Government to support the scheme and help fund it. However, when the National Government came to power it cancelled the scheme, with Prime Minister Robert Muldoon announcing that as long as he was in Government, the State would never put money into the Auckland rapid transit scheme.⁴⁴ Instead, more money was put into replacing the ageing bus fleet. In response, Mayor Robbie swore that "so long as I am alive, rapid transit is alive and I will keep it alive until I'm no longer able to sustain life myself".⁴⁵ In the decades that followed, increasing regret was expressed that his scheme never eventuated. Sir Dove-Myer Robinson is often lauded as one of the few Auckland mayors with visionary leadership and genuine foresight for the region.

4.63 In 1980, the ARA proposed a Green City plan with greenways and a revival of the circular railway concept, first proposed in 1946. It never became anything more than a paper plan. The anti-planning backlash intensified during the free-market economic policy revolution in 1984, when "centralised planning had become ideological anathema".⁴⁶

4.64 Meanwhile, some territorial authorities were nervous about the ARA's power as a regional strategist. They feared it would lessen their influence, and usurp some revenue streams. So in 1983, various mayors and councils attempted an electoral takeover of the ARA, calling themselves the "New Deal". It worked – they won 20 of the 29 seats. They immediately set about trying to change the direction of the ARA, back to what they considered its proper, more contained role. The consequent chaos caused by the New Deal incumbents trying to take control of management of the organisation led to

40 Ibid.

41 In 1956, when the population was just over 400,000 people, there were over 100 million passenger trips per year on public transport, and the electric trams made a modest profit for the city. In 2008, with a population of nearly 1.4 million, there were just over 54 million passenger trips per year, mainly on buses, at an annual cost of \$140 million in public subsidies.

42 Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

43 Sir Dove-Myer Robinson was Mayor of Auckland City from 1959 to 1965 and 1968 to 1970.

44 "State 'Won't Ever Pay' for Rapid Transit Plan", *New Zealand Herald*, 21 May 1976.

45 "Keep On To The Last Gasp", *New Zealand Herald*, 21 May 1976.

46 Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

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such hostility and dysfunction that in 1985, 21 Auckland mayors went to the new Labour Minister of Local Government, Dr Michael Bassett, to request him to urgently review ARA affairs. He immediately agreed.

4.65 The outcomes were surprising. The ARA's role and functions were reaffirmed, and the management group was reinstated with their previous responsibilities. In 1986, membership criteria for the ARA changed from borough representation to parliamentary boundaries. Another change, possibly due to the combination of the New Deal saga and the change in philosophical fashion during the 1980s, was that the ARA stopped doing major capital works, despite the city growing at breakneck pace.

Amalgamation

4.66 When the 1984 Labour Government took office, it immediately began implementing a programme of radical change. It had been part of the Labour Party's agenda since the 1930s that local government amalgamation was essential. Local Government Minister Dr Michael Bassett planned to enact a national programme of genuine reform of local government, and he was convinced that the way to do it was not in piecemeal fashion, as Fullarton had done in the 1970s, but comprehensively throughout the country.

4.67 Bassett increased the number of positions on the Local Government Commission and brought in new blood. The then Mayor of Palmerston North, Brian Elwood, was recruited to head the commission, and Bassett offered him unconditional support in the process of reform. This alliance, of a minister and the Local Government Commissioner, strengthened the chances of success for their reform programme.

4.68 As a historian, Bassett knew that reform would never work without legislative teeth to ensure its success. Although the local bodies remained governed by the 1974 legislation, the Labour Government passed new legislation that abolished the poll provisions, where local populations could vote on reform measures.

4.69 There were then over 700 local bodies throughout New Zealand, 44 of which were in Auckland. During 1985–86, the Local Government Commissioners visited every single local authority in New Zealand, from the largest council to the smallest water board, asking for their ideas, encouraging them to talk to their neighbouring authorities, and confirming that change was inevitable. Elwood recalls that his approach to councils was strategic and respectful:

Disturbing the status quo is not going to be easy if it's badly handled. ... We were able to depoliticise the process by involving those affected by the reform, in the reform process. ... I was able to persuade the town and county clerks that their futures would be better in larger stronger authorities. ... We said: This is the problem: 100 years of change in the counties of NZ, with virtually no change in the system of local government. We want to give you the opportunity to come up with *your* solution to

reform. If you convince us of the soundness of your proposal, we're more likely to adopt that, than impose another solution.⁴⁷

This approach, he believes, brought people to a creative level rather than entrenching them at a defensive level.

4.70 While the commission was working at the local level, central government was working on the national, legislative level. In three successive years, from 1986 to 1988, the remuneration levels for councillors were raised with the rationale that higher pay would attract better candidates. A special Cabinet committee was established to deal with local government legislation and issues around the upcoming Resource Management Act, which was to become a major piece of legislation.

4.71 In 1988, the Local Government Commission was given a focused brief – to recommend a structure that embodied efficiency, effectiveness, transparency, and accountability⁴⁸ – and a tight, non-negotiable timeline of one year to consult with local bodies and make recommendations.

4.72 Also in 1988, two key transport portals, the ports of Auckland and the airport, were shifted from the ambit of the Auckland Harbour Board and the ARA respectively, and established as separate companies. Auckland International Airport Ltd was formed as a publicly listed company, with nearly half the shares owned by Auckland local authorities. Ports of Auckland Ltd had 80% of its shares held by Auckland and 20% by Waikato regional councils.

4.73 In 1989, the Government gave the Local Government Commission an assurance that its considered recommendations would be implemented by Orders in Council, quasi-legislative powers that even the Government could not interfere with other than by fresh legislation.

4.74 The delivery of the final recommendations from the Local Government Commission in 1989 provides a cautionary tale for the successful conclusion of such a commission. The recommendations were quietly delivered to the minister, and then passed through the Executive Council without publicity. Two days later, a lawyer informed the minister that the High Court had granted the people of Devonport an injunction to stop the commission's documents going to the Executive Council. But the attempt to question or alter the recommendations was too late – the Orders in Council had already been signed by the Governor-General.

4.75 The outcome of four years' work was significant. Nationally, the 700 local bodies were reduced to 87. In Auckland, 44 local bodies were amalgamated into eight: seven

47 Interview with Sir Brian Elwood, 5 September 2008.

48 "Local Government Structure and Efficiency", report prepared for Local Government New Zealand, McKinlay Douglas Limited, October 2006, available at www.lgnz.co.nz/library/publications/download-docs.html (accessed February 2009).

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territorial authorities and the present regional council.⁴⁹ The ARA became the Auckland Regional Council (“ARC”) and was assigned additional functions,⁵⁰ while the territorial authorities were consolidated into four cities and three districts.⁵¹ The legislation also outlined the purpose and scope of local government, a process of clarification that signalled a shift in philosophy.

4.76 A transitional committee was established for each new territorial authority, with members from all previous borough councils. However, a handful of local boroughs continued to fight to the bitter end, with Devonport going all the way to the Court of Appeal, where the ruling was that the final prerogative lay with the Government using Orders in Council. The Hauraki Gulf islands protested their inclusion in Auckland City, to no avail. The legal safeguards put in place by the Local Government Commission held firm. The focus for local government became transition negotiations and processes. Commission head Brian Elwood knew that it would take time for things to settle, and he appealed for the changeover to be given at least two terms or six years to prove itself.

4.77 Elwood believed that the 1989 reforms were never intended to be the final word. He and Bassett expected that further reforms would be generated locally as the smaller local authorities struggled with increasing responsibilities and the inability to provide satisfactory working conditions for senior staff. They thought that this would lead to a natural reduction in local bureaucrats as the logic of rationalisation took hold. “We expected that one day, people would see that logically the five authorities [the four urban territorial authorities, or city councils, and the ARC] could be amalgamated”.⁵²

4.78 The new national system envisaged having separate regional councils which would exercise more regulatory functions, while the territorial authorities would have the operational functions, providing their usual array of services. For Auckland in particular, the role for the ARC was seen as one of regional oversight, whereby key planning and infrastructure decisions could be made by the Auckland Regional Plan and the planning processes.

4.79 There were two further things that were not completed in 1989: the development of a national planning document, the New Zealand Plan, which was going to be achieved through the implementation of regional and district plans; and the reform of the local government finance sector, and what Elwood saw as its inadequate funding base.

4.80 Despite the unrealised plans, the reform was largely seen as a success by local politicians, one that had achieved participation and results. It redefined functions and delineated lines of funding and accountability. The process had facilitated easier planning

49 “Reform of Local Government in New Zealand: Final Reorganisation Scheme for the Auckland Region”, Local Government Commission, Wellington, June 1989.

50 Additional functions included air quality, biosecurity, maritime planning and harbour functions, and landfill aftercare.

51 North Shore City Council, Waitakere City Council, Auckland City Council, Manukau City Council, Rodney District Council, Papakura District Council, and Franklin District Council.

52 Interview with Sir Brian Elwood, 5 September 2008.

and cost containment, with new administration models and modern management systems and practices. Historically, the changes of 1989 can be seen as the first substantial restructuring of local government since the abolition of provincial government in 1876.

4.81 However, the 1989 amalgamation was rarely seen in a positive light by those who commented on it in their submissions to the Royal Commission. For them, the time of the ARA and borough councils was seen as a golden age of local body governance when there was trust, accessibility, and development of council services and responsibility for a wide range of functions:

- The era, around late 1960s to mid 1980s, was probably the period in which Auckland enjoyed the best governance it has known at a local and regional level. The ARA was a good organisation, no frills, simple titles, pruned to tight budgets ... Local government was still administered by smaller city, borough and district councils. To get service was much easier than today, the Mayor was usually a well-known local identity ... They were always easily accessible ... and more often than not, a matter of concern to a citizen in the morning was corrected by the end of the day.⁵³
- Each council officer had a thorough knowledge of his sphere and accepted responsibility for his decisions. Consultants were virtually unheard of. When the councils were forced to amalgamate, we were promised greater efficiency, \$millions in savings and superior expertise.

The opposite has happened. There are more bureaucrats than ever. Our rates keep going up beyond the rate of inflation. Our council officers don't want to accept responsibility so we spend \$103,000 per day on consultants!!!!⁵⁴

4.82 A common theme was that councils now are too large to address localised community interests, and community proposals are routinely ignored. One submitter decried the corporatisation of council assets and services such as bus services, forests, refuse disposal, and water services, which occurred after amalgamation. However, a few submitters saw things more critically noting that pre-amalgamation, local body territories were jealously guarded, there was rarely cooperation across boundaries, and that regional representatives then – and now – were often captured by the local council area they represented:

under the ARA structure respective council representatives often saw their role as representing and advocating at the regional level for their local council constituency – even though they have signed a declaration that they would first and foremost represent the regional interests.⁵⁵

53 Submission to the Royal Commission on Auckland Governance from Graeme Barnard, p. 2. (All submissions are available at www.royalcommission.govt.nz.)

54 Submission to the Royal Commission on Auckland Governance from David Collett, p. 1.

55 Submission to the Royal Commission on Auckland Governance from Craig Shearer, p 4.

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4.83 One submitter to the Commission wrote

It is important that the reasons for change in 1989, and the outcome, are fully understood by the Commission because there will be parallel reasons, and likely outcomes, that this current review can learn from.⁵⁶

4.84 Bassett, the then Minister of Local Government, is clear what the lessons for successful reform were in 1989: unequivocal support from a minister who is willing to take charge of the process; high-quality commissioners and officials; firm dealing with interest groups; regular, frank consultation with affected groups to canvass issues thoroughly; having the unions on side; sticking to a defined objective and clear timeline; and appointing someone of considerable status and skill to manage the transition process.⁵⁷

4.85 In 1990, the National Government won a resounding victory at the polls, and the Minister of Local Government, Warren Cooper, set about righting what he saw as flaws in the system. The ARC had a bad run of publicity, with a new highly paid chief executive, an expensive new headquarters building, which was seen as profligate, and infighting within the organisation.⁵⁸ Cooper's perception of the ARC was that its 30 members were well-meaning and community-oriented, but they did not have the leadership and business skills to manage aspects of Auckland effectively, such as transport and water, although he was happy to leave them managing areas such as planning and parks and reserves. In 1991 and 1992 he amended the 1989 legislation, and set up separate bodies to manage water and transport, thereby reducing the functions of the ARC. The ARC was expressly forbidden to own public transport infrastructure. Reforms in 1992 transferred regional assets, such as the 80% share in Ports of Auckland and ownership of the Yellow Bus Company, to the newly formed Auckland Regional Services Trust ("ARST"). The result of these reforms left the ARC with diminished powers and shifted its focus to a regulatory, planning and funding role, with particular emphasis on land transport.

4.86 ARST was established to pay back the city's debts through the sale of its assets. Some people saw its formation as being "clearly custom-designed to be an agent of privatisation".⁵⁹ However the trustees had to be elected at large, there was a public backlash against selling off assets, and at the election in 1992 Bruce Jesson and other Alliance Party supporters gained control of the organisation. They refused to sell the trust's assets. ARST management and its advisers proposed a financial deal (a subordinate debt arrangement) with the ARC, so that the city's debts were to be repaid over 15 years. Within three years, the debt was repaid,⁶⁰ and the ARST assets were worth \$1.8 billion. The trust had held onto public assets and managed them to create "public wealth in the public interest".⁶¹ The profits from Ports of Auckland and other regional assets have

⁵⁶ Submission from Graeme Barnard, p. 3.

⁵⁷ Interview with Dr Michael Bassett, 12 September 2008.

⁵⁸ Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

⁵⁹ Ibid.

⁶⁰ Phil Warren in the Chairman's Report, Auckland Regional Council, 1996, p. 9.

⁶¹ Lee, "Strangers in the 21st Century", lecture, 6 October 2008.

since become a key funder of Auckland's infrastructure projects, such as transport and stormwater upgrades.

4.87 Cooper was keen to contract out a lot of local government services. He believed there was a lot of bureaucracy, wastage, and indolence in council operations and he wanted a structured method of comparison in regard to outcomes. While he managed to make many changes, he sometimes found himself pitted against municipal authorities and the Local Government Association. His vision was to have unitary councils throughout New Zealand, but Cooper says he was foiled by mayors who wanted to keep their "fiefdoms"⁶² and pressured the caucus for support. As a result, amending legislation softened the powers of the Local Government Commission and also lowered the barriers to secession, opening the door to breakaway proposals.

4.88 Numerous secessionist movements then sprang up, with the result that the next Minister of Local Government, John Banks, stepped in and supported the Law Reform Act of 1994, which restored much of the Local Government Commission's authority and made such secession movements more difficult. Two of these secessionist movements retain some energy today: the Devonport proposal for an autonomous ward, and the eastern suburbs of Pakuranga and Howick wanting separate governance from Manukau City.

4.89 Another critical piece of legislation was passed in 1991: the Resource Management Act, designed to promote the sustainable management of physical and natural resources. The Act requires the ARC to provide a number of regional plans covering environmental matters such as management of coastal areas, air, sea, sediment, and so on. The regional plans, naturally, also affect the plans of the territorial authorities.

4.90 Through the 1990s, the process of change continued in the philosophy, politics, and management of local government: town clerks were replaced by chief executives, and public service standards and systems were overtaken by corporate goals such as strategic planning and performance appraisal. Infrastructure became assets, the public became clients, and staff became human resources.⁶³ The language and practices of governance were shifting.

4.91 In 1998, Infrastructure Auckland was established with responsibility for the remaining assets of ARST and a mandate to grant funding for transport projects and stormwater infrastructure. The trust was governed by a board appointed and monitored by local authority appointees, including territorial authorities and the ARC. Watercare Services had a similar governance arrangement as a local authority trading enterprise owned by all six territorial authorities; it was responsible for the supply of bulk water and wastewater services to the Auckland region.

4.92 As the 20th century drew to a close, the concept of collaboration, if not amalgamation, gained increasing purchase. Despite frequent infighting, the councils

62 Interview with Warren Cooper, 5 September 2008.

63 McDermott, Philip, "Future of Local Government", in "Our Country: Our Choices", The Futures Trust, 2008, at www.futurestrust.org.nz/content/view/25/43 (accessed February 2009).

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themselves began to work together on different projects and infrastructure elements and in 1999 they spearheaded a series of shared-services pilot projects. Philip Warren, the chair of the ARC since 1992, had long been an advocate of collaboration among the councils to solve the region's issues of transport, growth, and the environment, and worked hard to bring a regional focus to these issues. Elected a record four terms in a row, he was an example of a leader who worked tirelessly behind the scenes to bring a new culture of decision making to the region.⁶⁴

4.93 In 2001, the Local Electoral Act gave local communities the power to choose local electoral systems, such as single transferable vote or first past the post, and representation arrangements, such as the creation of Māori wards and constituencies. (Coincidentally, the same year special empowering legislation was passed – the Bay of Plenty Regional Council (Māori Constituency Empowering) Act – to enable the establishment of separate Māori constituencies in that region. Environment Bay of Plenty is now the only local body in New Zealand with guaranteed Māori seats on its council.)

4.94 The following year, a major piece of legislation was passed by Parliament: the Local Government Act 2002. It marked a fundamental shift in philosophy and purpose from service-oriented local government towards government that is a vehicle for the broader well-being of the population. It spelled out the four areas local government must take into account: the social, economic, environmental, and cultural well-being of the population. Local authorities were given the “power of general competence” (the ability to deal with any issue as long as it is not prohibited by law). However, they were also required to consult so widely the process became costly and inefficient. The Act did not specify much about the relationship between regional and territorial levels of government.

4.95 An amendment to the Act was passed in 2004 to add measures on land transport funding and stormwater management. It also established two new organisations as subsidiaries of the ARC: Infrastructure Auckland was dissolved and its assets were transferred to the newly formed Auckland Regional Holdings, which is now the 100% owner of Ports of Auckland. The Auckland Regional Transport Authority was established to help the ARC fulfil its regional responsibilities of public transport planning and funding, and management of public transport assets. This left the ARC to focus on the preparation and approval of the Auckland Regional Land Transport Strategy, which concentrates on long-range planning.

4.96 Auckland remained bedevilled by the problem of complex governance that failed to deliver progressive and necessary solutions to infrastructure issues, particularly transport. As the population continued its runaway growth, the region faced increasing challenges in ensuring areas such as public transport, affordable housing, and urban growth kept up with demand.

4.97 The 21st century saw an increasing shift in public awareness about regional and local governance. Different groups were set up to focus on Auckland's needs and develop

64 Beehive, “Lee adds to tributes for Phil Warren”, media release, 23 January 2002 (<http://beehive.govt.nz/release/lee+adds+tributes+phil+warren>, accessed February 2009).

a vision for the area, such as the Auckland Transport Action Group, a group of private and public sector chief executives which, in 2001, presented a report to the Prime Minister asking for a single decision-making and priority-setting process for regional transport projects, and for the mandatory implementation of the regional land transport strategy.

4.98 The thorny problem of competing councils remained. Auckland rarely spoke with one voice on major issues, and the issues of infrastructure development and transport grew increasingly urgent. In 2006, two situations demonstrated the problem. The first involved the four city mayors (of North Shore, Waitakere, Auckland, and Manukau Cities) planning what was called a “Mayoral Coup”. In this proposal the region would amalgamate into three cities with a Lord Mayor; the neighbouring district councils of Franklin, Papakura, and Rodney would be annexed; Waitakere would be carved up; and each of the four city mayors would be appointed to the ARC as of right, along with business leaders and central government politicians and officials – all of which would give them control of ARC assets. The public response was immediate and negative, and the plan was quickly abandoned.⁶⁵

4.99 The second example happened when Auckland won the right to host the 2011 Rugby World Cup. The Minister for Sport, Trevor Mallard, championed the idea of building a new stadium on the waterfront and gave a commitment to fund half the estimated \$700 million cost, without burdening the ratepayers. The Auckland councils were divided in their response, and the idea was shelved.

4.100 Many people saw the general lack of ability to take these and other regional decisions as symbolic of Auckland's fractured governance. Historian R.C.J. Stone wrote critically of the “highly inefficient system of local government” that had existed since 1989:

Auckland has 264 elected representatives to run the region, twice the number of MPs who are running the whole country. It follows that the failure of the eight Auckland councils to speak with a united voice has been a great handicap in getting the requisite funding from central government for the region's infrastructural projects.⁶⁶

4.101 Despite all these disagreements, the seven territorial authorities and the ARC joined forces in 2006 to focus on recommendations for strengthening Auckland's regional governance. The “One Plan” was a long-term strategic direction for the area based on the regionally endorsed Auckland Sustainability Framework, with a list of agreed, prioritised actions and projects and a five- to 20-year programme of action. Their recommendations were broadly endorsed by the Labour Government.

4.102 By the end of 2007, the Government announced the establishment of a Royal Commission on Auckland Governance to investigate the governance arrangements for the future and to ensure the optimal development of New Zealand's largest city.

65 McCarten, Matt, “Some political predictions in a year of reckoning”, *New Zealand Herald*, 31 December 2006.

66 Stone, *Logan Campbell's Auckland*, p. 231.

4. History of Auckland's Governance

4.103 Lessons can be learned from the patterns that are revealed by the history of Auckland's governance. In particular,

- Regional planning and strategy is critical to cope with Auckland's ongoing growth and the needs of its population and infrastructure.
- Infrastructural problems can be solved with a unified approach.
- Issues of governance need to be addressed with Māori so that Treaty of Waitangi obligations are met.
- Boundaries need to reflect communities of interest.
- Visionary leaders can make a significant impact on the development of the city.
- When reform in local governance is planned, the different parties affected need to be consulted.
- Successful change depends on genuine consultation and participation, and then on limiting the amount of appeals and challenges, which can delay or derail change.
- Any reform plan needs to be clear, defined, and have a specific timetable.
- Reform needs to be backed up with a legislative mandate and Government/ministerial support.
- Lasting reform needs bipartisan or multi-party support, otherwise it will be weakened and amended at the next election.
- Any new structure or body needs the ability not just to make policy but to implement it, and to have the funding and resources to ensure workability.
- Transition processes take time.
- Auckland has always been seen as a place apart by the rest of New Zealand. It is different from other New Zealand cities and it does need special governance arrangements.

4.104 Political scientist Graham Bush notes that

an appreciation of the history of Auckland's governance should inculcate the realisation that there is no formulaic or absolutely foolproof answer to what is going to best serve Auckland's governance needs. It should teach that informed and carefully-weighted judgement will be crucial.⁶⁷

67 Bush, Graham, email comment, 9 September 2008.

Appendix 4.1: Milestones for Auckland's local government bodies	
1901:	11 territorial authorities: two counties, seven boroughs, two town districts; and 57 road boards.
1921:	24 territorial authorities: three counties, 11 boroughs, 10 town districts; and 18 road boards.
1953:	Auckland Regional Planning Authority established under the Town and Country Planning Act, which sets up six regional planning authorities nationally. But it lacks any teeth to make its decisions stick.
1960:	29 territorial local bodies: one city, 24 boroughs, three counties, one district town board;* and 16 ad hoc bodies** [listed below].
1960:	Auckland Regional Authority Establishment Committee formed, consisting of the mayors and chairmen of the region.
1963:	31 territorial local bodies: five cities (Auckland, Manukau, East Coast Bays, Papatoetoe, Waitemata), 22 boroughs, three counties, one district town board; and 16 ad hoc bodies.
1963:	Auckland Regional Authority established. Membership consisted of 43 members elected at municipal and county elections.
	ARA functions: bulk water supply, sewage reticulation and treatment, the international airport, public transport, civil defence, milk distribution, infrastructure development.
1970:	33 territorial authorities (26 municipalities, one independent town district, two counties, and part of 4 other counties) and 22 ad hoc authorities.
1974:	Local Government Act 1974. ARA establishes Regional Growth Forum, which could approve Regional Growth Strategy. ARA now also responsible for refuse disposal, community development, Mt Smart Stadium, urban transport planning, regional roads, and employment creation.
1988:	Ports of Auckland and Auckland International Airport established as separate limited liability companies, with shares held by local authorities (Auckland and Waikato regional councils).
1989:	23 boroughs and cities; 21 ad hoc bodies.
1989:	44 local bodies in Auckland are amalgamated into eight: seven territorial authorities (Rodney District Council, North Shore City Council, Waitakere City Council, Auckland City Council, Manukau City Council, Papakura District Council, Franklin District Council) and the Auckland Regional Council. 30 community boards established to represent the interests of local communities.

4. History of Auckland's Governance

1992:	Auckland Regional Services Trust formed; regional assets such as the 80% share in Ports of Auckland and ownership of Yellow Bus Company transferred from ARC to ARST. ARC forbidden to own public transport infrastructure. Watercare Services formed as a local authority trading enterprise, owned by all six territorial authorities; took over management of bulk water supply and Mangere Wastewater Treatment Plant.
1996:	Infrastructure Auckland established with responsibility for the remaining assets of ARST, as well as authority to grant funding for transport projects and transport infrastructure.
2002:	Local Government Act 2002 passed, which gave local authorities “power of general competence”, and expanded their purpose to encompass well-being of communities.
2004:	Infrastructure Auckland dissolved; its assets transferred to newly formed Auckland Regional Holdings, which is now 100% owner of Ports of Auckland. The Auckland Regional Transport Authority established as part of ARC to manage public transport and funding, and management of public transport assets.

Details of local government bodies in 1960

- * Auckland City Council, Birkenhead Borough Council, Devonport Borough Council, East Coast Bays Borough Council, Ellerslie Borough Council, Franklin County, Glen Eden Borough Council, Helensville Borough Council, Howick Borough Council, Manukau Borough Council, Manurewa Borough Council, Mt Albert Borough Council, Mt Eden Borough Council, Mt Wellington Borough Council, New Lynn Borough Council, Newmarket Borough Council, Northcote Borough Council, One Tree Borough Council, Onehunga Borough Council, Otahuhu Borough Council, Papakura Borough Council, Papatoetoe Borough Council, Pukekohe Borough Council, Rodney County, Takapuna Borough Council, Tuakau Borough Council, Waiheke County, Waitemata County, Waiuku Borough Council, Warkworth Town District.
- ** Airport Committee, Auckland Centennial Memorial Park Board, Auckland Electric Power Board, Auckland Harbour Board, Auckland Harbour Bridge Authority, Auckland Metropolitan Drainage Board, Auckland Metropolitan Fire Board, Auckland Metropolitan Milk Board, Auckland Planning Authority, Auckland Transport Board, Civil Defence Sub Committee, North Shore Drainage, North Shore Fire Board, South Auckland Local Government Authority, Suburban Local Bodies Association, Waitemata Electric Power Board.

5. Looking Ahead: Auckland's Future

“This time, like all times, is a very good one, if we but know what to do with it.”

Ralph Waldo Emerson

5.1 The Commission's terms of reference are future-focused. The Commission was asked to conceptualise the changes which may occur in the region over the next 100 years, and to recommend local government arrangements that will be able to position Auckland positively for the future.

5.2 Trying to see into the future is always a difficult task. Nonetheless, it is regularly attempted. Many Auckland councils, including the Auckland Regional Council (“ARC”), have developed long-term strategies and plans for their areas, sometimes 50 years in advance.¹ Various Government departments and agencies, as well as economists, academics, and commentators, work on forecasts for New Zealand's population, land use, economy, and social issues.

5.3 Often the study of the future involves studying the past to track patterns and leaps of change. The challenge for any “futurist” is predicting some of the quantum leaps in technology and events that can significantly and irrevocably change behaviours, knowledge, and abilities of groups, industries, and countries, if not the world. However, one commentator remarked that, even if the predictions or forecasts are not right,

Success in forecasting is about useful thinking, rather than being right. Imagining these futures allows us to develop consensus over what we want, collectively, and how best to get there.²

5.4 The Commission asked Rod Oram, a well-known journalist and commentator, to provide some insights into what the future might hold. He acknowledges there are a number of possibilities for Auckland, some grim, others “blue sky” optimistic. His scenario for Auckland in 50 years' time is one based on positive change and the fulfilment of opportunities.³ This chapter draws on Oram's research and his scenario, as well as other sources such as the Millennium Project commissioned by the United Nations, Landcare Research, Statistics New Zealand, and long-term work done by councils, including the ARC. The Commission has also drawn on comments it sought on Oram's

1 Examples include the ARC's *Auckland Regional Growth Strategy: 2050*; the North Shore City Council's *City Blueprint* (20 years) and Asset Management Plans (20 years); the ARC/Auckland City Council's *Auckland Waterfront Vision 2040*; and the Franklin District Council's *District Growth Strategy* report (50 years).

2 McGuinness, Wendy, “Weak Signals and Wild Cards”, *Think Piece*, Issue 4, August 2008, p. 1; presented at the 7X7 Ideas Forum, 26 August 2008.

3 Rod Oram, “Auckland 2060”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 553–592.

5. Looking Ahead: Auckland's Future

paper from Colin James (political journalist and managing director of the forecasting panel, the Hugo Group) and Paul Callaghan (well-known scientist who has lectured on New Zealand's future), as well as material written by economist and research fellow Brian Easton.

5.5 While speculative, Oram's scenario and the comments received on it, can help planning for the future by providing a framework for identifying key challenges to be addressed and outcomes that need to be achieved in Auckland over the next five decades.

5.6 Arising out of this analysis, the Commission has identified the following five key challenges for Auckland in the next 10–20 years:

- mobility and access in a carbon-constrained city with extensive low-density urban sprawl
- utilising opportunities for economic growth
- more efficient use of demand management of natural resources such as water and energy
- improved social cohesion, including the successful integration of migrants and optimal use of their skills
- improved disaster resilience.

5.7 Desired outcomes for the next 50 years include

- a sustainable economy, with thriving niche industries based on leading-edge research and technology
- a city-region with robust infrastructure that can handle the needs of a growing population
- a culturally diverse, well-integrated population
- a city that is a good place to live in, one that is well serviced by public transport, and with urban centres that are walkable
- an appealing cityscape with attractive urban design
- a region that protects its environment and showcases its stunning natural assets
- a region with a range of housing, including developments of planned, affordable, quality housing, with energy-generating and energy-saving technology
- local government that is transparent and accountable, and characterised by participatory e-government.

5.8 These outcomes are reflected in the vision the Commission has defined for Auckland, and the governance arrangements it is recommending. The Commission notes,

however, that a future-based strategy for Auckland ideally needs to be part of a national strategy, one that engages all parts and sectors of the country.⁴

Predicting the future

5.9 Auckland's future is shaped by its past. In the past 50 years, there have been missed opportunities. Decisions made by civic leaders throughout the 19th and 20th centuries have determined Auckland's flawed profile. Auckland will never have the blocks of beautiful 19th century buildings with cobbled walkways of many European cities, or the underground mass transit systems of London and New York. But decisions made in the next months, years, and decades will affect the growth, sustainability, and appeal of New Zealand's major city.

5.10 Ten years ago, various Government departments and the Society of Local Government Managers developed a joint document called "Scenarios for Local Government to 2010" which had three potential scenarios for local government.⁵ The three scenarios were called "Muddling Along: Possum in the glare", "Lean and Competitive: Shark roaming alone", and "Governance for Citizens: Nga Kahikatea reaching new heights". The Commission notes that the scenario that most accurately predicted the state of local government in Auckland is the first: "Muddling Along". This scenario has the region moving into the Knowledge Age in an evolutionary, not revolutionary, way, with several councils which have a wide variation in performance. Essentially, not much has changed since the scenario document was developed. The ideal scenario would have been the third one, "Governance for Citizens", which focused on social change, local solutions to local problems, and a shared sense of purpose.

5.11 Looking 50 years ahead to see a future for Auckland is an exercise in possibilities, one that has inevitable pitfalls. There are few people who, 50 years ago in 1959 or 1960, could have foreseen the city and society we have now. In Chapter 2, "Auckland Now", the Commission describes what Auckland looks like. In 1960, most women were at home raising children. Men usually stayed in the same job or profession for their entire working life. Few Europeans knew about Māori culture and history, and race relations seemed friendly and peaceful. Polynesians composed 1% of Auckland's population; Asians less than 1%.⁶ Overseas travel was a once-in-a-lifetime experience for the lucky few, pubs closed at 6 pm, all typewriters were manual, television was a luxury, most restaurants

4 Wendy McGuinness comments in her essay "Weak Signals and Wild Cards" (*Think Piece*, Issue 4, August 2008) that "New Zealand has attempted to progress a national strategy many times in the past – such as the Knowledge Wave, the Sustainable Development Plan of Action and Michael J. Porter's book *Upgrading New Zealand's Competitive Advantage* – but we have not succeeded – and I think it is timely to ask why. My view is that we have not defined 'all the problems' in such a way as to understand the interconnections and opportunities; nor have we engaged all the people of New Zealand. It's like we have formulated our solutions before exploring the questions."

5 "Scenarios for Local Government to 2010", Department of Internal Affairs, November 1998.

6 There was no census category for Asians, but the Chinese proportion of the population was 0.4%. Department of Statistics, *Population Census 1961, Volume 7: Race*, 1963, p. 8

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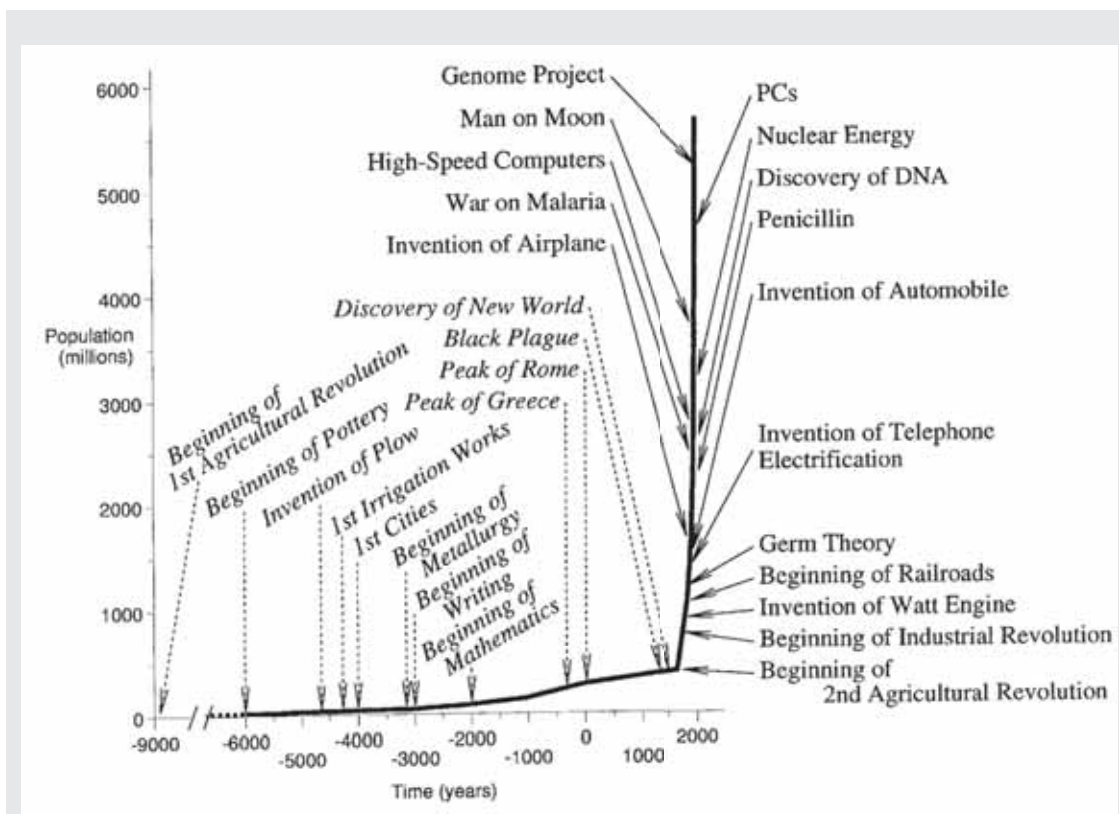


Figure 5.1 The growth of world population and the speed of technological change

Source: Fogel, Robert, "Catching Up with the Economy", *American Economic Review*, Vol. 89(1), pp. 1–21 (p. 2).

only served basic English food, and rural families accepted shared telephone lines, where anyone could hear a conversation. Fifty years on, most young people stay in jobs for only two to five years, Treaty of Waitangi issues are an accepted part of the political landscape, Auckland now has the biggest Polynesian population of any city in the world, the Asian population is 19% and growing, it is normal for some Kiwis to fly to Sydney for the weekend or Fiji for a week, laptops and broadband are commonplace, hybrid cars are on the road, and almost everyone has a cellphone.

5.12 The rate of change is exponential (see Figure 5.1). Technology developed in the past two decades has significantly altered our lives. It is not yet known which technologies will be developed in the next 10, let alone 50, years, or the jobs they will create and the skills needed to service them. These changes are predicted to happen faster than before, with more significant changes to our lives.⁷

7 Glenn, Jerome and Gordon, Theodore, 2007 *State of the Future*, American Council for the United Nations University, Washington, 2007, executive summary (available at www.millennium-project.org, accessed February 2009).

5.13 MIT Media Labs estimates that

Eighty percent of the systems, processes, services and products that today's five year olds will experience and use as adults have not yet been thought of.⁸

5.14 Robert Fogel, co-winner of the 1993 Nobel Memorial Prize in Economic Sciences, believes that there is “inadequate attention to the accelerating rate of technological change”.⁹ He refers to the synergy between technological and physiological improvements particularly over the past century (such as medical advances that increase longevity) as a “technophysio evolution”. He sees this evolution as relevant to

forecasting likely trends over the next century or so in longevity, the age of onset of chronic diseases, body size, and the efficiency and durability of vital organ systems. It also has a bearing on such pressing issues of public policy as the growth in population, in pension costs, and in health-care costs.¹⁰

5.15 So any future scenario must have a disclaimer, for failing to predict the “disconnects”, the inevitable jumps in technology, medicine, and inventions that dramatically change our society and economy.

Auckland's population

5.16 There are some reasonable statistical expectations for a future Auckland. In just over 50 years the population of Auckland is expected to be nearly 2.1 million people, depending on rates of fertility, mortality, and migration.¹¹ Up to 50% of the country's population may live in the Auckland region, although migration out of Auckland to other parts of the country is expected to increase.¹²

5.17 The world population has more than doubled since 1950, and is set to increase by another 40% by 2050.¹³ Some commentators believe that as the world population increases, and issues such as water and food shortages become more intense, there will be an increasing pressure for New Zealand to accept migrants, especially from countries such as India and China,¹⁴ and even possibly, Australia, which are all predicted to suffer

8 MIT Media Labs, USA, quoted in “Scenarios for Local Government to 2010”, Department of Internal Affairs.

9 Fogel, Robert, “Catching Up with the Economy”, presidential address to the American Economic Association, January 4, 1999, New York, pp. 1–2 (available at www.csub.edu/~dberri/FogelAER1999.pdf, accessed February 2009; originally in *American Economic Review*, Vol. 89(1), pp. 1–21).

10 Ibid., p. 2.

11 McDermott, Philip, “Auckland's Population”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, pp. 39–66 (p. 45), Table 1, based on population forecasting for the Auckland Sustainability Framework.

12 Ibid., p 48.

13 Shell, *Shell energy scenarios to 2050*, Shell International, The Hague, 2008, p. 9 (available at www.shell.com, accessed February 2009).

14 ARC, “Forces Shaping the 21st Century: Climate Change/Natural Hazards”, 2006.

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from water shortages.¹⁵ The Millennium Project expects that environmental refugees throughout the world will number 200 million by 2050.¹⁶ In that scenario, it seems likely New Zealand will accept some environmental refugees from the Pacific.

5.18 The cultural face of Auckland is expected to be even more diverse, with increasing numbers of people arriving from the Middle East, Africa, and South America.¹⁷ The trend for certain suburbs to become increasingly identified with different cultures, as people live in communities of fellow nationals, is expected to intensify: South Auckland will be strongly Polynesian; the North Shore will be strongly Asian.¹⁸ The population will age as the population bulge of baby boomers reaches retirement. This changing social face of Auckland, with increasing numbers of immigrants, is expected to make it more conservative.¹⁹ As the Commission elaborates in a number of later chapters, welcoming and integrating the large numbers of immigrants who arrive into the region is critical for social cohesion and economic development.

5.19 Treaty settlements, and the subsequent investment and financial management of these resources, over the past 20 years have provided Māori authorities with significant economic power.²⁰ By 2060, iwi organisations are expected to be a major player in education, health and business in the region. An increasing number of Māori will be middle-class.

5.20 Some of New Zealand's highly qualified expatriate community may return from overseas as the combination of increased population growth, pollution, and crime creates pressure on infrastructure systems and societies in most developed countries.

15 "Water Shortage endangers Australia's cities", *China View News*, 15 August 2007 (available at www.chinaview.cn, accessed February 2009). Compounding this problem is the expected increase in temperatures in Australia. See "Hot enough? Get used to it, say weather watchers", *New Zealand Herald*, 5 February 2009 (available at www.nzherald.co.nz, accessed February 2009).

16 Glenn and Gordon, *2007 State of the Future*, p. 8.

17 In 2006 a new ethnic category was introduced into the census: MELAA, Middle Eastern/Latin American/African. Of the 34,700 people who identified in that category, more than half live in the Auckland region.

18 Statistics New Zealand projects that the Asian population in Auckland will double between 2001 and 2016; the European population is projected to increase by 37% and 26% respectively in Rodney and Franklin Districts, and the Pacific population will grow by 24% in Auckland City and 66% in Waitakere City. Already there are settlement patterns among Asians, which are described in McDermott, "Auckland's population", *Report, Volume 4: Research Papers*, p. 54.

19 The ARC postulated that Auckland could be the recipient of "aggressive migration" from Asia and the Pacific because of climate change, worsening food shortages, poor economic conditions, and conflicts over resources ("Forces Shaping the 21st Century: Climate Change/Natural Hazards", 2006, p. 2-4). Other commentators note that migration from countries such as Samoa, the Philippines, Vietnam, and so on, is seen as one factor for the rise in Catholicism in New Zealand. Asian migrants also increase the number of Buddhists, Hindus, and Muslims. Commentators suggest that religious people tend to have more conservative beliefs.

20 A *New Zealand Herald* article in January 2009 outlined iwi plans for investing in and developing infrastructure such as toll roads, airports, and utilities (such as power stations) as part of a public-private partnership (www.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=10554056, accessed February 2009).

Housing and transport

5.21 The continued population growth has inevitable consequences in terms of housing and infrastructure needs for the Auckland region. The city will undoubtedly have a denser population, with more and higher apartment blocks, as well as more terraced and attached houses. Housing stock is predicted to double over the next 50 years.²¹ Houses and property sections will be smaller, and it is predicted that more people will live on their own (as the population ages and families break down into smaller and more separate units). The inner city will become more gentrified and more expensive, as population pressure increases. The urban densification also means that rural land becomes more valuable. Denser housing will cluster around transport nodes and corridors, to take advantage of transport networks, and to keep the urban area compact. Town planning could help develop these neighbourhoods into vibrant villages.

5.22 The ongoing development of better transport links to neighbouring cities such as Whangarei, Hamilton, Tauranga, and Taupo will allow more people to commute longer distances into Auckland for work. Several scenarios predict Hamilton will be seen as a satellite city for Auckland. It is expected that townships and villages close to the bush and beach along these transport routes will also be further developed to accommodate growth.²² One commentator believes that advances in shipping and communications means the economy of the Auckland region will eventually encompass the whole of the North Island.²³

5.23 The present development of public transport networks of electric rail, buses, trams, and ferries will increase, and be used more frequently. Generally, cars will be smaller and will use different energy sources than at present. (Shell projects that one-third of passenger travel – excluding trains – will be electric by 2050, up from nearly zero today.)²⁴ Shared transport, such as hire-and-drop-off cars and bikes are expected to become a normal part of the transport sector.

5.24 Ideally, many car routes around Auckland, such as along the waterfront, will be set underground or lifted high above ground level, allowing the city centre to become more walkable.

Work and health

5.25 In the coming decades, it is predicted that more people will work from home for at least some of the week, and travel to offices mainly for meetings. Video and web conferencing are expected to be a normal part of daily work life. In 20 years' time, it is

21 Interview with Brian Easton, 12 December 2008.

22 Rod Oram, "Auckland 2060", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 579.

23 Interview with Brian Easton, 12 December 2008.

24 Shell, *Shell energy scenarios to 2050*, p. 31.

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predicted that computers will have the power of the human brain,²⁵ and robots will be in widespread use.

5.26 Dramatic leaps in health technology will occur, with major breakthroughs expected in knowledge about genes, cells, and the behaviour of viruses.²⁶ On the other hand, in the shorter term, Statistics New Zealand expects that by 2015 diabetes and cardiovascular disease will become major health costs.²⁷

Infrastructure

5.27 Ideally, the first 50 years of the 21st century will see a major investment in infrastructure development in the Auckland region, from water supply and drainage to transport routes and power grids, in order to support the growing population.

5.28 Energy and transport costs are predicted to rise. However, it is also expected that new technologies for micro-power generation (from solar and wind energy) and for local collection and processing of water will be developed and integrated into housing design.

The urban face of Auckland

5.29 In an ideal future, in the next few years Auckland will finally prioritise quality urban design as a leading feature of all city planning, and begin to change its urban landscape. After developing the waterfront and encouraging aesthetic design in its urban areas, in 50 years' time Auckland could have a reputation as one of the most beautiful harbour cities in the world.

5.30 In this scenario, many of the worst examples of "rabbit hutch" apartment buildings in the centre of the city would ideally be demolished as they deteriorate, and be replaced by higher-quality, better designed buildings.

5.31 Accompanying the change in building aesthetics would be a focus on spatial design and liveability for the urban centres in the Auckland region. Pedestrian, bicycle, and public transport routes would be a priority of this design.

25 Glenn and Gordon, *2007 State of the Future*, p. 7.

26 Glenn, Jerome C, Gordon, Theodore and Florescu, Elizabeth, *2008 State of the Future*, Millennium Project/ World Federation of United Nations Associations, Washington, 2008, executive summary, p. 5 (available at www.millennium-project.org, accessed February 2009).

27 Cited by Oram, "Auckland 2060", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 561.

Climate

5.32 The Ministry for the Environment projects a rise in sea level by 40 cm nationally over the next few decades, as well as a gradual increase in temperature (0.9 °C by 2040) and a change in weather patterns, such as higher rainfall in the western parts of the country, and less in the eastern. For Auckland, the specific predictions include slightly lower mean average annual rainfalls, and an additional 25 days a year with temperatures above 25 °C. Flooding will become more frequent.²⁸

Water and food

5.33 Increasing population and industry growth will inevitably lead to a growing global demand for water and land. Globally, agriculture accounts for 70% of freshwater use, and to feed another 2 billion people by 2030 the volume needs to increase to 84%.²⁹ Because growing 1 kilogram of beef requires an estimated 10,000 litres of water, a lot of New Zealand's present farming is seen as unsustainable in the long term.³⁰ The Millennium Ecosystem Assessment programme has said that 60% of ecosystem services globally are exhausted or being used unsustainably and this is expected to drive change in farming methods.³¹ It is expected that in the near future there will be massive investment in genetically modified food, in aquaculture, and in growing meat from stem cells. This innovation in modified proteins and designer food, and a decline in the resource-expensive commodity protein exports, mean the face of New Zealand agriculture has to change. However, it is expected that there will remain a market for animal protein. Demand is projected to rise by 50% by 2020³² which can be extrapolated at least to double by 2060.

5.34 The growth in global population and the worldwide demand for food means New Zealand's agricultural sector will continue to be important to the country's economy as long it responds with flexibility. The trend to consume more local and home-grown food is expected to continue.

28 Ministry for the Environment, *Climate Change Effects and Impacts Assessment: A Guidance Manual for Local Government in New Zealand*, 2nd edition, Wellington, May 2008 (available at www.mfe.govt.nz, accessed February 2009).

29 Black, Richard, "Water – another global crisis", BBC News, 2 February 2009; and "FAO urges action to cope with increasing water scarcity", FAO Newsroom, 22 March 2007.

30 Oram, "Auckland 2060", citing Landcare Research studies, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 564.

31 Millennium Ecosystem Assessment, *Ecosystems and Human Well-being: Synthesis*, Island Press, Washington, 2005, p. 1.

32 Millennium Project, "Global Challenges Facing Humanity: 3. Population and resources" (www.millennium-project.org/millennium/Global_Challenges/chall-03.html, accessed February 2009).

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Regional economy

5.35 The sheer growth in regional population alone will drive economic development as more people need housing, work, recreation, education, and entertainment. Economically, it is predicted there will be more emphasis in service industries, less in primary production, more in manufacturing.³³ The shift to new technologies will require flexibility and adaptation in the sector. Economic possibilities could lie in biotechnology or in development of sophisticated products based on electronics, software, and engineering solutions. Carbon and biodiversity markets may generate economic value for New Zealand as it moves toward sustainability. The retail sector may change as the trend for long-life products and less consumerism grows over the coming decades.

5.36 As the cost of shipping goods becomes higher, regional trade arrangements are expected to increase, and it seems likely that primary produce exporters will concentrate on the Australasian domestic market. Niche industries and exporters will continue to focus on high-value boutique markets abroad.

5.37 New Zealand's trade agreement with China provides opportunities in the coming decades. Economist Robert Fogel predicts that in 2040, the Chinese economy will reach \$123 trillion, or three times the output of the globe in 2000.³⁴

Tourism and parks

5.38 Tourism is expected to change as people become aware of the carbon footprint impact of travel. They may come less often but stay for longer. There will probably be more visitors from the Asia-Pacific region, as those populations increase, as do cultural communities of Asian-Pacific migrants in Auckland.

5.39 Parks, reserves, and marine parks are expected to remain an outstanding feature of the region. Undeveloped areas such as the uninhabited islands of the Hauraki Gulf and the parks of the Waitakere Ranges will be increasingly prized.

Society and social issues

5.40 Commentators are divided on whether economic development will result in a more unified or conflicted society.

5.41 A focus on education would ensure that the poverty gap between socio-economic groups in Auckland does not grow too wide. Ideally, the region's government will work to weaken the link between disadvantage and antisocial behaviour such as violence and addiction.

33 Landcare Research, *Four Future Scenarios for New Zealand*, 2nd edn, 2007.

34 Robert Fogel, quoted in Wikipedia: http://en.wikipedia.org/wiki/Robert_Fogel (accessed on 10 February 2008).

Future governance

5.42 Ubiquitous computing and online systems for decision making have the potential to make democracy far more participatory, both nationally and locally. The beginnings of this can be seen in cities such as Seattle where their website encourages email contact with councillors, provides tips for making e-requests, has council blogs and online public records disclosure.³⁵ In the United States, an interactive internet system called the “Citizens’ Briefing Book” was set up for 12 months by the 2008 transition team for the new Democratic administration. American citizens were urged to

log onto Change.gov and give us your idea. It can be about energy, healthcare, or reduction of our dependence on foreign oil. You decide what is important to you. Other citizens will then be able to read your ideas and make comments and suggestions.³⁶

5.43 In a similar way, monthly internet referenda could involve residents in key decisions about their city and region. The Millennium Project expects that there will be a global move to “ubiquitous computing with collective intelligence for just-in-time knowledge to inform decisions”.³⁷ Landcare Research sees a future move to participatory and devolved democracy, which is complicated but nonetheless productive.³⁸

Preparing for the future

5.44 The Commission acknowledges that notwithstanding any forecasting or scenario writing, the exact future of Auckland cannot be predicted. However, two things that seem reasonably certain are that increasing population will create further pressure on resources and infrastructure, and that developments in future technology will change how we work, live, communicate, and move around the region.

5.45 Recommendations on changes necessary to accommodate future growth are detailed in other chapters. Concepts embodied in them include

- the desirability of achieving a more compact and efficient urban form, and the need to plan for growth
- development of infrastructure (water, sewage, roads, electricity) to cope with future needs of an increasing population

35 See www.cityofseattle.net.

36 The website citizensbriefingbook.change.gov, which wrapped up after President Obama’s inauguration in January 2009, described how the system worked: “Users can easily post their ideas in a variety of categories, such as Economy, Education, Energy and Environment, Healthcare, and Homeland Security. In addition, users can read ideas from other citizens and promote the ones they like best. The best ideas will bubble to the top of the list as more community members participate and promote what is important to them. The top ideas will be presented directly to President-Elect Obama and his cabinet following the inauguration in the form of a briefing book entitled *The Citizen’s Briefing Book*.” (accessed December 2008)

37 Glenn, Gordon and Florescu, *2008 State of the Future*, p. 2.

38 Oram, “Auckland 2060”, citing Landcare Research studies, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 562.

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- development of fast, efficient public transport networks to facilitate the movement of an increased population around a large region, as well as comprehensive walking and cycle routes, particularly in urban centres
- strong management of visionary urban design, so that the need to house more people occurs in a planned, aesthetic, compact, sustainable way throughout the region
- planning for increasing diversity of population, and encouraging the integration of migrants into the work and social environment
- ensuring social, economic, and environmental goals are compatible, so that growth is sustainable and planned
- integrating the civil defence emergency organisations into one clear body with regional oversight, so that expected future consequences of climate change (such as increased flooding) can be dealt with effectively.

This is a selective list. There are many permutations on a future scenario, so the Commission has restricted its recommendations to areas where there is wide agreement amongst commentators.

5.46 The Commission has also considered what sort of governance arrangements might be required to respond effectively to the changes ahead. The principles that have guided it in recommending governance arrangements are future-focused. (These are discussed in Chapter 12, “Guiding Principles for Shaping Auckland Governance”).

5.47 The principles centre on first, the need for common identity and purpose – a governance structure that is able to coordinate a number of key functions region-wide, while allowing services to be delivered locally. Second, they emphasise the importance of effectiveness of governance structures and their ability to deliver maximum value. Third, the principles recognise the need for transparency and accountability in governance arrangements, including clear communication. Finally, the Commission has identified responsiveness as a core characteristic – the ability to be nimble in responding to altered situations, as Auckland will undoubtedly be subject to numerous changes over the next 100 years, which can barely be predicted now. It is with all this in mind that the Commission has developed its recommendations about structures of government for the region.

5.48 It is up to Auckland to ensure it utilises the potential that technology and a changing world offer. It is the Commission’s hope that Auckland chooses not to “muddle along” but rather to grasp the nettle of opportunity, and make decisions with vision and bold intent.

PART THREE: VISION FOR AUCKLAND

6. Our Vision for Auckland

6.1 The Commission shares the enthusiasm that all New Zealanders have for their country, and that Aucklanders have for their city. The task given to us by our terms of reference is to make recommendations for Auckland’s governance that will assist in bettering the life of all New Zealanders by making Auckland and New Zealand a more prosperous and desirable place in which to live, work, and play.

6.2 Throughout this process, the Commission has been concerned to ensure that our recommendations are directed not only to problem solving – identifying and addressing current inadequacies in Auckland’s governance arrangements – but also, and more importantly, to pinpointing what we all want for the future, and the changes needed to close the gap between where Auckland is now and where it needs to be.

6.3 The Commission’s terms of reference record the enormous changes that will be faced over the next 100 years, brought about by global economic, environmental, and political forces. In earlier chapters we have examined the Auckland of today, described Auckland’s current local government arrangements and their evolution, and speculated about what the future might hold for Auckland.

6.4 The Commission’s vision for Auckland is, then, based on a thorough understanding of where Auckland currently stands, and where Auckland’s strongest prospects for the future lie. Auckland must sustain and build on its existing strengths to prepare and position itself to meet the challenges this century will bring. Central to this is the realisation that economic, social, cultural, and environmental well-beings are inextricably linked and must be addressed in an integrated way.

6.5 This chapter describes the Commission’s vision for Auckland, with the four following chapters exploring in more detail what it means for Auckland to succeed economically, environmentally, socially, and culturally. In Parts 4 and 5 of this report, we consider what changes to governance arrangements should be made to support the realisation of this vision.

A vision for Auckland

6.6 The eight existing councils in Auckland have defined eight different “visions” for their communities, focused, variously, on the environment, lifestyle and liveability,

6. Our Vision for Auckland

prosperity, and being the “First City of the Pacific”. The Commission anticipates that an important initial job of the new Auckland Council we are recommending will be to identify a unified vision for Auckland, which takes into account local diversity, but has an overall direction to which all Aucklanders can subscribe. The vision should be included in the Auckland Council’s spatial plan, and progress towards its attainment should be recorded in the annual “State of the Region” address by the Mayor of Auckland.¹ The Commission is convinced of the importance of strong leadership in making this vision become a reality.

6.7 We also think it important that Auckland define itself, and its distinguishing characteristics, in relation to the rest of the world. Given Auckland’s geographic location and small size relative to many international cities, being noticed on the global stage will always be a challenge. Defining a clear identity and conveying it consistently and effectively is probably the best way of being heard. Vision and identity can often be encapsulated in a sentence, for example “Absolutely, Positively Wellington”. Auckland needs to record its identity in this way. By recognising that Auckland is in direct competition for talent and investment with Melbourne, Sydney, and Brisbane, as the Commission believes it is, it is possible to create a baseline for measuring and reporting progress. As an ambitious goal, for example, we would like to see Auckland displace Melbourne as the world’s most liveable city within 10 years.

6.8 We have recorded below some of the main directions we see for Auckland. These directions are based on the characteristics of a successful Auckland identified by the Commission in Chapter 1, including

- strong economic performance
- well-planned urban form, including world-class infrastructure
- high-quality lifestyle and amenities
- social cohesion
- strong identity and international reputation
- sustainability – being responsible stewards for the benefit of future generations.

Achieving this vision

6.9 In order to progress this vision, it is necessary to understand the connections between the urban challenges that Auckland faces. Environmental and social goals can no longer be seen as being in competition with economic goals, but must all be viewed as part of an integrated strategy essential to Auckland’s prosperity. Greater wealth accompanied by increasing income gaps or environmental degradation is not a path to

¹ The spatial plan and mayor’s annual state of the region address are outlined in Chapters 24 (Planning) and 19 (Leadership) respectively.

OUR VISION

Located on an isthmus bounded by two oceans, Auckland looks seaward from its harbour-front central business district, from the beaches of the bay-side suburbs, and from the islands of the Hauraki Gulf. On land, a modern urban environment is interspersed with ancient volcanic cones, tracts of lush native forest, and rural communities. It is a stunning place to live.

The Commission sees Auckland as a unique international city in the Asia-Pacific region, able to compete successfully with Melbourne, Sydney, and Brisbane for people and investment.

High liveability is, and will remain, a valued feature. Quality of life is central to Auckland's ability to attract and retain talented people, and to deliver significant investment and prosperity to New Zealand. This city needs to build on this as follows:

- **For its diverse and fast-increasing population**, Auckland will embrace creativity and difference, continuing to provide opportunity and maximising the potential of all. It will be a region made up of healthy, thriving, interconnected, and multifaceted communities with easy access to housing, employment, recreation, and entertainment. Deprivation and inequality must be comprehensively and vigorously addressed.
- **For business**, Auckland will be a place of productivity and innovation linked into global and national networks. Its infrastructure will be world class and its skilled and engaged workforce a key asset.
- **For tourists**, Auckland's many attractions will be evident and compellingly presented.
- **For immigrants**, Auckland will be a place to be greeted warmly and offered a future.

The Commission believes an integrated and sustainable approach to Auckland's inevitable growth is essential. The city's expansion and its infrastructure development must be actively and effectively managed. Fine urban design should complement Auckland's magnificent natural setting. Auckland's environmental assets and its communities should be managed and protected in a responsible way.

This vision is about prosperity, people, and place – Auckland can have it all.

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long-term success. This is particularly true for a region like Auckland where liveability is such a key asset in attracting and retaining business, investment, and talented people.

Economic well-being

6.10 Chapters 1 and 2 identify that Auckland has potential to contribute more to the national economy, and foreshadows how local government might assist in ensuring this is achieved.

6.11 We are conscious that the return to strong economic growth will not be achieved in local and central government offices. However, government can, through its policy settings and activities, create an enabling environment for economic recovery to occur.

6.12 In this regard, Auckland's local government should set high standards for itself. We envisage focused, efficient, and productive local government that ensures public spending is directed to the best possible use, funding high-quality services, achieving value for money, and demonstrating and measuring performance in a transparent way. In the current economic environment, businesses and ratepayers do not need unjustified rates increases or overly onerous and costly regulatory compliance costs.

6.13 In partnership with central government and the region's businesses, Auckland's local government must act with urgency to do what it can to support Auckland's economy and the well-being of its residents in the short term, while maintaining a clear focus on shifting Auckland's businesses to a higher level of productivity and competitiveness for the long term. Improving Auckland's infrastructure, particularly the development of an ultra-fast broadband network, has the potential to do this, as does a carefully planned and executed Rugby World Cup event in 2011.

6.14 Auckland's local governance structures must be capable of supporting and enhancing the local businesses and communities that provide the foundation of Auckland's prosperity. At the same time they must also be capable of addressing pan-Auckland economic development issues, including regional tourist promotion, implementation of an Auckland brand, improvements to key infrastructure networks, and rationalising duplicative and sometimes conflicting regulatory requirements. Currently, fragmented lines of responsibility between regional and local government undercut the ability of Auckland to perform nationally and internationally as an effective city-region.

Environmental well-being

6.15 A narrowly focused approach to prosperity has particular danger for Auckland. Lack of attention to preserving the natural environment or maintaining core social standards can undermine liveability, in particular the clean, green, safe characteristics that attract many to the city. One of the region's biggest assets is the quality of life it offers its citizens. A mild climate, beautiful harbours, beaches, and islands offer the sort of recreational opportunities other large cities envy. The concept of kaitiakitanga,

or guardianship over natural and community treasures and resources, embodies the approach we believe necessary to safeguard the natural assets that underpin the lifestyle Aucklanders hold dear.

6.16 Auckland, and local government, can be justly proud of its achievements in protecting the environment in the past 20 years. The region's waterways are less polluted, drinking water continues to be amongst the best in the world, the Auckland Regional Council in particular has added regularly to our stock of parks and green spaces, and there have been significant advances in the way we manage waste.

6.17 We must now refocus to protect and enhance our urban environment. We need to do more with our central city and waterfront area, which have a critical gateway function for Auckland. There is also an urgent need to put in place measures that will ensure that the quality of Auckland's buildings and urban spaces is significantly improved and that we properly preserve existing built and archaeological heritage. For too long, Auckland has had to put up with substandard design and development. We must do better.

6.18 Auckland needs to be smarter about planning to manage growth. Auckland's sprawl cannot continue. It compromises productive rural land, and a widely dispersed population is more expensive to service, particularly in terms of providing core infrastructure over large distances. Auckland now has the opportunity to provide for a more efficient urban form, with potential flow-on benefits such as increased productivity and lower costs of doing business.

6.19 One ongoing environmental consideration is the predicted effects of global warming. Climate change, resulting in changing temperatures and sea levels, will have consequences for Auckland. These need to be planned for now to ensure they can be successfully managed in future.

Social well-being

6.20 Auckland must address its areas of financial and social deprivation, which constrain the growth of individual citizens, their families/whānau² and the wider community, and place a heavy burden on health and social services. As President Obama said in his inaugural address, success depends on our "ability to extend opportunity to every willing heart – not out of charity, but because it is the surest route to our common good".³

6.21 Economic and social well-being are highly interdependent. For example, a successful, healthy, skilled workforce requires adequate and stable housing, efficient and accessible transport options, a safe environment, access to healthcare and education, recreation opportunities, and a sense of connection. People who are more highly qualified will be more productive, better able to respond to new challenges and more likely to

² Whānau – family, blood relatives.

³ President Barack Obama, inaugural address delivered 21 January 2009, transcript available at www.whitehouse.gov/blog/inaugural-address/.

6. Our Vision for Auckland

support a growing economy. In turn, a growing economy creates employment, economic resources, and social connectedness that contribute to better health, education, and housing outcomes.

6.22 The connections between cultural, social, and economic well-being are also important – for example, strengthened cultural identity for Māori is critical for improving social and economic outcomes, while Māori as *mana whenua*⁴ have a critical role as *kaitiaki*⁵ over their people and the environment.

6.23 We have concluded that local government in Auckland needs to do more to promote social well-being as required by the Local Government Act 2002. While central government has primary responsibility for social well-being policy, funding, and service delivery, all local government activities impact significantly on social well-being, and local government has an important role to play. It has however, muddled along in the absence of clarity about its role, and important opportunities to promote social well-being have largely been missed. For example, good public transport options are particularly critical for accessing employment, yet the areas of Auckland that have the worst public transport are those with the highest incidence of social deprivation.⁶ The powers of council to contribute to improved social well-being need to be fully understood and realised.

6.24 Accordingly, in our view the solution has two key strands. Local and central government must be knitted into a structure that facilitates shared decision making and accountability. Given the amount of government money being spent on social issues in Auckland, it seems unlikely that the challenge of reversing entrenched problems lies with resource shortages. Rather, and particularly in the current economic environment, priority must be placed on ensuring that resources are applied where the greatest needs lie, and where the greatest gains can be achieved. Promoting social well-being must also be given greater priority and woven into all council activities such as planning and provision of infrastructure.

Cultural well-being

6.25 Culture is the fourth dimension of well-being that councils are required to promote under the Local Government Act 2002.⁷ As noted in the report of the External Advisory Committee on Cities and Communities in Canada,

Culture is both a set of objects (art, music, theatre, buildings) and a set of processes.
Culture is not just the pictures and books produced by regions and communities or

4 *Mana whenua* – local Māori with ancestral ties to the land.

5 *Kaitiaki* – guardian, caretaker.

6 These issues are discussed further in Chapter 9, “Promoting Social Well-Being”, pp. 229–230.

7 Local Government Act 2002, section 10(b).

nations; it is also their beliefs, their behaviour and how they develop and express them.⁸

6.26 For Auckland, cultural well-being has a particular resonance because of its diverse population. Diversity is a source of strength, bringing innovation, skills, and vibrancy to the city.

6.27 A thriving city attracts and retains people, and supports them to actively and constructively participate in city life. Local government policies, regulations, and services can influence people's choices to come to, or remain in, a region. Students, for example, may be attracted to a particular educational institution for academic reasons, but may choose to stay in that city for lifestyle and career opportunities. Where people choose to live is strongly influenced by social well-being and cultural issues: safety; social cohesion; the richness of arts and culture; services for families, children, and the elderly; educational opportunities; and recreational possibilities.

6.28 We wish Auckland to see itself as a diverse and creative city, one to which people in all walks of life are attracted, and one in which they see themselves and their values and interests reflected. To achieve this Auckland needs strong local government leadership in support of diversity and a regional, coordinated, and strategic approach to managing cultural and recreational issues and assets.

Looking ahead

6.29 What Auckland needs most is a change of attitude. It needs to set its sights high and believe that it can achieve long-term success.

6.30 Auckland needs to change the way that it sees itself. It needs to articulate its common ground – what it values for the region now and into the future. Defining a common vision and designing regional government to implement it will enable Auckland to move forward together towards the infrastructure, the economic prosperity, the kind of society and environment it wants.

6.31 The connection citizens feel to Auckland's communities needs to be nurtured. Instead of expending energy on turf battles, we would like local councils to turn their energies to promoting and reflecting the diversity of their people – shaping their places in a way that builds the vibrant, supportive communities that are confident and welcoming to newcomers.

6.32 Auckland needs to change the way that it serves the New Zealand economy. Compared with many other international cities, Auckland does not contribute as much as it could to national income. Lowering regulatory costs for business, improving infrastructure, and promoting innovation will make Aucklanders more productive,

8 External Advisory Committee on Cities and Communities, *From Restless Communities to Resilient Places: Building A Stronger Future For All Canadians*, Final Report of the External Advisory Committee on Cities and Communities, June 2006, p. xvi.

6. Our Vision for Auckland

improving the way they service the rest of New Zealand, and increasing their contribution to national income. Together we need to reinvigorate our city, and local government has an important part to play in that process.

6.33 The way local government in Auckland interacts with central government needs to change and transform, to make Auckland a shared project. The Commission's starting point is that all tiers of government – central, Auckland-wide, and local – have shared responsibility for the long-term development of Auckland. Each tier has distinct, but interlinked, roles to play. Describing the roles for each tier, and the common threads that run between, is at the heart of this report. The Commission has sought to achieve for the future a clearer role definition and clearer connection between central and Auckland local government.

Recommendations

Auckland needs an overarching vision for the region uniting Aucklanders to achieve prosperity for all, quality of place and lifestyle, and enhanced well-being for the region's diverse and growing population.

6A The Auckland Council should include a vision for the region in its spatial plan.⁹

6B The Mayor of Auckland's annual "State of the Region" address should describe progress towards the attainment of the vision.¹⁰

9 See Recommendation 14A on the establishment of the Auckland Council and Recommendation 24A on the development of a spatial plan.

10 See Recommendation 19B.

7. Economic Development

7.1 The importance of Auckland as a driver of New Zealand’s prosperity is recognised by the Government. It was one of the primary reasons why the previous Government decided to set up this Commission. In its terms of reference, the Commission is invited to consider

what ownership, governance, and institutional arrangements and funding responsibilities are required to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities to support and enhance—

...

- (ii) the performance of the Auckland region as a growth engine in the New Zealand economy and in its role as a key transport hub for New Zealand and the Pacific region; and
- (iii) the ability of the Auckland region to compete internationally as a desirable place to live, work, invest, and do business; and
- (iv) the ability of the Auckland region to respond to economic, environmental, cultural, and social challenges ...¹

7.2 This chapter surveys current economic development structures and activities in local government, and identifies shortcomings, mainly at regional level, which are having a negative impact on the city’s economy. It then sets out the Commission’s recommendations for changes that will better position Auckland to shape its economy “so that it builds on our strengths, takes advantage of our social, cultural, environmental and economic particularities and creates comparative and competitive advantages”.²

Auckland’s role in New Zealand’s economic recovery

7.3 The present economic downturn is recognised as providing both risk and opportunity for New Zealand. A joint paper produced by the New Zealand Institute and The New Zealand Stock Exchange in October 2008 commented,

The risk is that the economies of our trading partners will slow, and stay that way for a while. The opportunity is the quick delivery of strategies that increase investment in New Zealand over this period and have us emerge stronger and much more competitive relative to peers who have surged ahead of us in most economic indicators over the last decade.³

1 See Appendix A: Terms of Reference.

2 *Governance for Economic Development in Auckland*, Institute of Public Policy, AUT University, Auckland, April 2008, p. 16 (available at www.economicdevelopment.org.nz, accessed February 2009).

3 *Economy on the Edge: Swandive or Belly Flop? A Draft Strategy for Coming out of the Crisis Stronger*, The New Zealand Institute and New Zealand Stock Exchange, 10 October 2008, p. 7 (available at www.nzinstitute.org, accessed February 2009).

7. Economic Development

7.4 This observation is particularly relevant to Auckland given that it is the focus of immigration and new, particularly high-tech, development. Auckland has the necessary scale, density, and “agglomeration” potential to lift New Zealand’s productivity. In the New Zealand context it has a specialised economy and it attracts global talent.

7.5 To realise this opportunity, Auckland must capitalise on all four dimensions of well-being identified in the Local Government Act 2002.⁴ This chapter is focused primarily on economic well-being, but it is important to remember that all four dimensions of well-being (social, environmental, cultural, and economic) are interlinked. The quality of Auckland’s environment is a key attraction to visitors and new migrants, as is the culture of the city. Auckland’s social well-being is arguably the city’s area of greatest need and must be a key focus. For example, it will also be important to ensure that the skills of those temporarily out of the workforce are maintained and the workforce nurtured so that labour shortages do not constrain the economy when recovery begins.

7.6 Maximising Auckland’s contribution to New Zealand’s recovery from the current economic crisis will, in large part, depend on central and local government working together to create an environment that allows businesses to become productive and competitive.

7.7 The Brookings Institution, a highly regarded US think tank, argues that effective policy alignment and cooperation between national and local governments is essential for metropolitan success.⁵ It calls on central government to take the lead in addressing the key global challenges facing cities such as international economic integration, migration, and global climate change, which are beyond the scope of metropolitan governance to tackle alone. At the same time, it asserts that cities should be empowered to address local needs and to “unleash the potential for innovation and experimentation that resides closest to the ground”.⁶

7.8 The Commission is aware that the Government is contemplating major infrastructure investment across New Zealand.⁷ Auckland’s local government needs to be an effective partner with central government in this process – presenting proposals for projects that fit into the bigger picture of national infrastructure development, prioritising projects, packaging projects across local and regional boundaries where there are strategic or cost reasons to do so, and outlining how it intends to fund projects, including options such as raising debt or public-private partnerships (“PPPs”).

7.9 Given that central government is currently revisiting its funding and roll-out strategy for ultra-fast broadband, the time is ripe for close collaboration between central and local government to ensure coordinated, region-wide development of a broadband

4 Local Government Act 2002, section 3(d).

5 *MetroPolicy: Shaping a New Federal Partnership for a Metropolitan Nation*, The Brookings Institution, 12 June 2008, pp. 4–9 (available at www.brookings.edu, accessed February 2009).

6 *Ibid.*, p. 8.

7 Hon Bill English, Minister of Finance, *Budget Policy Statement 2009*, 18 December 2008, p. 7 (available at www.treasury.govt.nz/budget/2009/bps, accessed February 2009).

network for Auckland. In the medium to short term, this could result in significant benefits in employment creation, council service delivery, and business productivity. Post-recession, Auckland could be well placed to compete internationally in the high-growth “knowledge” economy for online goods and services.

7.10 Looking ahead, the 2011 Rugby World Cup also provides an opportunity to boost economic performance through enhanced domestic economic activity associated with servicing the event, tourism arising from it, and potential longer-term legacy gains such as improved transport infrastructure. It is a matter of urgency for Auckland’s needs and priorities to be clearly enunciated to Government so that central and local government can work together on these issues.

7.11 The Commission is also conscious that a return to strong economic growth is not achieved within local and central government offices. However, local and central government can, through their policy setting and activities, create an enabling environment and build partnerships for growth to occur. In this regard, it would be the Commission’s expectation that Auckland’s local government should set high standards for itself. The Commission envisages focused, efficient, and productive local government, which ensures public spending is directed to the best possible use. This would entail funding only high-quality services, achieving value for money, and demonstrating and measuring performance in a transparent way. In the current environment, businesses and individual ratepayers do not need unjustified rates increases or overly onerous and costly regulatory compliance costs.

7.12 Strong visionary leadership is essential to the fulfilment of the necessary changes and this will need to come from both central government and the Auckland Council. The Commission refers in various places throughout this report to the importance placed on a cooperative relationship between these parties. In particular, in Chapter 14, “The Auckland Council: Key Features”, the Commission has recommended that a senior Cabinet Minister be appointed as Minister for Auckland, supported by a Cabinet committee made up of the Ministers holding budgets for significant expenditure in Auckland.⁸ A key role of the committee would be to set priorities for Government spending in Auckland and to decide the allocation of discretionary spending.

7.13 In the case of economic development it is crucial that this relationship extend beyond central and local government bodies to key organisations in business, educational institutions, not-for-profit organisations, and the creative sector. The Auckland Council should provide a hub for collaboration and co-investment involving multiple stakeholders, in both developing strategic direction for the region’s economic development and in working together on its implementation.

7.14 Given the present economic difficulties, the Commission considers that it would not be appropriate to wait until the Auckland Council is formed to begin a new era of coherent and constructive interaction between central and local government, and other sectoral

⁸ For example, the Ministers of Infrastructure, Transport, Social Development, Economic Development, Local Government, Health and Education; see Chapter 15, “The Elected Auckland Council”.

7. Economic Development

groups. There is particular urgency in areas such as preparations for the Rugby World Cup event in 2011, infrastructure (particularly broadband), creating a more business-friendly environment in New Zealand, and ensuring value-for-money public spending on economic development. The Commission recommends therefore that the Cabinet Committee for Auckland and the Minister for Auckland be appointed immediately, and that the committee work with the Establishment Board (recommended in Chapter 33, “Managing the Transition”) to prepare the ground for the Auckland Council’s work in these areas.

7.15 The Commission wishes to highlight two areas for immediate action:

- **Rugby World Cup.** The Establishment Board should review preparations already undertaken and identify further action to be taken by local government to support the success of the event and to maximise its long-term legacy benefits.
- **Broadband.** The Establishment Board should work with central government to plan for an ultra-fast broadband network for the Auckland region as outlined in Recommendations 27A and 27B, both to support the economic development of the region and to facilitate the roll-out of the Auckland Council’s unified service delivery (outlined in Chapter 32, “Achieving a High-Performance Auckland Council”).

Auckland’s economic development

7.16 Chapter 2, “Auckland Now”, identified areas in which Auckland needed to lift its performance to become a leading international city. These are summarised below:

- Actively safeguard the city’s enviable lifestyle.
- Better articulate Auckland’s identity internationally.
- Improve the quality of road, rail, electricity, and broadband infrastructure.
- Better harness the benefits of agglomeration to increase Auckland’s per capita contribution to national GDP growth.
- Continue to improve the education and skill levels of Auckland’s population.
- Improve Auckland’s levels of research and development and innovation.
- Ensure that the cost of living, especially housing affordability for lower-paid workers, does not impact negatively on the city’s quality of life or discourage workers from coming to Auckland.

- Increase efforts to foster social well-being in the face of pressures resulting from population growth, diversity, inequality, and the current economic recession.⁹

7.17 Addressing these performance gaps will require a broad-based approach to economic development. Aside from direct business and investment promotion, local government has a leadership role to play in place-shaping. High-quality amenities and infrastructure, sustainable environmental and resource management, and a well-functioning society create a lifestyle and cost structure that attracts businesses and workers.

7.18 Promoting economic development in large, diverse cities such as Auckland poses particular challenges. On the one hand there is the need to meet local, often small-scale needs – supporting main-street business organisations, enhancing skills in disadvantaged areas, or promoting a competitive advantage that might occur in a specific part or parts of the city. An example of the latter is Auckland’s boat building industry, which has clusters of specialisation in central Auckland, Waitakere, and North Shore. While their primary beneficiaries are local communities, some of these initiatives make significant contributions to regional (or even national) development, or can be scaled up to do so with the right support. On the other hand, at a regional level, cities and their businesses need to operate cohesively and with sufficient scale to compete internationally.

7.19 Both uniform strategic approaches to city-wide economic development and tailored local initiatives need to be accommodated. In terms of local governance structures to effect this, “The regional level is where top down and bottom up strategies combine to give greater effect to regional impact and competitiveness”.¹⁰

7.20 In advice received by the Commission, international cities expert Greg Clark identifies two roles for public sector organisations and local governments in promoting economic development:

- ensuring that public services that have significant impact on economic development are delivered in a very robust and effective way

These public services would include land use planning and regulation, public amenities, and the provision of infrastructure such as public transport and facilities.

Coordinating across different areas of local government activity is key. For example when developing communities, it is necessary to ensure that other issues such as transport infrastructure, commercial zoning, and location of

⁹ Central government’s 2006 Economic Transformation Agenda set a similar context for local government economic development activities, focusing on growing globally competitive firms, world-class infrastructure, innovative and productive workplaces, Auckland as an internationally competitive city, and environmental sustainability. Specific objectives for Auckland set by this agenda included transforming Auckland into a home for globally competitive and innovative firms supported by a first-class pool of skilled labour, with a reputation as one of the best places in the world to live, do business, and visit.

¹⁰ *Governance for Economic Development in Auckland*, Institute of Public Policy, AUT University, p. 3.

7. Economic Development

educational institutions are considered, so that people also have access to jobs and skills training as well as housing and amenities.

Similarly, taking economic development considerations into account in local government activity in the environmental and social areas is also important. For example, local government efforts to safeguard Auckland's natural environment and to promote a diverse society are both essential to preserving the quality of life that attracts many businesses and workers to Auckland.

Local authorities can systematically use the power of their core business to promote economic growth.

- delivering specific economic development activities and programmes in close cooperation and collaboration with the private sector and central government

These activities and programmes could include tourism planning and development, branding and promotion, support to business and investors, investment facilitation, fostering of entrepreneurship and innovation, and skills development.

Governance, meaning all levels of government working in consultation and close involvement with stakeholders in economic development, is also necessary to harness Auckland's economic potential. Business, educational institutions, and local communities all have a role to play in influencing the drivers of growth identified above. Local government must be able to represent Auckland's priorities to central government with respect to key drivers of growth, including telecommunications infrastructure and broadband, tertiary education, and security of energy supply. It can also coordinate strategic approaches and alliances between key players in the local economy. Examples include linking up universities and business to spur innovation, or facilitating cooperation between central government and social sector agencies in Auckland to address the unique needs of populations with complex and interlinked housing, health and education needs.

Current governance structures for economic development

7.21 A number of organisations, through their plans and strategies, are currently involved in delivering economic development activities in Auckland. Most have come into being since 2000 when central government policy began actively identifying and funding the role that specialised regional economies play in the national economy.

7.22 The **Auckland Regional Economic Development Strategy** ("AREDS") was established in 2002 "to elevate Auckland to global entrepreneurial city status".¹¹ Its

11 Ibid., p. 54.

primary objectives were to better connect Auckland to the world (through regional promotion activities, encouraging innovation, developing overseas markets, and supporting exports), and to build a platform for improved regional performance based on a high-quality living environment, entrepreneurial culture, skilled labour force, and high-quality, responsive local government. Its make-up was broadly based, involving the territorial authorities and economic development agencies, business, and other private sector partners.

7.23 AREDS was largely motivated by central government’s Regional Partnerships Programme, which required regions to develop strategic plans on which to base applications for economic development funding of major regional initiatives. According to research by the Auckland University of Technology, all the original major regional initiatives that came from Auckland could be seen as local rather than regional clusters (film, marine, and food and beverage). This reflected the difficulties of coordinating regional approaches in Auckland and diversity in economic development needs within the region.¹² The policy was subsequently adjusted to better align with Auckland’s needs but the underlying structural problems with local government functions and responsibilities, as outlined elsewhere in this report, continued to undermine the achievement of a regional economic development approach.

7.24 By 2006, it had become clear that more needed to be done to address key regional issues that were hampering Auckland’s economic development including

- major infrastructure shortcomings in water, energy, roads, rail, public transport, and telecommunications (broadband in particular)
- regional branding and positioning on the international stage
- the lack of a focal point for inward investment in Auckland
- the need to provide a “vehicle” for better coordination and collaboration of economic development at truly regional level
- recognising that regional initiatives could be implemented through a number of channels and/or vehicles rather than simply a reliance on the public sector.¹³

7.25 The **Metropolitan Auckland Project** (“the Metro Plan”) was convened to move AREDS from strategy to action.¹⁴ It identified a number of work streams ranging from broadband to skills development and set up well-qualified, cross-sectoral groups of experts to manage them known as the Champions for Auckland, a representative group of mainly chief executive officers of large businesses, non-governmental organisations, and the tertiary sector.¹⁵

12 Ibid., p. 53.

13 Ibid., p. 54.

14 Ibid., p. 54. It involved local government, economic development agencies, AUT University’s Institute of Policy Studies, Committee for Auckland, and the Auckland Regional Council.

15 Ibid., p. 56.

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7.26 Although the actions required are relatively well articulated, in practice dependence on voluntary collaboration between territorial authorities and various agencies of local government has resulted in limited systematic implementation in many key areas.

7.27 At regional level, a cross-sectoral committee of the Auckland Regional Council (“ARC”), the **Auckland Regional Economic Development Forum** (“AREDF”), has overall responsibility for economic development strategy.¹⁶ AREDF oversees AREDS and its implementation vehicle, the Metro Action Plan.

7.28 A regional economic development agency, **Auckland Plus**, which is part of the ARC, is directly responsible for investment promotion and is the lead organisation for some work streams of the Metro Plan including establishing a regional brand, and visitor and events strategy. In many areas, its role is primarily strategic and it relies on voluntary cooperation with the territorial authorities to ensure local implementation. Auckland Plus reports to AREDF but has its own advisory board of high-calibre business leaders who assist it in setting actions and strategic direction and maintaining partnerships with a wide range of private sector organisations.

7.29 Various groups are leading other parts of the Metro Plan, including the ARC, the Regional Sustainable Development Forum, Auckland Regional Holdings, central government agencies, and Auckland University. For example, Action 5.4.1 of the Metro Plan (identifying the next Centres of Research Excellence to be funded in Auckland) is led by the Ministry of Economic Development, Auckland City Council, and Auckland University.¹⁷ The private sector “Champions” are closely involved in some work streams such as broadband, but there is a lack of coordinated and systemic involvement of the private sector in delivery of the Metro Plan.

7.30 **Territorial authorities** also undertake their own economic development activities in line with what they see their community’s priorities to be.

7.31 Five of the territorial authorities have economic development agencies (“EDAs”) – Enterprise Franklin, Enterprising Manukau, Enterprise North Shore, Waitakere Enterprise, and Rodney Economic Development Trust. These are structured as trusts or council organisations, with mandates ranging from investment promotion to providing skills training, and undertaking direct investment in the local economy and liaison with local business groups.

7.32 Other territorial authorities manage economic development directly within council structures. Papakura District Council operates a business promotion unit and Auckland City Council has an economic development group with much of its specific economic development activity carried out on a project basis.

16 AREDF draws membership from the Auckland Regional Council, territorial authorities, economic development agencies, business, education, labour organisations, infrastructure providers, and Māori and Pacific peoples (see www.arc.govt.nz/economy).

17 The Metro Project – Action Plan Framework, Action 5.4.1 (available at www.arc.govt.nz, accessed February 2009).

7.33 These local economic development organisations focus primarily on economic development in the area of their territorial authority, but with wide variation in the resources at their disposal and the types of activities they undertake. For example, the goal of Waitakere Enterprise is to reduce from 58% to 40% the percentage of Waitakere’s workforce leaving the city each day to work elsewhere.¹⁸ Most undertake investment promotion activities such as Enterprise Manukau’s “investment champion” service, which aims to get relocating companies installed as quickly as possible by helping to identify property and establishing zoning, obtaining building and resource consents, and sourcing and training staff. Business facilitation can also be a key role. For example, Waitakere Enterprise operates a comprehensive “one-stop shop” application and approval service for any filming in a public space (including parks, roads, and beaches) in the area of Waitakere City. Other EDAs have accessed central government resources to invest in local businesses, such as Enterprise North Shore’s delivery of Foundation for Research, Science and Technology investment programmes.

7.34 Territorial authorities have also invested in various economic development projects such as Waitakere City’s 40% interest in a joint venture with private interests in a film studio, and Auckland City Council’s \$72.5 million investment in the development of Vector Arena on land leased from Ngāti Whātua o Ōrākei.

7.35 Broadly speaking, the territorial authority governance structures for economic development operate independently of each other. They are each accountable to their own territorial authority and the incentives for maximising synergies between them are weak. However, they do interact through a voluntary network, **Auckland Regional Economic Development Association** (“AREDA”), comprising the five Auckland economic development agencies in strategic partnership with AucklandPlus, AUT University, and Auckland City Council. Substantive collaboration between AREDA members is in its infancy, but the group does coordinate regional delivery of the Foundation for Research, Science and Technology’s central government programme for technology development.¹⁹

7.36 Tourism effectively sits outside this framework. **Tourism Auckland** markets the Auckland region as a tourist destination, including running five visitor centres, promoting conference and business incentive travel, and representing 130 schools, tertiary institutions, and private education providers which enrol international students in the Auckland region. It is not funded regionally, however; most of its budget comes from the Auckland City Council, Manukau City Council, and the ARC, with contributions by the private sector on a project-by-project basis. It is a charitable trust.

18 Waitakere Enterprise website at www.waitakereenterprise.co.nz/Information-Centre/About-WE (accessed February 2009).

19 TechNZ is the business investment programme of the Foundation for Research, Science and Technology, which funds business to discover and develop new technology and build skills and knowledge to carry out leading-edge research and development. Lead delivery agencies for the region are Enterprise North Shore and Enterprising Manukau (see Enterprise North Shore website at www.ens.org.nz, accessed February 2009).

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7.37 Central government agencies are involved in economic development activities at many levels of local government in Auckland. Various programmes fund activities undertaken directly by territorial authorities and the ARC.

7.38 Recently, central government has also attempted to gain a better understanding of Auckland issues and establish a closer dialogue with local government through the **Government Urban Economic Development Office** (“GUEDO”). GUEDO was originally established in 2005 as a shared policy presence in Auckland for central government agencies involved in sustainable urban and economic development of the Auckland region. Its primary role is to provide Ministers with advice about central government’s decisions and investments in Auckland. Its key functions are to develop Auckland-specific policy initiatives that will make a significant impact on Auckland and national economic growth; to manage and work with Auckland partners/stakeholders; to offer a source of intelligence about Auckland issues; and to identify the interconnections between Auckland and other cities in New Zealand and Australasia.²⁰

7.39 On the face of it, all these structures seem to provide a basis for addressing economic development at local and regional level, with links into national policy through GUEDO. In practice, however, there is no guarantee of coordinated effort to address strategic goals. AREDF, while a commendably inclusive body, lacks teeth and funding. Adherence to the Metro Plan is voluntary, and there is no one body responsible for managing its implementation. Nor is there a hierarchical or directive relationship between AREDF and Auckland Plus and the various local development agencies funded by territorial authorities, or much incentive for local agencies to cooperate between themselves. Tourism sits to one side, funded by some but not all territorial authorities.

7.40 The Commission considers it is essential to have governance structures that can preserve and enhance the local economic development activity that provides the foundation of Auckland’s prosperity while minimising the fragmentation that currently undercuts the region’s ability to perform nationally and internationally as an effective city-region. These issues are developed further in the next section of this chapter.

What needs to change

Developing an internationally competitive city-region

7.41 To be effective, local government’s economic development activities need to be shaped by the economic realities on the ground. The territorial authorities or their EDAs operate programmes targeted to the skills, business needs, and opportunities in the areas they cover. Cross-regional economic requirements such as ongoing calls by

²⁰ GUEDO’s membership includes the Ministry of Economic Development, Ministry for the Environment, Ministry of Transport, Ministry of Agriculture and Forestry, Department of Labour, Department of Internal Affairs, Department of Prime Minister and Cabinet, Treasury, and the State Services Commission. Representatives of the first six agencies listed are permanently located in the Auckland office (see Ministry of Economic Development website at www.med.govt.nz, accessed February 2009).

business for a rail link from the central business district to the airport, economic relations with other regions of New Zealand, and the economic development needs of the Auckland region as a whole are not well served, however.

7.42 Economic activity occurs across territorial authority boundaries. The consequences of this in terms of the need for coordinated economic development activities are not always appreciated by individual local authorities. As a pan-regional, cross-sectoral body, AREDF should be well placed to take the overview that can marry national policy with local and regional priorities. Yet its authority rests on voluntary agreement of those involved, and as identified in research by AUT University it “has no direct control over budgets or resources”.²¹

7.43 In the Commission’s view, this situation seriously undermines Auckland’s ability to marshal resources and concentrate the efforts of the region’s government, business, and communities to compete and operate as a highly successful international city. The consequences can be seen in the following examples:

- the Auckland brand
- the regional visitor strategy
- the Rugby World Cup
- key regional assets
- regulatory impediments
- infrastructure.

Auckland brand

7.44 As outlined in Chapter 1, “Why Auckland Matters”, successful cities have a strong and consistent image and identity both internationally and in the minds of their residents; for example, New York is the Big Apple, Paris is the City of Love. The Commission notes the example of Wellington’s “Absolutely Positively Wellington” brand in dramatically transforming how that city is seen. Its image has changed from being a somewhat staid, windy national capital dominated by public servants to a vibrant, creative community with a thriving arts scene, and a great nightlife, public architecture, and amenities.

7.45 In 2008, Auckland Plus led the development of a brand for Auckland, which involved the territorial authorities and local EDAs and was underpinned by considerable local and international research. The brand is accompanied by an implementation strategy, much of which is dependent on the territorial authorities and EDAs for delivery. The fact that local councils can directly promote and independently brand individual parts of Auckland in an uncoordinated way undercuts any regional brand. An example is the “Welcome to Manukau” sign outside Auckland International Airport – confusing to international visitors who thought they were arriving in Auckland! To be effective in creating an international reputation for Auckland, the regional brand needs to be used consistently in all contexts

²¹ *Governance for Economic Development in Auckland*, Institute of Public Policy, AUT University, p. 58.

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where Auckland interacts outside New Zealand – under the current structures there is no guarantee this will happen.

Regional visitor strategy

7.46 “Bringing the World to Auckland”, a widely consulted strategy for the visitor economy, was developed in close cooperation with the tourism industry and released in 2007 by Auckland Plus.²²

7.47 A significant portion of the report and its recommendations related to correcting structural problems with local government’s visitor promotion work – namely, improving coordination between territorial authorities and regional local government, the establishment of a regional tourism agency, and gaining agreement between central government and the various parts of Auckland’s local government on a long-term, public sector investment programme for the visitor economy. These issues are consequences of the lack of regional focus and intra-regional rivalry between territorial authorities identified in Chapter 11, “Defining the Problems”. Implementation of the substantive aspects of the strategy such as developing a portfolio of attractors to the region including conferences and major attractions, major events, hinterland precincts and signature experiences, has been hampered to large degree by the inability to address these structural problems.

Rugby World Cup

7.48 Cities clamour to host major international sporting events, largely for the long-term legacy benefits that accrue from them. Legacy benefits identified by the International Rugby Board from hosting Rugby World Cup events in 2011 include

- infrastructure development to service the event enhancing the quality of the city longer term (in Auckland’s case, this includes proposals to electrify parts of the rail network to improve transport links to Eden Park)
- increased revenue from tourism, trade, and foreign investment, demand for goods and services, and employment creation associated with the event
- raising the host nation’s international profile, which can be used as a basis for tourism, export, and investment promotion campaigns
- increased participation in sport with medium- to long-term health benefits for the population
- the boost to national pride and unity that often comes from the “feel-good factor” of hosting a major event.²³

22 *Bringing the World to Auckland*, Auckland Plus, November 2007 (available at www.aucklandplus.com, accessed February 2009).

23 *Potential Economic Impact of the Rugby World Cup on a Host Nation*, Deloitte report for the International Rugby Board, September 2008, pp. 6–7.

7.49 A recent report to the London Assembly discussed strategy for achieving such legacies from the 2012 Olympic Games, and reviewed outcomes from the Barcelona, Atlanta, Sydney, and Athens Olympics.²⁴ As a result of the 2000 Olympics, Sydney achieved significant infrastructure development (including a centralised intelligent traffic-management system),²⁵ business relocation, and improved international status, with the tourism economy receiving a major boost owing to an extensive rebranding exercise. Of particular interest to the Royal Commission, in the context of its efforts to promote integrated regional governance, was the assertion by the former chief executive of the organising committee for the Sydney Games that a key requirement of success was the ability to forge alliances to get the job done.²⁶ For example, the police and traffic management authorities had to work together to manage huge traffic flows, and those organisations valued the development of ongoing relationships as their greatest legacy from the 2000 Olympics.

7.50 The 2000 and 2003 America's Cup defences drove the redevelopment of the Viaduct Basin area and were estimated to have generated around \$472 million for the Auckland economy.²⁷ The 2011 Rugby World Cup is predicted to generate \$500 million in additional GDP, of which almost half will go into the Auckland economy.²⁸

7.51 Although an Auckland regional Rugby World Cup steering group is in place involving the key local government agencies, stadiums, and rugby unions, the Commission is of the view that publicly stated outcomes and objectives for the group, strong regional political leadership to drive them, and relationships with central government and the private sector will be essential for the event's success. As outlined in Chapter 11, the inability to agree on a regional response to the central government offer of stadium funding was an early indicator that Auckland's handling of the Rugby World Cup needs urgent attention if the city is to gain maximum benefit from the event.

7.52 The Commission contrasts this with London's preparations for the 2012 Olympics, where the Mayor is taking a highly proactive role, committing in 2008 to securing legacies ranging from employment to urban redevelopment, appointing a specialist board of advisers to assist him, and examining options for innovative partnerships to secure development and investment (in particular from the private sector) in high-quality regeneration in and around the Olympic Park. The Mayor also chairs the Board of Transport for London, which is developing the light rail network to meet the needs of the Olympic Games.

24 *A Lasting Legacy for London? Assessing the legacy of the Olympic Games and Paralympic Games*, Report to the London Assembly, May 2007, pp. 1-2 (available at www.london.gov.uk/assembly/reports, accessed February 2009).

25 "Secrets of Sydney 2000", 15 March 2004, *Beijing This Month*, p. 3 (available at www.btmbeijing.com, accessed February 2009).

26 *Ibid.*, pp. 4-5.

27 *Comparison of America's Cup Economic Impacts 2000 - 2003*, Market Economics Ltd, 17 October 2003, p. 3 (available at www.tourismresearch.govt.nz, accessed February 2009).

28 "Briefing for the Incoming Minister 2008: Rugby World Cup", Ministry of Economic Development, November 2008, p. 3 (available at <http://beehive.govt.nz>, accessed February 2009).

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Key regional assets

7.53 The Commission is concerned that Auckland is not managing or developing the city centre and the waterfront in a coordinated or strategic way. Despite the importance of these areas in terms of land value, tourism, volume of economic activity, location of key infrastructure (Ports of Auckland, Britomart) and livability/attractions for workers and businesses, they are often subject to ad hoc, disjointed decision making by various bodies and stakeholders.

7.54 The Commission's recommendations for the city centre and waterfront are outlined in Chapter 17, "City Centre and Waterfront", and its views on the waterfront are outlined below.

7.55 Internationally successful waterfront developments have added significant social, economic, and environmental value to their communities. Despite natural advantages in terms of accessibility and beauty, Auckland's waterfront is not being managed to its full potential.

7.56 Analysis submitted by the Committee for Auckland suggests that successful developments have occurred, but in isolation – in response to the need to be ready for specific events (the Viaduct Harbour for the America's Cup) or where there is single-party ownership and control (for commercial projects such as the Bluewater urban renewal project at Britomart).²⁹

7.57 Less successful outcomes include the lack of forward planning for a major regional stadium and/or an international conference centre, lack of development of the Old Railway Station and Quay Park precinct, and the lack of planned, clear transport corridors and allied infrastructure. These are characterised by a multiplicity of mandated entities, lack of connection between each part of the waterfront, the high level of political and popular interest not matched by momentum, and the absence of an agreed long-term plan resulting in stop/start investment direction as politicians and owners change.

7.58 The Commission agrees with the Committee for Auckland that the following elements are required for a successful waterfront development:

- a viable governance and funding model with clarity around ownership and roles
- a long-term plan with clear accountabilities for delivery
- strong leadership and a visible champion
- a consensus among stakeholders that change is needed and desirable.

Some cities, such as Melbourne, have used development authorities vested with full planning and development management powers to achieve these objectives.

²⁹ *The Auckland Waterfront Case Study*, Committee for Auckland, in a report and submission to the Royal Commission on Auckland's Governance (available at www.royalcommission.govt.nz).

7.59 Auckland’s stadiums are another key asset that could be better managed. Although Auckland’s territorial authorities have worked successfully with the private and philanthropic sectors to build five stadiums/arenas, there is no focus on a system or network of facilities across Auckland. As a result, Auckland’s ability to cater for major events has been found wanting. The Commission sees a need for stadiums to be managed at a regional level with clear regional powers and accountability for decision making on major event and visit facilities. This should include the development of a clear plan and a funding strategy.

Regulatory impediments

7.60 Planning costs, delays, and duplication resulting from local government consent processes were identified by many submitters as a constraint on economic activity. At a practical level, a number of submitters expressed frustration at the impact the current planning processes had on business, particularly those operating across different parts of the city with differing planning rules. The Auckland Regional Economic Development Association outlined its concern as follows:

Consents are needed from different Councils for the same activity (for example an ARC Resource Consent for earthworks and a Local Authority building consent to build a property at the same site). This does not provide for a coordinated and consistent decision making process.

The rules change for local authorities – this can happen on two sides of the same street in instances where city borders cut through a street.

Consents are delayed for long periods of time causing significant opportunity costs ...³⁰

7.61 Although the streamlined Auckland Council (described in Chapter 14) with its single district plan will address many of these issues directly, the Commission wants Auckland’s local government to place priority on ensuring that its regulatory processes, decisions, and operations fulfil their objectives with the least obstruction to economic activity, and where possible on facilitating the city’s growth and productivity. For example, as outlined in Chapter 27, “Information and Communications Technology”, local government can reduce the costs of cable installation by coordinating timing with scheduled road works.

Infrastructure

7.62 Problems with regional coordination of infrastructure priorities are outlined in other parts of the report. But it is worth highlighting that the lack of strong links between councils undermines the ability to work as a region when it is advantageous to do so for economic development purposes. For example, with the improvement of broadband services, the Auckland Broadband Regional Initiative (under the auspices of AREDF) is trying to maximise the scale and other advantages of taking a regional approach, yet the territorial authorities are continuing to act autonomously in implementing broadband

30 Submission to the Royal Commission on Auckland’s Governance from Auckland Regional Economic Development Association, p. 9. (All submissions are available at www.royalcommission.govt.nz.)

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initiatives. Compare this with the Wellington region where territorial authorities have partnered to apply for Broadband Challenge funding from central government.

7.63 The Commission notes the example of Seattle’s regional planning body, the Puget Sound Regional Council, which has taken a “conjunctive” approach producing interlinked plans for transport, land use, and economic growth. The Executive Director of the Puget Sound Regional Council has commented that he felt this should also be done at a structural level, with a single regional agency replacing a multitude of implementing bodies and taking responsibility for decision making on all these issues.

Building on local economic development

7.64 The distinctiveness of different communities in Auckland is an asset in terms of economic development, offering scope for developing the regional economy on the back of local specialisations and comparative advantages. In the words of Enterprise Franklin’s submission, the role of local economic development is

one to one work with businesses (such as business support services, business retention and expansion programmes, training and advice etc), endogenous development opportunities (such as building on natural, cultural and social capital inherent in the locality to provide economic opportunity), working with communities to mitigate structural problems within, and improve access to, the labour market and local economies, making the necessary local business connections to embed exogenous investment in local economies, building and supporting clusters, supply chains, local innovation with global opportunity or significance, entrepreneurship and so on.³¹

7.65 The Commission has no argument with this. But given the current fragmentation of economic development governance outlined above, it is unclear whether Auckland’s economic development activities are being carried out in the most cost-effective way. AREDA members deliver \$10 million of economic development activities to the Auckland region and further funds are spent directly by councils or through their council-controlled organisations as outlined above.³² In the current economic climate, Aucklanders must have confidence that this money is well spent.

7.66 Activities may be duplicated and compete intra-regionally, leading to reallocation of existing resources rather than creation of new business opportunities. Also, local economic development programmes could be delivered more efficiently and effectively by cooperating, for example sharing skilled staff and best-practice information or undertaking joint activities.

7.67 Following large expenditure (and in some cases large losses) by local authorities on economic development activities, the Auditor-General in 2002 reviewed local authority

³¹ Submission to the Royal Commission on Auckland’s Governance from Enterprise Franklin, p. 9.

³² Submission to the Royal Commission on Auckland’s Governance from Auckland Regional Economic Development Association, p. 1.

involvement in economic development activities throughout New Zealand.³³ The Auditor-General's report highlighted the need for careful management of the risks, particularly with projects that used large sums of public money for investment or service provision. The Commission recommends that the Establishment Board review whether the existing local economic development programmes are delivering value for money. The outcomes provide a basis for considering how economic development activities might best be delivered at local level.

7.68 The Commission considers it essential to build on the strengths of existing local EDAs and economic development programmes, knowledge of local economies and links to local businesses, and the ability to foster small businesses and innovations at local level and then scale up. However, it also sees a need for much greater coordination between them, a closer assessment of the effectiveness of local programmes, and a stronger overlay of regional priorities. Obviously, the economic development priorities and needs in semi-rural Franklin will differ considerably from those in central Auckland and these must be addressed. But there is a need to build clearly identified local needs into a strategy that will also benefit the region as a whole.

7.69 Some territorial authorities have been effective in translating regional economic development strategy to the local level, incorporating broader objectives such as sustainability and infrastructure development alongside more specific, localised economic development activities. As an example, Waitakere City Council has developed a complex that combines a transport hub, council offices, and council chamber in central Henderson. Designed to showcase modern sustainable architecture and engineering, the complex is also intended to revitalise downtown Henderson by moving nearly 700 council staff and 50,000 visitors into the area and providing efficient public transport links to get them there.

7.70 In other instances economic development activities are not well integrated with social and environmental activities. For example, the Commission was told that the Talbot Park community renewal project in Glen Innes undertaken by the Auckland City Council and central government agencies, although well designed in terms of social and environmental criteria, was less successful in addressing the residents' employment needs (specifically the need to involve local employers and businesses in developing the area's economy and job opportunities for its residents).

Partnerships with central government, business, education, and not-for-profit agencies

7.71 As identified in Chapter 15, "The Elected Auckland Council", partnerships between government and other sectors are an important aspect of effective governance. This is even more true of economic governance, where local government facilitates rather

33 *Local Authority Involvement in Economic Development Initiatives: Choices for Successful Management*, Report of the Controller and Auditor-General, August 2002 (available at www.oag.govt.nz/2002, accessed February 2009).

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than causes economic growth. A report done for AREDA on governance for economic development in Auckland noted,

initiatives at a [middle] level between local and national are necessary to help bring otherwise disparate efforts closer together, and make best use of resources and assets ... co-ordination and collaboration is required vertically between different spheres of government, horizontally between neighbouring municipalities, and between urban and rural initiatives, and organisationally between public, private and NGO [non-governmental organisation] sectors.³⁴

7.72 The focus for central government's policy and funding for economic development is at regional level. As outlined in the Regional Economic Development Policy Update of August 2008,

Government's regional economic development policy encourages broad-based economic development strategies at the regional level. Projects, investigative studies, business case development and other actions that are part of implementing the strategy can be focused at the regional, 'sub-regional' or local level.³⁵

7.73 Auckland's current economic development structures are not set up to deliver this. Territorial authorities have no requirement to implement AREDS or align their activities with regional priorities. In fact, territorial authorities can apply directly for central government funding, undercutting a regional approach altogether as has happened in the case of broadband. Despite the significance to Auckland (and to New Zealand as a whole) of implementing fast broadband in Auckland, central government funds have not been earmarked for Auckland. The Commission considers that a strong regional development agency will be well placed to identify Auckland's regional economic needs and negotiate funding with central government agencies. It would also have the ability to play a clearing-house role, identifying sources of central government funding to promote local-level development.

7.74 Central government's recognition of the Auckland region as a key component of its economic development policy, the establishment of the GUEDO office and the active role it plays in a variety of regional forums, are evidence of the importance with which it views Auckland. Chapter 25, "Transport", discusses the case for joint decision making on transport, a key infrastructure asset for Auckland's economic development. As noted earlier, the Commission considers that there is also a need for high-level partnership between central and local government on economic development issues. The Cabinet Committee for Auckland would interact with the Economic Committee of the Auckland Council, and the chief executive of the regional economic development agency (proposed and described above) would interact with the CEOs of the Government departments involved in regional economic development.

34 *Governance for Economic Development in Auckland*, Institute of Public Policy, AUT University, p. 24.

35 *Regional Economic Development Policy Update – August 2008*, Ministry of Economic Development and New Zealand Trade and Enterprise, p. 1 (available at www.med.govt.nz accessed February 2009).

7.75 Links to the private sector provide information on business priorities and plans and, potentially, opportunities to partner on projects such as infrastructure development. Also, relations with educational institutions are important for supporting innovation and skills development. An example of this is the New Zealand Innovation Centre project announced in 2008. Central government has pledged \$25 million and Auckland City Council has earmarked \$20 million worth of land for the New Zealand Innovation Centre at the University of Auckland's Tamaki Campus. The centre's aim is to create a cluster of companies and support organisations that will foster growth of high-tech research and development companies.

7.76 Various mechanisms can be used to promote partnerships with groups outside government. EDAs operate as the cog between the public and private sectors, and play a particular role in bringing the two together to address market failures or build capacity in the local economy. They also play a role in forming new partnerships and institutions that bridge sectors (whether public, private, or not-for-profit sector) to take on particular developments.³⁶ Other options include "made for purpose" organisations such as development authorities or PPPs for particular projects.

Proposed structures

7.77 The proposed Auckland Council with its strategic focus and streamlined structure will be better placed to address many of the key economic development issues facing Auckland, such as coordinating key regional functions like transport and simplifying planning and consent processes (as outlined in Chapter 12, "Guiding Principles for Shaping Auckland Governance"). This section outlines particular structures for governing economic development.

7.78 The proposed local government structures for economic development should provide for

- effective collaboration between public (local and central government), private, and not-for-profit sectors to develop an integrated economic development strategy, specific to Auckland's needs at regional and local level
- the best of both local initiatives and a regional approach for issues with region-wide impact
- delivery mechanisms with funding and a mandate to implement
- the ability and authority to marshal resources behind transformative projects such as the Rugby World Cup, which have the potential to deliver multiple economic development outcomes (improved transport and sporting facilities, for example) that provide a long-term legacy, and the opportunity to position

36 *Governance for Economic Development in Auckland*, Institute of Public Policy, AUT University, p. 26.

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Auckland on the international stage with long-term benefits for tourism and other sectors

- structures that can effectively partner with the private sector to deliver key economic development projects in a transparent and cost-effective way (for example, stadiums)
- alignment with central government policy and funding for economic development that is targeted at the regional level
- clear focus on the objectives of specific economic development projects (some projects are of major national and international importance, others are important in promoting employment/social well-being at local level).

7.79 The Commission envisages planning and structures for economic development that will mirror those of the Auckland Council. A regional economic development agency will undertake economic development activities at the regional level, while at the local level staff of the agency will work in conjunction with the local councils to implement programmes tailored to the needs of local communities.

Regional economic development plan

7.80 The Commission recommends that one clear regional plan with an associated funding plan and implementation mechanisms be developed for Auckland's economic development. It would be developed in conjunction with, but will be subsidiary to, the regional spatial plan outlined in Chapter 24, "Planning for Auckland".

7.81 Lack of such a comprehensive plan currently hampers Auckland's ability to represent its interests and engage the various stakeholders (central government, business, and the public) and ultimately capture their support. In particular, this will illuminate the contribution that the city makes to the wider New Zealand economy and facilitate a new level of agreement between local and central government on how Auckland can best be supported. AREDS and the Metro Plan should provide the starting point for developing this plan.

7.82 The plan needs to be comprehensive and integrated, addressing all the long-term issues that will improve the way Auckland functions to support

- economic growth – that is the fundamental drivers of growth such as skills, innovation, enterprise, and employment rates
- contextual factors such as infrastructure and connectivity, the quality of housing amenities, the performance of local government service delivery, the operational environment for business, and the broader quality of life.

7.83 The plan's overall aim should be to support regional economic development objectives, local specialisation where appropriate, cross-boundary economic geography, and Auckland's international competitiveness.

7.84 The Commission intends that the regional economic development agency will develop the plan for consideration by the Economic Development and Tourism Committee of the Auckland Council (both structures are described below) and approval by the Auckland Council.

Regional economic development agency

7.85 The Commission recommends that a regional economic development agency be established within the structure of the Auckland Council. The Economic Development and Tourism Committee of the Auckland Council will manage the work of the regional economic development agency, including that of the local EDAs described below.

7.86 The agency will be responsible for developing the regional economic development plan for consideration by the Economic Development and Tourism Committee of the Auckland Council. It will also implement the regional economic development plan, including sub-regional plans for local implementation developed in consultation with local EDAs.

7.87 The Commission recommends that a high-level advisory board be appointed comprising representatives of central government, the local councils, business, education, and not-for-profit organisations. It would be available to work with both the Economic Development and Tourism Committee of the Auckland Council to assist with developing strategy, and with the regional economic development agency to assist with implementation.

7.88 The Commission notes that this type of cross-sectoral approach was successfully undertaken in developing AREDS and Metro Plan, as outlined above. It sees merit in embedding a cross-sectoral partnership arrangement into the Auckland Council, not only to assist in developing a regional economic development plan that accurately represents the region's economic development needs and marries them with national priorities, but also to facilitate ongoing, cross-sectoral cooperation and collaboration in carrying out the Auckland Council's economic development activities.

7.89 The functions of the regional economic development agency will include

- promoting regional and local economic development
- integrating economic development priorities across council activities
- interacting with central government
- partnering with the private sector and non-governmental organisations
- undertaking research.

Promoting regional and local economic development

7.90 The regional economic development agency will resource, coordinate, and drive business development programmes at regional level, including delegating implementation

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to local economic development agencies to meet local needs as required. This will include facilitating and coordinating successful local innovations and initiatives and expanding them to a regional level if appropriate.

7.91 The agency will ensure the sub-regional components of the Auckland economy are understood and supported, for example identifying the patterns of industry, employment, and residential clustering occurring in the city and advocating for the required links between them, such as transport access. Similarly the agency will hold responsibility within the Auckland Council for economic relations with other regions of New Zealand where cross-boundary economic issues arise.

Integrating economic development priorities across council activities

7.92 The regional economic development agency would hold a mandate to integrate economic development priorities into other areas of local government activity, such as infrastructure development, land use planning, consent processes, environmental management, culture and recreation, and social issues. This will involve close coordination with and providing strategic input to the relevant functional areas of the Auckland Council and the entities that manage transportation services, urban development, city centre and waterfront development, and major events facilities.

7.93 As a long-term undertaking to be shared between the public and private sectors with the involvement of all levels of government, the agency will compile an inventory of regional economic assets and develop an investment and management plan for them.

Interacting with central government

7.94 The regional economic development agency will support the Economic Development and Tourism Committee's advocacy to central government on Auckland's economic development needs.

7.95 This would include working with central government agencies operating in Auckland and businesses in order to address cross-cutting issues related to economic development (for example, low-cost housing for low-income workers in areas of high employment, innovation centres).

7.96 The regional economic development agency will also play an important role in coordinating Auckland's access to the wide range of sources of regional economic development funding available from different Government departments, which are currently accessed by some but not all local EDAs.

7.97 The agency will also develop Auckland's regional positions on central government policy in areas that directly affect Auckland and its economic development, such as immigration and tax.

Partnering with the private sector and non-governmental organisations

7.98 The regional economic development agency will be responsible for building partnerships with the private sector to both develop and implement economic development initiatives. It will also liaise with non-governmental organisations that

contribute to economic development such as the Committee for Auckland. The agency would also have the ability to recommend to Auckland Council the establishment of special-purpose entities to manage and engage with the private sector on projects such as the Rugby World Cup.

Undertaking research

7.99 In the longer term, the regional economic development agency would undertake research and data collection to underpin Auckland's economic development policy, including skills needs across the region, regional export and import breakdowns, inward and outward foreign direct investment sources and destinations, regional services, trade, and regional weightless economy (economic activity not involving transaction of a physical product).

7.100 The specific programmes of the regional economic development agency will include

- international investment promotion
- industry sector development
- visitor promotion
- regional branding
- broadband (facilitation of broadband infrastructure development, demand aggregation and analysis across the region, advocacy of Auckland's requirements to central government and, depending on Government policy, implementation with the private sector of required infrastructure – Chapter 27 provides more detail)
- major strategic and practical involvement in catalyst projects such as the Rugby World Cup, to ensure that legacy benefits are realised
- skills development, monitoring, and advocacy.

7.101 To be effective, the regional economic development agency will need a dedicated and consistent funding base. The Commission envisages that it will take an innovative approach to developing long-term funding relationships wherever possible, drawing funds from the regional budget, central government economic development programmes, and the private sector on specific projects (for example, joint tourism promotion).

7.102 The Commission envisages that while the regional economic development agency will be effective in obtaining funding and assembling resources, much of this will in practice be devolved to local EDAs to fund implementation.

Local economic development agencies

7.103 The Commission envisages that local EDAs will report to and be funded by the regional economic development agency. They will be obliged to cooperate and coordinate where it provides more efficient and cost-effective service delivery. Where appropriate,

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and taking into account the proposed review of the activities of Auckland's local economic development activity outlined above, existing EDAs may be retained in order to maintain existing expertise and contacts. Local EDAs will be advised by a local advisory board comprising representatives from the regional economic development agency, local councils, business, education, and other groups.

7.104 At the local level the functions will be

- identification and support of local economic development opportunities with the potential to provide a “public good” return on investment at the local, regional, or national levels
- liaison and partnership with local businesses and communities to identify and deliver on local economic development needs, as delegated under the regional economic development plan
- responsibility for local-level delivery of services such as
 - skills development and education
 - business growth support (training, advice, networks, connection to capital).

7.105 Although the Commission emphasises the importance of establishing a regional economic development agency, it remains essential that local development needs also receive attention. Reflecting this, the Commission envisages that

- local EDAs should have a mandate to develop sub-regional local implementation plans in accordance with the regional economic development plan and provide input on local economic needs and priorities to inform regional strategic planning
- local EDAs should receive a dedicated annual budget from the Auckland Council with delegated authority over spending on the activities outlined in their sub-regional local implementation plans. It is envisaged that local EDAs would leverage off this funding to partner with local businesses or other groups for specific projects, within the context of the regional economic development plan.

Recommendations

Auckland needs governance structures for economic development capable of working effectively with central government to address major regional issues as well as meeting the localised needs of Auckland's communities and businesses.

- 7A** A partnership should be developed between central government and Auckland's local government to address the region's long-term economic development and to formulate immediate responses to the current economic conditions.
- 7B** The Auckland Council should adopt a comprehensive regional economic development plan and an associated funding plan.
- 7C** The Auckland Council should establish
- a) a regional economic development agency within the Auckland Council with functions and activities outlined in Chapter 7
 - b) local economic development agencies reporting to the regional economic development agency (existing economic development agencies may be retained where appropriate)
 - c) a high-level, regional cross-sectoral advisory board comprising representatives of central government, local councils, business, education, and not-for-profit organisations.
- 7D** The regional economic development agency should take an innovative approach to developing long-term funding relationships, drawing funding from the regional budget, central government economic development programmes, and the private sector on specific projects.

Transition

- 7E** The Cabinet Committee and Minister for Auckland should begin work immediately with the Establishment Board to lay the ground for the Auckland Council's work in priority areas, including the Rugby World Cup 2011 and broadband.³⁷
- 7F** As a basis for future decision making by the Auckland Council, the Establishment Board should review whether existing local economic development programmes are delivering value for money.

³⁷ See Recommendations 15K on Minister and Cabinet Committee, and 33B on the Establishment Board.

8. Environment, Urban Design, and Heritage

8.1 The environment, using that word in its broadest sense, is a crucial determinant of the attractiveness of the city as a place in which to live, work, or to visit. Richard Florida, Professor of Business and Creativity at the University of Toronto, says that what matters is quality of place. He says in relation to that phrase

I define it as the intersection of three key elements of our cities: what's there (the natural and built environments); who's there (the people); and what's going on (what people are doing, our relationship with the natural and built environments).¹

He says, and the Commission agrees, that the aesthetic dimension – the beauty of a place – is critical to having the deepest hold on people. This “hold” is important because it makes cities liveable, healthy, attractive places and has a positive effect on economic and social well-being.

8.2 Richard Florida's broad “socio-physical” system definition embracing the natural, built, and social environments is entirely consistent with the Resource Management Act's definition of the “environment”² and “sustainable management of natural resources”, as well as the 2002 Local Government Act's notions of “well-being”,³ and sustainable development of communities. Such a systemic approach requires a city to understand the connections between its people, the environment, and desired social outcomes. It requires government to address the quality of the urban environment and the quality of life in an integrated way.

8.3 Auckland is uniquely placed to capitalise on this planning ethos. Placed fifth out of 215 cities in the Mercer's quality of living survey,⁴ Auckland undoubtedly has an enviable quality of life and environment. The challenge is for Auckland and its communities to achieve planning outcomes that support Auckland's future liveability and sustainability.

8.4 This chapter addresses the natural and built environments of Auckland. Thus it addresses just one of the four important components of a sustainable city. The other components – economic development, social well-being, and culture and diversity – are addressed in separate chapters, but it is important to appreciate that none of these aspects stands on its own. They are all interrelated and work together to produce the city that this Commission sees as its vision for Auckland. These components can be in tension with each other. Economic growth can threaten environmental values. Concern for

1 Florida, Richard, “Thinking Cities – The world: How cities renew”, *Monocle*, Vol. 2, Issue 15, July/August 2008, p. 059. (Richard Florida is Director of the Martin Prosperity Institute and Professor of Business and Creativity at the Rotman School of Management, University of Toronto.)

2 Resource Management Act 1991, Part 1, section 2.

3 Local Government Act 2002, section 10(b).

4 Mercer's 2008 Quality of Living Survey highlights (available at www.mercer.com/, accessed 29 January 2009).

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the environment can lead to limits on economic growth that reduce the creation of jobs. These tensions must be managed.

8.5 Historically, Auckland's harbours with their fisheries, and its land form with volcanoes providing pa⁵ sites which could be protected against attack, made the Auckland isthmus an attractive place for Māori, an attraction reflected in the name Tāmaki-makau-rau – a place desired by many because of its rich resources and accessibility. Another traditional name for the Auckland isthmus is Tāmaki Herenga Waka – Tāmaki the resting place of many waka⁶ – reflecting the fact that many waka when arriving at this country, passed or stayed for a time on the Auckland isthmus. The richness of the land and its accessibility from the sea provided attractions as well to the early Pākehā⁷ settlers, with the consequence that Auckland became for a short time New Zealand's capital, and has certainly been its largest city for the past 100 years or so. The physical beauty and form of the land and its harbours have always been a major attraction to settlers. Unfortunately the built form has not always reflected the beauty of the natural environment, an issue that has attracted attention from a number of submitters to the Commission. The natural beauty and the quality of the water has been compromised by development. The realisation that this is so is increasingly the subject of programmes directed to protect and restore the natural heritage.

8.6 Throughout the Commission's hearings, and even though the subject was not specifically referred to in the questions posed in the *Call for Submissions* document, many submitters reinforced the importance of environmental, urban, and heritage values in developing a leading city. The love of Aucklanders for their physical environment came as no surprise to the Commission. Its physical environment is what makes Auckland unique and is the feature that results in Auckland being near the top of lists of cities with high "liveability". The harbour and its islands, with their opportunities for recreation of many different kinds, the wild west coast beaches, and the pohutukawa-fringed east coast beaches, together with the Waitakere Ranges and Auckland's volcanic cones, are much valued both by residents and visitors.

8.7 What the Commission was told by submitters is mirrored in survey results over the years that have gauged the attitudes of Aucklanders to the environment and what it is they value about their city. Comprehensive research undertaken in the late 1990s by the Auckland Regional Growth Forum found that employment opportunities, and the buzz of the big city and its surrounding environment – beaches, parks, trees, the weather, and open spaces – were Auckland's most popular assets.⁸

8.8 In a 2003 National Research Bureau poll carried out for the Auckland University of Technology covering 400 respondents in Auckland, several questions were asked concerning the environment. The majority of respondents (75%) considered Auckland's

5 Pa – stockade, fortified place.

6 Waka – traditional Māori canoe.

7 Pākehā – of European descent.

8 Regional Growth Forum, *Summary of Consultation Processes: The View of Stakeholders and the Public*, June 1998, pp. 8–9.

natural environment to be good or very good, although there was widespread concern about specific environmental issues in Auckland. Of respondents, 45% saw water pollution in harbours and 40% water pollution in rivers as problems, with smaller groupings (of 20–25%) seeing air pollution or noise pollution, or the loss of wetlands or natural areas, as problems.⁹ A very large majority of some 70% had no difficulty in agreeing with the proposition that preserving farmland will improve the quality of life of future generations. In submissions to the Commission, a number of people expressed concern about the fragmentation of farmland in the Auckland region.

8.9 The Auckland Regional Council (“ARC”) undertook a further survey in 2006–07.¹⁰ It showed that little had changed. Of Aucklanders surveyed, 71% said that the region was a good or great place to live. High proportions of people were satisfied with access to parks and open spaces and the look and feel of their neighbourhood. Reflecting the priority placed on Auckland’s environment, 73% were either concerned or very concerned about the general environment, specifically air pollution from traffic and water pollution.¹¹

8.10 The following conclusions can be drawn. First, Aucklanders are very positive about their natural environment. As noted above, it is what gives Auckland its distinct identity and makes it a great place to live. This is tempered, however, with a considerable degree of concern about specific environmental issues. The Commission’s task has been to consider how well current governance arrangements are enabling Auckland to protect, and at the same time make the most of, our physical environment. The Commission also addresses the built environment in this chapter, under the headings of “Urban design and architecture” and “Heritage”.

8.11 In considering governance, the Commission has focused primarily in this chapter on local government arrangements. It acknowledges the important work done by the numerous groups of volunteers – Auckland Volcanic Cones Society, Friends of Maungawhau, Supporters of Tiritiri Matangi, the many restoration groups concerned with places such as Motutapu, Tawharanui, Little Barrier Island, Project Twin Streams in Waitakere, and others – and also professional groups such as the New Zealand Institute of Architects, which work so hard and so tirelessly to care for and improve the environment we enjoy. Groups such as those mentioned above, not only work on physical projects but also undertake fundraising events. The Tawharanui Open Sanctuary Society, for example, played a major part in raising funds for the pest control fence, which has enabled a substantial part of the Tawharanui Regional Park to become a mainland island. Governance is about engaging a broad range of actors in a collective endeavour, in this case by encouraging local initiatives and involvement by the community in the protection and enhancement of the environment. The Commission’s recommendation that the local councils in the second tier of the proposed governance structures should have as their

9 Crothers, Charles, “Aucklanders Attitudes to Auckland Study”, School of Social Sciences, Auckland University of Technology, October 2003, p. 4.

10 Auckland Regional Council, “Environmental Awareness Survey, 2006/07, Final Report”, August 2007.

11 Ibid., p. 2.

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focus making their areas more liveable should enable community needs to be identified. Community groups are encouraged to assist with the resolution of those needs.

The physical environment

8.12 Some of the concerns expressed by Aucklanders and recorded above, are reflected in comments by the Ministry for the Environment in discussions with the Commission. The ministry noted that the main pollution problem in Auckland comes from vehicles – both as air pollution and from contaminants getting into waterways. Runoff of land-based sediment is another concern, but industrial pollution is not a major issue. The ministry considers that Watercare Services is doing a good job in relation to wastewater treatment. Traditionally Auckland city has had a problem with pollution of the harbours from overflow of pipes carrying both stormwater and sewage. This problem is well recognised and is being fixed. It is the ministry’s view, however, that treatment of the runoff from roads will be needed in the future.

8.13 The Ministry for the Environment points to a lack of alignment between governance and responsibilities in some respects. Most air pollution comes from vehicles, but the ARC has no jurisdiction to address that issue directly as only the Government currently has control over vehicle emissions and fuel quality.

8.14 In this report, the Commission calls for a much stronger partnership between regional and central government. The ability to control pollution from vehicles is obviously one issue that such a partnership will need to address.

8.15 The fragmentation of farmland has also been the subject of comment. In the “Environmental Quality” theme paper prepared as part of the “Sustaining the Auckland Region Together” project, it is noted that natural areas within the Auckland region are becoming increasingly fragmented, reducing the resilience of many ecosystems and species. Urban development has slowly eroded landscape values and reduced the amount of productive land with a subsequent loss of elite soils, and associated degradation of the region’s freshwater ecology by sedimentation, agricultural, and stormwater pollution.¹²

8.16 It is not possible to obtain information as to the amount of productive arable land that has been lost through urban development, but some statistics give an indication. In information obtained from the ARC, it is apparent that between 1987 and 2001 the urban area of Auckland increased by over 5,500 hectares.¹³ In recent evidence given on behalf of the ARC to a Resource Management Act hearing committee, it was stated that there are some 40,000 titles of 8 hectares or less in rural areas throughout the Auckland region, and a potential – through present zoning provisions – for a further 17,500 titles of

12 “Environmental Quality”, Sustainability Themes: Expert Group Papers, Sustaining the Auckland Region Together project, August 2006, p. 47 (available at www.arc.govt.nz).

13 Data supplied to the Commission by the ARC, 8 December 2008.

8 hectares or less.¹⁴ These figures exclude titles or potential titles in rural towns. Not all of these titles will be on productive land, and there may be some, particularly the larger ones, that are still being used for productive purposes. The figures give some indication of present and potential fragmentation, however.

8.17 The strengthened regional governance arrangements proposed in this report should enable these issues to be addressed much more effectively than has previously been the case. More positively, the same report notes that 16.9% of the region's land area is protected as public open space and that because of predator control, native bird counts in the Waitakere Ranges are increasing, possum numbers are the lowest on mainland New Zealand, and forest ecosystems have generally recovered over the past 50 years. Again, the governance arrangements suggested by the Commission should ensure a continuation of these trends.

8.18 It is important not to lose sight of the fact noted earlier in this report that despite the above criticisms, Aucklanders generally are very satisfied with the quality of their environment. One of the great qualities of Auckland, and indeed New Zealand, is the easy access that people have to world-class passive and active recreational facilities. The west coast and east coast beaches, and the Hauraki Gulf and its islands, are readily accessible to Aucklanders.

8.19 The ARC periodically prepares a "State of the Auckland Region" report, which addresses a wide range of issues but with particular emphasis on the environment. The last such report was dated 2004. The council is currently preparing a new report. Monitoring progress being made in addressing environmental issues is of central importance. The Commission recommends that the proposed new Auckland Council should be required to undertake regular environmental monitoring and should publish the results of that monitoring. The Ministry for the Environment has an interest and involvement in the monitoring of the state of the environment throughout New Zealand. The monitoring of the state of the environment in the Auckland region could be a joint enterprise of the Auckland Council and the ministry. Later in this report (refer Chapter 19, "Leadership"), the Commission proposes that the Mayor of Auckland should deliver an annual "State of the Region" address. The Commission envisages that this address should include a section on the environment.

8.20 Some aspects of the physical environment need more detailed consideration. Environmental issues of climate change, air and water quality, and protection of harbour, coastal, volcanic, and rural areas, as well as other open spaces, are discussed below.

Climate change

8.21 The effects of human activities, particularly the discharge of greenhouse gases, are widely recognised as constituting a major component of global warming. It is predicted

¹⁴ Statement of evidence of David Geoffrey Lindsey before the Joint Hearing Committee in the matter of the Local Government (Auckland) Amendment Act 2004, section 34A of the Resource Management Act 1991, plan changes to various district plans regarding countrywide living data, and submissions made by the Auckland Regional Council.

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that this will result in a sea level rise and in New Zealand, and in particular in the Auckland region, more frequent storm events and damage from coastal surges. This will have continuing implications for coastal properties. The combination of more frequent storm events and coastal erosion will heighten the problems associated with Auckland's cliff-top coastal suburbs, which are built on erosion-prone sandstone. The predicted rise in sea levels and extreme weather events will result in residents in hazard-prone areas calling for seawalls and coastal protection works which have the potential to seriously impact on the natural character and public access to the coast. There have been some calls for action to safeguard properties and infrastructure at risk, and also to avoid the possibility of new investment being located in areas likely to be at risk in the future.

8.22 The Commission considers that these impacts of climate change on the coastal edge, and the effects they will have on many very valuable properties, call for strong and consistent control and management. The Commission also believes that a consistent region-wide approach is needed. The governance changes that this Commission recommends will enable this to occur. The Commission acknowledges that territorial authorities currently recognise the threats arising from coastal erosion, but the Commission is satisfied that a consistent region-wide approach is needed.

Air pollution

8.23 In 2004 the Ministry for the Environment introduced national environmental standards for air quality.¹⁵ Driven primarily by a need to reduce levels of fine particulates (PM₁₀) in urban areas of the country, the regulation set a deadline of 2013 by which time an ambient standard for PM₁₀ must be met. After 2013 if the ambient standards are not met, no resource consents can be granted to any industry that discharges PM₁₀. The ARC is the primary agency responsible for air quality in the Auckland region. It has prepared a "Proposed Auckland Regional Plan: Air, Land and Water" ("ALW Plan"), which is presently the subject of submissions and appeals.¹⁶ The council has set reduction targets of 58% for both transport and the domestic emissions of PM₁₀ by 2013. The ALW Plan notes that the greatest single contributor to degraded air quality in the Auckland region is emissions from motor vehicles.¹⁷ It has been estimated elsewhere that the adverse health impacts of vehicle emissions result in over 250 premature deaths in the region per year.¹⁸ It has already been noted that regional authorities have limited jurisdiction in relation to pollution from motor vehicles and that this is an area that calls for a collaborative approach between central and regional government.

15 Available at www.mfe.govt.nz.

16 Auckland Regional Council, "Proposed Auckland Regional Plan: Air, Land and Water", updated to May 2008 (available at www.arc.govt.nz).

17 Ibid., section 4.2.5.

18 It is further estimated that a total of over 400 premature deaths each year is owing to air pollution (which includes the statistic of 250 deaths from motor vehicle emissions). Auckland Regional Council, www.arc.govt.nz/environment/air-quality/aucklands-air-quality/aucklands-air-quality_home.cfm, accessed February 2009.

8.24 Some lessons can be learned from European cities, which have lived with air pollution and strict emission standards longer than we have. Steps taken by those cities, such as the encouragement of the cleanest vehicles available, the promotion of public transport and good cycling and walking facilities, and the smoothing of traffic flows, will require a combined approach by central and regional government.

Water quality

8.25 Reference has already been made to problems associated with water quality in Auckland. It is worth noting some initiatives that need to be carried forward and encouraged.

8.26 The 2008 three waters strategic plan prepared by Watercare Services has identified the need for an integrated approach to planning and managing polluted stormwater, particularly from main roads and highway runoff.¹⁹ Among the coordinated management solutions suggested is the further implementation of the regional stormwater action plan. A recommendation to this effect is contained in Chapter 26, “The Three Waters”.

8.27 The *State of the Auckland Region Report 2004* addresses water quality in relation to both fresh and coastal waters.²⁰ In relation to fresh water, it deals with ground water, streams, and lakes. (The ALW Plan also addresses fresh water in all its aspects.)

8.28 On the positive side, the report concluded that pollution from dairy farm discharges had reduced and ammonia in the Manukau Harbour waters had decreased since the commissioning of the new Mangere Wastewater Treatment Plant. Matters providing cause for concern at the time that the report on the state of the region was written were the degradation of some of the lakes and the signs of ill health appearing in marine ecosystems in the Mahurangi Harbour.

8.29 Mention needs to be made of a programme being undertaken by the Waitakere City Council. It is called Project Twin Streams.²¹ The focus of the project is on restoring 56 kilometres of stream banks, but the vision is much wider. The council works with the local communities that live alongside the streams. Most of the planting and maintenance is carried out by the local community. The project looks at land within the catchment, how households can become more sustainable, and how cycles and walkways along streams can reconnect communities while providing opportunities for recreation. The stream-bank plantings will improve stormwater by creating buffer zones along the stream banks and will also create the environment and habitat that encourages an increase in the number of native fish, birds, bats, lizards, geckos, and insects in and around the streams. The Commission sees a need for programmes of this nature to be encouraged in local areas. The programme is an excellent example of the way in which community-focused councils can work in partnership with local communities to improve the environment and

19 Auckland Three Waters Strategic Planning Programme, *Final 2008 Strategic Plan*, Watercare Services, Auckland, 2008, pp. 67–70 (available at www.watercare.co.nz).

20 ARC, *State of the Auckland Region Report 2004*, Auckland Regional Council, Auckland, 2004, pp. 101–136 (available at www.arc.govt.nz).

21 Waitakere City Council, www.waitakere.govt.nz/abt/cit/ne/twinstreams.asp, accessed February 2009.

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the liveability of the areas for which they are responsible. The Commission's proposal to establish local councils should provide greater scope for local government to encourage and cooperate with community groups in the improvement of the city's environment.

Auckland's harbours and coastal edge

8.30 The Commission is satisfied from submissions it has heard, and the information it received as a result of visiting cities such as Vancouver, Seattle, and Toronto, that much more can and needs to be done to increase the public enjoyment of the extensive waterfront areas of Auckland.

8.31 The Commission was impressed with what it saw in the cities mentioned above and also in Brisbane, and of the way in which those cities either have, or are planning to, make their waterfront more accessible and more pleasant. In Brisbane, Vancouver, and Toronto, there is a conscious policy to facilitate enjoyment of the waterfront by the provision of planting, promenades, pathways, and small reserves incorporating sitting areas. A start has been made in the Auckland central city area with the Viaduct Basin, and there are walkways either developed or under construction on the North Shore and in the vicinity of Onehunga on the Manukau Harbour.

8.32 The Commission has recommended that there should be special governance arrangements for the central city and the waterfront, recognising the close relationship that exists between them. (See Chapter 17, "City Centre and Waterfront"). This recommendation acknowledges the crucial importance that the waterfront area has to the urban design of Auckland and to the impression made on visitors arriving here by sea.

8.33 The Hauraki Gulf is the subject of a special governance arrangement through the Hauraki Gulf Forum. Some submitters recommended that the Hauraki Gulf should be given special heritage status and that special planning for sustainability, heritage, infrastructure, and marine protection, as well as tourism, was required for the gulf. The Commission considers that the governance arrangements recommended by it, together with the provisions of the Hauraki Gulf Marine Park Act 2000, provide an ongoing structure for the further protection of this jewel in Auckland's crown.

8.34 The Commission notes that the purpose of the Act includes to integrate the management of the natural, historic, and physical resources of the Hauraki Gulf, its islands, and catchments, and to recognise the historic, traditional, cultural, and spiritual relationship of the tangata whenua²² with the Hauraki Gulf and its islands. The Commission considers that the structural reforms proposed in its report will assist in the achievement of these purposes by reducing the number of entities involved in management.

8.35 The Manukau Harbour has suffered considerably as a result of past policies in the Auckland region, as a number of submitters noted. There is no doubt that despite recent improvements such as the major changes in sewage treatment and discharge, there is still much that can be done. One submitter noted that incoming visitors to Auckland, by air in particular, had as their first view of Auckland, the "hideous power pylons and

22 Tangata whenua – local indigenous people, people of the land, Māori people.

industrial sites” in, and adjoining, the Manukau Harbour.²³ The Commission acknowledges the importance of the Manukau Harbour to mana whenua²⁴, and their concern over issues of the harbour’s use and protection. Again, the governance arrangements that this Commission recommends should enable issues concerning this harbour to be better addressed, particularly through the representation of Māori on the Auckland Council.

8.36 With respect to the Kaipara Harbour, the Guardians of the Kaipara make the point that different planning authorities with conflicting planning requirements and standards governing a single catchment is not ideal.²⁵ Some submitters suggested that the area under the authority of the ARC should be extended to include the whole of the Kaipara Harbour. The Commission concluded that this is impractical because the catchment of the Kaipara Harbour extends many kilometres north of Dargaville and Whangarei. The Commission believes, however, that a formalised co-management regime between the Auckland Council and Northland Regional Council, together with other relevant territorial authorities and mana whenua representatives, would enable the development of an integrated catchment management plan with shared and common policies.

Rural hinterland

8.37 As noted above, the Commission is concerned with the fragmentation of the rural areas adjoining the urban areas of Auckland. The greatest proportion of the region’s land area consists of rural, semi-rural, and coastal areas. These areas, mainly pasture and bush, are used for a range of activities including industry, farming of animals, horticulture, recreation, and household purposes. These activities all contribute to the social and cultural identity of Auckland and are important for its economy. However, there are important landscape implications. The reduction in pastoral farming has led to the emergence of more intensive and enclosed landscapes associated with horticulture, viticulture, lifestyle blocks, or commercial exotic forestry. As the *State of the Auckland Region Report 2004* notes, “the scale and intensity of housing development in the coastal areas means that many of the unique coastal and estuarine landscapes that contribute significantly to the identity of the Auckland region are being modified or are disappearing.”²⁶

8.38 There is a need for a balance to be struck between identifying and protecting remaining outstanding landscape areas from development, while at the same time avoiding inappropriate and visually insensitive development in other areas. The Commission is conscious as well of the concern expressed by rural submitters that their needs will be overlooked by a strengthened regional body having an increasing focus on the urban areas, and urban problems and development. The governance structures and planning arrangements described later in this report are intended both to strengthen

23 Submission to the Royal Commission on Auckland Governance from Mark and Carol Stevenson, p. 1. (All submissions are available at www.royalcommission.govt.nz.)

24 Mana whenua – local Māori with ancestral ties to the land.

25 Submission to the Royal Commission on Auckland Governance from Guardians of the Kaipara.

26 ARC, *State of the Auckland Region Report 2004*, p. 78.

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regional control over the way in which the rural areas are developed, and to provide for rural representation and input into regional decisions.

Parks and reserves including the volcanic cones

8.39 The ARC manages 25 regional parks covering approximately 40,000 hectares and 150 kilometres of coastline, ranging from sandy beaches, farmland, and remote bush wilderness areas to the Auckland Botanic Gardens. The volcanic cones are subject to a variety of forms of management. In at least one case, Maungakiekie, management and control is shared between the Cornwall Park Trust Board and the Auckland City Council, each of which administers a part of the total area.

8.40 Nearly 400 submitters made submissions about governance of parks and reserves.²⁷ The majority favoured continuation of regional parks under the control of a regional agency, with local parks under territorial authority management. Small numbers of submitters favoured all parks being managed by either the regional or the territorial authorities.

8.41 Volcanic cones are prized as iconic natural assets of the region. Submitters on this topic said that there is currently no uniform level of protection for volcanic cones across all territorial authorities, and recommended that they might be better managed by larger units of local government. It was proposed that the volcanic field be managed under one agency and that tourism and other users on that land should be carefully monitored. It was noted that the cones are in the process of consideration for nomination as a World Heritage site under the Unesco convention on world cultural and natural heritage sites. Several submitters saw a role for iwi in co-management of volcanic cones such as Maungawhau. The Friends of Maungawhau group suggested establishing a region-wide park ranger or kaitiaki²⁸ service along with citizens and volunteers to manage Maungawhau, other volcanic cones, regional parks, and other significant parks.²⁹

8.42 In the case of Cornwall Park, the ownership and management of that area by the Cornwall Park Trust Board will of course continue, but subject as it is now to district planning provisions.

8.43 The Commission has concluded that a regional policy in relation to parks should be developed and that there should be identification by the regional body of those parks that serve more than a local function. Such parks should be under the control of the regional body, as should the volcanic cones. Auckland's regional parks have rangers appointed to supervise activities in the parks and to ensure the tidiness of the parks. The Commission considers that this concept should be extended to the volcanic cones so that there is a ranger appointed with responsibility for the cones.

27 See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Chapter 13, "Environment".

28 Kaitiaki – guardian, caretaker.

29 Submission to the Royal Commission on Auckland Governance from Friends of Maungawhau.

The relationship of mana whenua to the environment

8.44 Mana whenua have a kaitiaki role in relation to the environment. The importance of this role, and the difficulties that Māori face in exercising it, were the subject of a number of submissions to the Commission at hui³⁰ the Commission attended. This is a matter which needs to be addressed for the future. A Mana Whenua Forum has been set up by the ARC and it will appoint a representative of mana whenua to serve as a councillor on the Auckland council as outlined Chapter 22, “Māori”. That forum should be continued and, through its representative on the Auckland Council, should advise the Auckland Council on kaitiaki issues relating to the environment. There will be instances where it is seen to be desirable to institute joint management responsibilities involving Māori in their kaitiaki role. This could include, for example, the management of volcanic cones and areas such as the Manukau and Kaipara Harbours.

Compliance monitoring and pollution management

8.45 Some submitters called for a monitoring agency and an environmental ombudsman to be appointed to safeguard the environment. They pointed to the conflict between the roles that an enhanced regional government would have as a developer, and infrastructure owner and regulator, and its role as the regional regulatory agency charged with the obligation to oversee compliance monitoring. These are valid concerns but it should be noted that to some extent this conflict already exists in the role undertaken by the ARC, and it is a problem faced to a greater or lesser extent by other councils in New Zealand and in particular unitary authorities.

8.46 The Commission would be loath to see a further layer of governance set up. The Commission believes that a division of the regional level of governance charged with compliance monitoring and pollution management should be sufficient. The ombudsman has a role in ensuring, if complaints are made, that local government fulfils its obligations. Furthermore, the Commission’s recommendation that local councils should be focused on the well-being of the communities under their jurisdiction, should assist in ensuring that checks and balances exist in relation to the performance by the regional body of its functions and responsibilities. There needs to be a transparent and regular system of benchmarking progress in relation to environmental issues as part of the environmental oversight of the region.

8.47 It will be important that the enforcement functions of the Auckland Council are separated from delivery functions and from interference by elected representatives. A recent paper records that enforcement officers report that in many local authorities, councillors are permitted direct access to compliance staff.³¹ This is not appropriate. The Auckland Council should prepare an internal code of conduct and related procedures to manage political interest in enforcement decisions.

30 Hui – conferences, meeting(s).

31 Adler, Warren, “The state of the compliance and enforcement regime under the Resource Management Act 1991”, Strategik Group, June 2008 (a “think piece” prepared for the Ministry for the Environment).

The Commission's conclusions on the environment

8.48 The Commission is satisfied that the ARC's regulatory role in relation to the environment is undertaken conscientiously and effectively. It has noted the importance of benchmarking. The areas where improvement is needed can be addressed through a more integrated approach to management. In some cases there is a need for a coordinated and cooperative approach between central government and Auckland government. The Commission has commented earlier on the work of the many volunteers who are protecting and enhancing important parts of Auckland's environmental heritage. The Commission sees the opportunity through its governance recommendations to increase the involvement of the community in such activities.

Urban design and architecture

8.49 Urban design refers to the physical arrangement, appearance, and functioning of towns and cities, in other words, how a place works and how it looks and feels. It is more than just style or taste, streets, footpaths, or buildings, but rather how all these elements work together. Quality urban design creates places that work, and that people use, value, and feel good in. It respects the history and special character of a city, is environmentally sustainable, and is sensitive to the social, recreational, and physical needs of people. It considers matters such as safety, accessibility, quality of life, the protection of heritage, and the environment.

8.50 The New Zealand Institute of Architects Auckland Branch and Urban Issues Group stressed the importance of quality urban design:

If Auckland is to prosper, and become one of the world's most desirable places to live and work, any structure for Auckland's governance must encourage and make possible quality urban design.³²

8.51 The Commission agrees both with this view and with the criticisms of many submitters as to the poor quality of urban design in Auckland. The Commission has had the opportunity of visiting cities with a high quality of urban design. Of particular note is Vancouver. Many elements of urban design in Brisbane, Melbourne, Seattle, and Toronto are also of high quality. Vancouver has taken a proactive approach to making its city centre more attractive to pedestrians and cyclists. It has identified streets where pedestrians and cyclists will be given priority. It has required developers to provide small parks, seating areas, and water features immediately adjoining footpaths in its downtown area. The steps that Vancouver has taken have contributed to that city having the lowest obesity rates in Canada.³³ The Commission commends this approach to Auckland. Vancouver takes a strong line in relation to the design of new high-rise buildings. It has

³² Submission to the Royal Commission on Auckland Governance from New Zealand Institute of Architects Auckland Branch and Urban Issues Group, p. 1.

³³ See www2.news.gov.bc.ca/news_releases_2005-2009/2008HLS0013-001472.htm, accessed February 2009.

an Urban Design Committee, which has the power to prevent a development if it is not satisfied with the design. The Commission's understanding is that local authorities in England have a similar power. Many cities, including Brisbane, Sydney, and Melbourne, have pedestrianised streets in their central city areas restricting private motor vehicles during at least part of the day and in some cases prohibiting vehicular traffic altogether.

8.52 The Commission heard descriptions from overseas experts of Auckland's central business district as "shabby". The Commission has to agree. The quality of the design of many recent buildings in Auckland is poor. With notable exceptions, the streetscape is bland and dingy, and there is a lack of green spaces and seating areas away from pavements and roads. Developments such as the motorway in Grafton Gully have cut off the Domain from the rest of Auckland. The opportunity must be taken when development occurs to address these issues.

8.53 The quality of urban design is one of the features of a city that immediately impacts upon visitors. The city centre often creates the first impression that a visitor has of a city. Failures in urban design have allowed Auckland's waterfront to be cut off visually from pedestrians. A particularly bad example is the apartments that destroyed a beautiful harbour vista for pedestrians in Princes Street, which is where Auckland's University is situated. Failings in urban design in the past have allowed tall buildings close to the waterfront, thus obstructing views of those built behind them. Planning for the interface between the city centre and the waterfront remains fragmented and incomplete.

8.54 It should be said that past failures of Auckland in this respect are being recognised, and the focus in Auckland is changing. In the past three or four years the Auckland City Council has set up an urban design panel to review building proposals. Auckland City has appointed an urban design champion with an international reputation. Recent work on Queen Street has improved the quality of that street from the point of view of pedestrians. The architects who designed Stages 1–3 of the Queen Street upgrade received a design award for that project and another one for the urban design framework for the Wynyard Quarter. The master plan designs for Monte Cecilia Park and the new Beaumont Quarter have both won design awards. The Viaduct Basin is a successful illustration of the integration of mixed uses with the waterfront.

8.55 The present Auckland City Council is developing two policy documents that will help the city achieve its vision for the city centre as a high-quality urban environment. They are an urban design framework and a public open space plan. The six urban design goals for Auckland City are

- a more distinctive city that reflects its tangata whenua, Māori, Pacific, and multicultural identity, and is visibly recognised as a place of the South Pacific
- a more compact city containing high-quality, compact, walkable, mixed-use environments that help reduce the need to travel long distances for everyday tasks
- a more connected city where people have a choice of transport options that are comfortable, convenient, efficient, and affordable

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- a more sustainable city where land use, the natural environment, and the built form lead the way to a more sustainable city
- a more beautiful city where the design of buildings and spaces (including ordinary, everyday spaces) contribute to creating beautiful places “worthy of the truly unique and stunning city that is Auckland”
- a more human city where the built environment is much more respectful of people and how they experience the city – giving people more priority over cars.³⁴

8.56 The Commission endorses these goals as both necessary and desirable to ensure that the urban area of Auckland realises its potential.

8.57 The need for good-quality urban design is not confined to the Auckland city centre. It is needed city-wide. Some of the important urban design decisions the region needs to face and that will shape its urban form for the future are

- development of key city centres and transport corridors
- development around the key public transport nodes
- the future needs for airport and port services and supporting transportation infrastructure
- management of Auckland’s coastal edges.

8.58 To this, the Commission would add the important value of connectivity. The Ministry for the Environment has identified good transport connections as a feature of competitive cities. Connectivity is the degree to which networks – streets, railways, walking and cycling routes, services, and infrastructure – interconnect. Good connections encourage access within a region, city, town, or neighbourhood.

8.59 Earlier in this chapter examples have been given of poor urban design in the city centre, but urban design is not confined to that area. Onehunga residents complain that the lack of good-quality urban design has resulted in Onehunga being separated from its waterfront by motorway and bridge construction. There are many new subdivision developments throughout the Auckland region that are characterised by the sameness of the houses and the inadequate provision of community facilities. What this demonstrates is a lack, not only of urban design, but also of master planning. The Commission considers that master planning should be adopted for all significant new residential and public development and redevelopment. A master plan precedes such development and shows street layout and design, built form and uses for all land areas, heritage zones, public space designs, public transport services, walking and cycling linkages, community

34 Auckland City Council, *Designing great places for our people: a framework for achieving high quality urban design in Auckland*, 2007, p. 13 (available at www.aucklandcity.govt.nz).

facilities, reserves, and other elements that go towards creating a sustainable community. Potential candidates for land use master planning and development could include

- the Auckland waterfront
- the airport to Auckland transport corridor
- the Tamaki/Panmure revitalisation.

8.60 Danish urban designer Jan Gehl says that while people will do only what they need to in poor-quality public spaces, an additional “wide range of optional activities” will occur in high-quality spaces “because place and situation now invite people to stop, sit, eat, play and so on”.³⁵ He says that “only architecture that considers human scale and interaction is successful architecture” and “first life, then spaces, then buildings – the other way around never works”.³⁶ He points out that the 5-kilometre-per-hour scale is different from the 60-kilometre-per-hour scale. Designers constantly confuse the scales and expect pedestrians to walk in areas designed for 60 kilometres per hour. Humans need something new to look at every 4–5 seconds. This is why the 5-kilometre-per-hour scale is so important. Gehl’s vision is

- to create lively, diverse, and safe cities and neighbourhoods
- to improve peoples lives – rather than focusing on design aesthetics alone
- to consider, develop, and accentuate amenities.³⁷

The Commission believes that these considerations need to inform Auckland’s urban design.

8.61 Jan Gehl and his team have prepared a *City to Waterfront Study* for Wellington city.³⁸ In the Commission’s view, it provides many lessons for Auckland. Amongst the issues it addresses are public spaces and public life, including the importance of creating a pedestrian network in the city centre. It addresses places for recreation and the visual environment. The report places a strong emphasis on urban quality and improved conditions for walking, cycling, and public transport.

The waterfront

8.62 Perhaps the greatest failure in the Auckland city centre is the disconnect between the city centre and the harbour. Some attempts have been made to remedy this, but the need for “big picture” thinking, leadership, and staged master planned thinking on urban design form was exemplified to the Commission in a case study on the history of

35 Ministry for the Environment, *Summary of The Value of Urban Design*, Wellington, 2005, p. 17 (available at www.mfe.govt.nz).

36 Project for Public Spaces, www.pps.org/info/placemakingtools/placemakers/jgehl, accessed February 2009.

37 Auckland Regional Council, www.arc.govt.nz/auckland/aucklands-growth/speakers-and-events/jan-gehl.cfm, accessed February 2009.

38 Wellington City Council, *City to Waterfront Study*, 2004 (available at www.wellington.govt.nz, accessed February 2009).

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the development of the waterfront. Currently there is a recognised need to upgrade all the harbour frontages, not just the Wynyard Precinct and the central business district quarter. The upgrade should be undertaken in a staged planned manner so that consistent urban design themes are achieved and the economic value added is maximised. Indeed, the Commission believes that it is not going too far to say that a successful, integrated, master plan approach to the waterfront and its linkages with the city centre is crucial to the success of the Government's objectives for Auckland and to the success of the city itself. The waterfront is part of New Zealand's international shop window as it stands. The poor quality of much of the built environment significantly reduces the amenity value of what could be the region's, and one of New Zealand's, most important areas. There must be improvements to the connections for pedestrians between the waterfront and the central city, and along the waterfront. Proposals already made that the Commission considers to be essential include an iconic building or feature in the new Wynyard Quarter and a multi-use cruise ship terminal at Queens Wharf. Additionally there must be high-quality and visually stunning pedestrian connections between the waterfront and the downtown area. A submitter noted that in addition to the failure to conclude negotiations in respect of central government's offer of a national stadium for the waterfront, a lack of leadership has slowed progress and this has led to

- a multiplicity of mandated public entities (Auckland Regional Transport Authority, Auckland City Council, ARC, North Shore City Council, Ports of Auckland Ltd, Transit New Zealand)
- a lack of connection between each part of the waterfront, for example Princes Wharf and the old Railway Station sitting in isolation
- the high level of political and popular interest not matched by momentum
- in the absence of an agreed long-term plan, stop/start investment direction as politicians and owners change.³⁹

8.63 The relationship between the city centre and the waterfront is one of the most important issues for Auckland. Auckland is coming to appreciate what many harbour cities around the world have recognised, that the waterfront is a strategic asset that is at the core of shaping and demonstrating quality urban design. The redevelopment of the waterfront in Toronto has been recognised as so important that a joint venture company consisting of the Government of Canada, the Province of Ontario, and the City of Toronto have joined forces to fund and manage an integrated master plan approach for the renewal of that city's waterfront. In the Commission's view, the importance of Auckland as a gateway would justify a similar joint government/city approach in Auckland. Further reference to the importance of Auckland's waterfront and the Commission's recommendations appear in Chapter 17.

39 Submission to the Royal Commission on Auckland Governance from Committee for Auckland, Waterfront Case Study submission.

The Commission's conclusions on urban design

8.64 The Commission has already referred to the submission from the New Zealand Institute of Architects Auckland Branch and Urban Issues Group. This submission recommended the establishment of vision groups that would sit at the table in any structure the Commission might propose. It suggested there should be one group that looked at regional issues and others that looked at local issues.

8.65 To achieve more integrated planning solutions, Auckland must have a connected and systemic approach to thinking about urban design for the city. That requires improved coordination and cooperation between central and local government and the private sector, and it requires good design that considers how to get the best social, environmental, and economic benefits from future development.

8.66 Business has a strong interest in quality urban design. The attractiveness of the central business district leads directly to increased business activity. To that end there should be an opportunity for joint ventures and a joint funding approach between business and local government. One proposal suggested involves the city council matching business-provided funding for urban improvements. Joint ventures of this nature will be facilitated through the City Centre Committee of the Auckland Council as included in the recommendations.

8.67 There are other steps that can be taken to encourage good urban design. Systems can be developed to ensure that proposals that meet good urban design standards are fast tracked through the consenting process to minimise the holding costs, which present problems for developers.

An Urban Design Panel

8.68 As noted earlier, the Commission was impressed at the emphasis placed upon urban design in most of the cities it visited. In Vancouver, all major new development is reviewed by an urban design panel. If that panel considers that the standard of design is inadequate or not appropriate, it has the power to refuse to allow the development. There is no right of appeal from such a decision. Such a model would not be acceptable in New Zealand, at least insofar as the lack of appeal rights is concerned, but the Commission is satisfied that there should be an Urban Design Panel, which should review all major development throughout the Auckland region and have the power of sign-off for major developments. The starting point is resource management planning documents. Those documents must incorporate urban design policies that will apply to all or particular parts of the region. Urban design is about more than architecture, so the panel needs to include in its membership not just architects and urban designers but also representatives of business, education institutions, and the not-for-profit social sector. The panel should have the funding and power to call for reports and designs for specific projects. It should include representatives with expertise and an interest in urban design, architecture, heritage, and cultural matters.

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Heritage

8.69 Cultural and built heritage forms an integral part of personal and local identity. It is important to Aucklanders' sense of place. The interest in heritage is part of the desire to understand more about our cultural origins. The loss of heritage in Auckland has been an issue for many in the region for a number of years. Aucklanders still mourn the loss of His Majesty's Theatre, a building that would never have been lost had proper heritage controls been in place. The fate of the St James Theatre, another important part of Auckland's heritage, remains in the balance. Other quality buildings have been demolished and replaced with bland, architecturally nondescript buildings. In some cases, important buildings have been demolished except for their facades, which have remained fronting a new office tower. In the suburbs, the importance of retaining the best of the older housing stock is recognised, and controls are being introduced to ensure that in such locations new buildings respect the design of the old.

8.70 Heritage is important to the visitor economy. It is one of those aspects that makes a city unique. In the case of Auckland, our heritage includes not just the built form but also our harbours and volcanic cones, and places such as the Waitakere and Hunua Ranges. This section of the report is concerned particularly with the built heritage. It is the mixture of the best of the old with the best of the new that makes cities distinctive. Jane Jacobs has said "New ideas must use old buildings".⁴⁰

8.71 Submitters proposed a regional heritage strategy or an executive and independent heritage board. The Archaeological Association noted that there was some overlap between the roles of local government and central government in managing historic heritage, particularly through the Historic Places Trust. Despite this duplication, the association considered the role of the Historic Places Trust to be vital.⁴¹ The Commission was impressed by the passion of submitters such as Allan Matson, who devotes his time to fighting for the preservation of Auckland's heritage. His view is that there should be one consistent system across the region and the nation for evaluating heritage. Matson says that although in need of refinement, Auckland City Council's quantitative system using a scoring matrix may well be suited to standardisation. He calls for a system for heritage recognition that is transparent and robust, and submits that responsibility for heritage recognition should be centralised in Auckland.⁴²

The Commission's conclusions on heritage

8.72 The Commission accepts that both the built and the natural heritage of Auckland are of crucial importance to Auckland's identity. The new regional and district plans prepared for Auckland must ensure that heritage issues are fully addressed. The

40 Project for Public Spaces, www.pps.org/info/placemakingtools/placemakers/jjacobs, accessed February 2009.

41 Submission to the Royal Commission on Auckland Governance from Archaeological Association, p. 3.

42 Submission to the Royal Commission on Auckland Governance from Allan Matson.

Commission recommends the formation of a Heritage Advisory Panel to assist the Auckland Council with the identification of heritage buildings and places and the formulation of rules to ensure their preservation.

The spatial plan

8.73 Reference has been made in Chapter 24, “Planning for Auckland” to the need for an Auckland regional spatial plan. The Commission is of the view that this plan is the starting point for the protection of Auckland’s environment and its heritage and the development of good urban design. In this context, the spatial plan would identify the areas for urban growth and redevelopment and the areas that should remain rural. It will identify the parks network and the areas where further parks are required; it will describe the environmental goals and the urban design goals for the region; it will record notable heritage features and buildings. The issues the Commission has noted concerning the environment, urban design, and heritage require a two-pronged approach. There must be strong regional governance and policy making to ensure that the present state of the environment is identified and that Auckland’s goals for the future are expressed. There must also be a plan formulated to achieve these goals.

8.74 The Commission believes that its structural recommendations will provide the best framework to achieve these objectives at the regional level and to encourage greater community participation. The unitary authority proposed will provide the strong regional focus. The requirement for the local councils to have as their focus making their areas more liveable will place emphasis on identifying community needs and the encouragement of community groups to assist with the resolution of those needs.

Recommendations

Auckland needs governance arrangements for the region's built and natural environments to ensure Auckland's quality of place is maintained and enhanced.

- 8A** The Auckland Council should establish an Urban Design Panel to review all major developments throughout the Auckland region, with sign-off power for major projects.
- 8B** The Auckland Council should establish a Heritage Advisory Panel to assist it with the identification of heritage buildings and places, and the formulation of rules to ensure their preservation.
- 8C** The Auckland Council and the Northland Regional Council should develop a co-management regime in respect of the Kaipara Harbour, involving relevant territorial authorities and mana whenua representatives from local iwi. The final structure and responsibilities should be determined by the Auckland Council and the Northland Regional Council.
- 8D** The Auckland Council should
 - a) undertake environmental monitoring (potentially in collaboration with the Ministry for the Environment)
 - b) benchmark progress and collaborate with central government on environmental programmes, including the limiting of air pollution from motor vehicle emissions
 - c) appoint a park ranger with responsibility for volcanic cones
 - d) prepare an internal code of conduct including procedures to manage councillors' involvement in individual regulatory decisions.

9. Promoting Social Well-Being

9.1 This chapter examines social well-being and makes recommendations about governance arrangements that would support improved social well-being in the Auckland region. The chapter includes discussion on what social well-being is and why councils should be involved; how Auckland is faring on key social well-being indicators and priority issues; what councils currently do in this area; what is working well and what could be improved. Key points from the submissions and lessons from the Commissioners' international study tour are also included. The ensuing recommendations are based on consideration of best practice in engaging and transforming communities.

9.2 Local government is obligated to promote social well-being under the Local Government Act 2002 ("LGA 2002")¹ and must discharge a range of related statutory obligations such as alcohol and gambling policies. The long-term council community plan ("LTCCP")² is intended to provide a systematic process for addressing this requirement, along with promotion of economic, environmental, and cultural well-being.

9.3 The importance of social well-being for the overall prosperity of the region is generally not well understood. The data outlined in this report make it clear that Auckland does poorly on many indicators of social well-being. The extent of deprivation is significant, and it equates to lost potential. There are consequences for individuals, their families and whānau³, and the local community. In particular, children suffer when they grow up in disadvantaged households that are struggling to survive and get ahead, with every likelihood that these struggles and disparities will be perpetuated through generations. Auckland carries the costs of this deprivation in three ways: the untapped potential constrains economic growth; it places a significant burden on government resources; and it destroys social cohesion making the city less safe, less healthy, and less attractive. For Auckland to become a leading Asia-Pacific city, improved social well-being outcomes are critical. Every citizen must have the opportunity to reach their potential, to lead a fulfilling life, and to contribute to Auckland's growth and prosperity.

9.4 Overall, the systematic approach intended by the LTCCP has not been followed, and there is a lack of clarity and consistency about how and to what extent local government should give effect to its obligations to promote social well-being. While central government has primary responsibility for social well-being, local government has a vital role to play, and is already inextricably involved. Over and above initiatives that directly aim to improve social well-being, all council activities (such as public transport, urban design, rate-setting, and roads and other infrastructure) have significant social consequences. However, with some notable exceptions, promoting social well-being has not been prioritised as core business by councils, and they have not used their powers to improve social well-being outcomes through their traditional core activities.

1 Local Government Act 2002, section 10(b).

2 Ibid., section 93.

3 Whānau – family, blood relatives.

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9.5 Central and local government also commit substantial resources to social issues, but as the data set out in this chapter show, the results fall short. There have been significant collaborative efforts by central and local government to align and integrate their approaches, but while close collaboration is necessary, it has proved far from sufficient to date.

9.6 Accordingly, the key recommendations centre around governance arrangements that will support shared decision making between local and central government, particularly in relation to directing funding to the areas of greatest need. These arrangements are based on role clarity, clear articulation of the issues and the strategic direction, access to good data and analysis, better engagement with affected communities, and strengthened accountability arrangements. It is important to emphasise that the Commission is not recommending any changes to the present arrangement, in which central government has primary responsibility for social well-being outcomes, including delivery of social services.

Background

9.7 This chapter draws heavily on the research and analysis in the paper commissioned by the Commission and prepared by Elizabeth Rowe: “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”.⁴ Both Rowe’s paper and this chapter have also been informed by key sources including (but not limited to)

- the Royal Commission’s *Report, Volume 3: Summary of Submissions*⁵
- additional targeted consultation with stakeholders
- council planning and reporting documents, and information and briefings provided by councils to the Commission
- Ministry of Health, *Public Health (Well-Being) in New Zealand: the Interface with Local Government (Draft)*, 2008⁶
- Auckland Regional Public Health Service, *Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region*, 2006 (also known as the State of Public Health in the Auckland Region or SOPHAR Report)⁷

4 Rowe E., “The Role of Local Government in Achieving Social Well-Being for the Auckland Region” in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 131–189 (available at www.royalcommission.govt.nz).

5 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions* (available at www.royalcommission.govt.nz).

6 Ministry of Health, *Public Health (Well-Being) in New Zealand: the Interface with Local Government (Draft)*, 2008. Drafts provided by Allen and Clarke, with the permission of the Ministry of Health.

7 Auckland Regional Public Health Service, *Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region* (hereafter the SOPHAR Report), Auckland Regional Public Health Service, Auckland, 2006 (available at www.arphs.govt.nz).

- Ministry of Social Development, Information for the Royal Commission on Auckland Governance, *The Social Landscape in the Auckland Region*, 2008⁸
- Ministry of Social Development, *The Social Report 2008*⁹
- Quality of Life Project, *Quality of Life '07 in Twelve of New Zealand's Cities*, 2007.¹⁰

9.8 There is necessarily a strong focus on social deprivation and inequalities in this chapter. Auckland's current and projected demographic profile is described in detail in Chapter 2, "Auckland Now" of this report. In relation to social well-being, Auckland's population is characterised by the broadest range of social and economic differences in New Zealand. It has the youngest and most ethnically diverse population in the country. Auckland fares poorly on some key social well-being indicators, and there are large inequalities (such as education and housing) within the region, as well as clusters of deprivation in certain suburbs, particularly in South Auckland, West Auckland, and Auckland City. Moving people out of deprivation lifts their personal self-worth and enhances their development and their ability to participate in the economy. It also reverses the loss to the economy and lifts the mood of the city. As Barack Obama said in his inaugural address

... a nation cannot prosper long when it favors only the prosperous. The success of our economy has always depended not just on the size of our Gross Domestic Product, but on the reach of our prosperity; on the ability to extend opportunity to every willing heart – not out of charity, but because it is the surest route to our common good.¹¹

9.9 This chapter also has a focus on housing. Access to quality housing is one critical requirement for positive social well-being outcomes in relation to employment, education, health, safety, and social connectedness. Housing also has environmental and cultural dimensions, and is very important for labour markets and economic growth. The data clearly demonstrate that housing access and affordability is a significant problem for Auckland and is highly correlated with significant social and economic inequalities. While the private sector is the primary provider of housing and public provision is primarily the responsibility of Housing New Zealand Corporation, councils have traditionally played an important, complementary role. In addition to direct provision of housing, access can also be determined by other council functions such as growth and urban planning, public transport, and economic development. Council provision of, and support for, social and affordable housing varies greatly and has changed over time. It illustrates the underlying

8 Ministry of Social Development, Information for the Royal Commission on Auckland Governance, *The Social Landscape in Auckland Region*, 2008 (available at www.royalcommission.govt.nz).

9 Ministry of Social Development, *The Social Report 2008* (available at www.socialreport.msd.govt.nz).

10 Quality of Life Project, *Quality of Life '07 in Twelve of New Zealand's Cities*, 2007 (available at www.qualityoflifeproject.govt.nz).

11 President Barack Obama's Inaugural Address, 20 January 2009 (available at <http://my.barackobama.com/page/community/post/stateupdates/gGxHZR>).

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variability in local government's understanding of, and commitment to, promoting social well-being. Housing is one of four key social well-being issues that have been identified in this chapter. While it may not be as critical as, for example, giving children the best start in life, council approaches to housing demonstrate the potential within local government to contribute more effectively to better social well-being outcomes.

What is social well-being?

9.10 The Ministry of Social Development's *Social Report* defines well-being as "those aspects of life that society collectively agrees are important for a person's happiness, quality of life and welfare".¹² The terms "well-being", "social well-being" and "public health" tend to be used interchangeably. In the post-Ottawa Charter era public health has come to be understood as an holistic approach to preventing illness and promoting the well-being of populations.¹³ This approach acknowledges the broader determinants of health, such as income, education, and housing.

9.11 The Ministry of Social Development *Social Report* identifies a set of social well-being domains. These domains, and indicators for the Auckland region are described in detail below and include

- health
- knowledge and skills
- paid work
- economic standard of living
- civil and political rights
- cultural identity
- leisure and recreation
- physical environment
- safety
- social connectedness.¹⁴

9.12 The data set out below demonstrate that achieving social well-being and improving outcomes for disadvantaged people is an increasingly important challenge for the region, particularly for children and young people, older people, people with disabilities, Māori, Pacific peoples, and new migrants.

¹² Ministry of Social Development, *The Social Report 2008*, p. 4.

¹³ World Health Organisation, *Ottawa Charter*, 1986.

¹⁴ Ministry of Social Development, *The Social Report 2008*, pp. 8–9.

9.13 Rowe proposes thinking of social well-being in terms of the critical transition periods in the life cycle, and the points at which interventions can enhance potential and confer the greatest gains. She describes three critical periods in the life cycle

... birth and the early years, when future capacity and resilience are largely established; the transition from teenage years to adulthood, and the transition to older age, which poses different challenges in maintaining autonomy, social connectedness and a sense of purpose.¹⁵

9.14 Rowe makes the case that the increasingly youthful age structure and ethnic diversity of Auckland’s population are compelling reasons alone to focus on children and young people, particularly within the youthful Asian, Pacific, Māori, and migrant populations. Giving children the best start in life will do more to improve social well-being than any other action. This preventive, rather than remedial approach, would also bring efficiencies and lay the foundations for a “cohesive and prosperous future”.¹⁶

Why should local government be involved in social well-being?

9.15 For Auckland to become a world-class city, improved social well-being outcomes are critical. Local government is already involved and can contribute significantly to improved outcomes. The Auckland Regional Public Health Service submission described local authorities as “place shapers and service enablers”,¹⁷ recognising that they have a range of opportunities to enhance or impede social well-being.

9.16 Auckland’s changing demographic profile also demands that social issues are well understood and considered as part of any council activity. For example, between 2006 and 2016 it is estimated that the proportion of Pacific people will increase by 23% and Asians by 58%. Based on these estimates, the Pacific population will increase from 203,000 to 262,200 and comprise 16% of the total population; while the Asian population will increase from 268,000 to 402,200 and will comprise 25% of the total population. By contrast, the proportion of Māori in Auckland’s population will increase by only 1% (from 11% to 12%), growing from 156,600 in 2006 to 187,400 in 2016.¹⁸ The needs and preferences of Auckland’s population in relation to council functions may change accordingly.

9.17 Over and above the legislated obligations to promote social well-being and to discharge the associated regulations (such as gambling policy and alcohol licensing), local government has the potential to make a significant contribution to positive social

¹⁵ Rowe, Elizabeth, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 160.

¹⁶ Ibid.

¹⁷ Submission to the Royal Commission from Auckland Regional Public Health Service, p. 7. (All submissions are available at www.royalcommission.govt.nz.)

¹⁸ Statistics New Zealand, *Subnational Ethnic Population Projections: 2006 (base) – 2021*, (available at www.statistics.govt.nz).

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well-being outcomes through direct and indirect spheres of influence. As described in Chapter 6, “Our Vision for Auckland”, the four dimensions of well-being that local government must promote under the Local Government Act 2002 are inextricably linked, and should not be treated in isolation. The Ministry of Social Development has pointed out that “Doing well or poorly in one domain is often likely to impact on performance in another outcome domain”.¹⁹ The linkages between the well-being dimensions represent under-utilised opportunities to improve social well-being through the delivery of core or traditional council business (such as infrastructure and related services). Systemic efforts to improve social well-being will enhance economic, environmental, and cultural well-being, and vice versa.

9.18 Embedding social well-being in policy, planning, and monitoring frameworks that focus on issues such as urban design and public transport has the potential to improve outcomes in all areas. It is possible that some of the greatest gains in social well-being may be achieved by explicitly considering and addressing social well-being in local government planning and infrastructure initiatives. Submitters and stakeholders, including some councils and mana whenua²⁰, advocated for local government to be “looking through a social well-being lens as part of the normal planning process for all local body decision-making”.²¹ Waitakere City Council noted that there should be “improved delivery and accountability for the social dimension of existing regional strategies (for example, the Regional Growth Strategy), ensuring land use, transport, and other infrastructure decisions integrate social and community dimensions.”²² In general, however, while the value of such an approach is recognised by some, local government appears to be just starting to address the social well-being impacts of its core “place shaping” and infrastructure activities. Urban design and public transport are two key examples.

9.19 Urban design is integral to social well-being. As well as creating beauty in the environment which helps people feel good, good urban design can improve quality of life by incorporating features that provide healthy, green spaces, recreation opportunities, opportunities for active transport (for example, walking and cycling), enhanced access to public transport, closer proximity to services and facilities such as schools, opportunities for community activities and events, and improved safety and security. For example, by focusing on high walkability, good urban design has been demonstrated to increase physical activity bringing health benefits; increase foot traffic through shopping precincts bringing economic benefits; and increase the numbers of people on streets, bringing safety benefits and enhanced social cohesion.²³ Conversely, by ignoring or downplaying

19 Ministry of Social Development, *The Social Report 2008*, p. 4.

20 Mana whenua – local Māori with ancestral ties to the land.

21 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 168.

22 Submission to the Royal Commission on Auckland Governance from Waikare City Council, Appendices and Case Studies, p. 66.

23 Litman T. A., “Economic Value of Walkability”, in *Transportation Research Record 1828*, Transportation Research Board, 2003, pp. 3–11.

these considerations, councils can create negative outcomes such as obesogenic environments.²⁴ At times, these concepts appear to be well understood. Rodney District Council for example has developed the (non-regulatory) urban design guideline *Building on Opportunity* that incorporates social well-being issues.²⁵

9.20 Similarly, public transport is crucial for providing easy and affordable access to employment, education, housing, recreation, and services (such as hospitals). People from disadvantaged communities (including those with greater health and social needs), young people, older people, migrants, and others who don't own cars are particularly reliant on public transport. Limited access to public transport can exclude people from participating in the social, economic, and cultural lives of their community and all the associated opportunities. Further, use of public transport increases physical activity and enhances social connectedness.

9.21 Local government also has a direct role in the planning and placement of educational and health facilities (for example, schools and hospitals), housing, and employment opportunities (through business development initiatives). Council planning and approval processes can determine where and how these facilities are located and develop, and therefore can impact on the associated social consequences. The University of Auckland, for example, in its submission described the importance of top-class tertiary education institutions in bringing people, money, employment opportunities, innovative research, and business into a city, with benefits for the whole region.²⁶

9.22 Economic growth relies on attracting people to live in the region, and maximising the potential of the whole population by supporting them to be healthy, housed, educated, safe, and socially connected. In turn, economic growth is a significant determinant of social well-being. The Waitakere City and Manukau City²⁷ submissions highlighted the role of social infrastructure and social services as the platform for economic development. Waitakere City noted that

... the well-being, development and international competitiveness of the Auckland region rests amongst other things on the public funding of infrastructure and social services. Internationally and within New Zealand, it is accepted that public agencies should fund infrastructure and social services that provide the platform, security and frameworks for private investment and development to create wealth and opportunity.²⁸

24 "Obesogenic" means that it tends to increase the likelihood of people becoming obese, as described in the Submission to the Royal Commission on Auckland Governance from the Auckland Regional Public Health Service, p. 7.

25 Rodney District Council, *Building on Opportunity* (Second Draft).

26 Submission to the Royal Commission on Auckland Governance from the University of Auckland, cited in *Report, Volume 3: Summary of Submissions*, p. 15.

27 Submission to the Royal Commission on Auckland Governance from Manukau City Council, p. 40.

28 Submission to the Royal Commission on Auckland Governance from Waitakere City Council, p. 59.

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9.23 Council policies, regulations, and services can influence the choices people make to move to or remain in a region. Students are one example of a population facing many choices of places to study, and they can contribute hugely to all aspects of a city. A successful city often retains a high percentage of its graduates through employment in the workforce, or through businesses and industries they may go on to establish or develop. Initially, students will be attracted largely by the quality of educational opportunities, but will also take into account housing issues, public transport, employment, social and recreational opportunities, affordability, and the social cohesion and connectedness of the city. Similarly, their choice to stay in the city where they have studied will be influenced by these factors.

9.24 It is important to recognise that the inter-linkages can bring tensions such as those that can occur between economic growth and environmental values. Managing the inevitable tensions and achieving balanced, positive outcomes through a more systemic approach will continue to be a key challenge for local government.

9.25 A strong focus on social well-being can also contribute significantly to the development of a strong identity, a sense of belonging and social cohesion.²⁹ These characteristics confer protection against negative social well-being outcomes such as crime. Waitakere City Council for example, led by Mayor Bob Harvey, has concentrated on aspects of social well-being such as housing, environmental practices, preventing domestic violence, and inclusion of ethnic community representatives in council discussions. These efforts appear to be reflected in the social well-being outcomes for Waitakere that are described below. Despite having the second highest proportion of the population with low incomes in the region, the Waitakere population typically does better than expected, ranking in the middle for most social well-being indicators compared with other territorial authority populations in Auckland.

9.26 The reverse of social well-being is social deprivation, disadvantage, and social exclusion. The state of Auckland's social well-being is set out below, and it is clear that on many key indicators the Auckland region and communities within the region fare poorly. There are significant and unacceptable inequalities. Manukau City Council observed in its submission that successful international cities are concerned about social exclusion and that growth should not increase inequalities.³⁰ Maintaining the status quo will not enable Auckland to fulfil its potential as a successful international city, and is not an option. It can be expected that continuing with the same approach and failing to target communities with the greatest needs will perpetuate and indeed may exacerbate these inequalities, with negative consequences for the whole community.

9.27 Although the broad policy-making, funding, service delivery, and monitoring functions are the responsibility of central government, local government has considerable capacity to partner with central government in order to contribute to improved social well-being. Central government can be limited in its ability to target initiatives at the neighbourhood

29 "Social cohesion" in this context is understood to mean good connections and trust between people.

30 Submission to the Royal Commission on Auckland Governance from Manukau City Council, p. 12.

level where clusters of deprivation are located. Local government, with neighbourhood-level knowledge, relationships, and established initiatives (such as community development programmes), can work with national agencies to increase the effectiveness of policy, funding, services, and monitoring in order to improve social well-being for high-need communities. The Auckland Regional Public Health Service noted in its submission,

Local authorities have considerable influence over the ability of individuals and families to mitigate the impact of low income and education by accessing employment and educational opportunities.³¹

9.28 Rowe stressed both the challenge of finding “a role for local government that links the macrocosm of the state to the microcosm of the neighbourhood and the family”³² and the advantages of local and central government working in a more integrated and aligned system:

When local authority powers to regulate land use, make provision for affordable housing, and determine public transport are combined with central government’s powers to decide on the distribution of social services such as health, education, police and family support services, a powerful engine for change can be built.³³

9.29 Although it is clear that local government has an important role to play in supporting improved social well-being, it is apparent that currently, this capacity is underutilised. Rowe also observed,

Despite the potential inherent in local government, few [stakeholders] thought local authorities had yet understood the power of the decisions they make ... Central agencies frequently express frustration that local authorities do not use the instruments they have to configure the urban physical environment so social well-being can be achieved.³⁴

9.30 The Auckland Regional Public Health Service made a similar observation in its submission:

The public health view of local authorities’ influence on health outcomes is somewhat wider than the view of local government itself ...³⁵

31 Submission to the Royal Commission on Auckland Governance from the Auckland Regional Public Health Service, p. 8.

32 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 140.

33 *Ibid.*, pp. 160–161.

34 *Ibid.*, p. 168.

35 Submission to the Royal Commission on Auckland Governance from the Auckland Regional Public Health Service, p. 8.

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Indicators of social well-being in Auckland

9.31 The following section provides a snapshot of Auckland’s social well-being, focusing on each of the domains reported on by the Ministry of Social Development in the annual *Social Report*.³⁶ The discussion identifies how Auckland compares with the rest of New Zealand, how the sub-regions (or territorial authority-level populations) compare within the region, and how communities within territorial authority districts compare (where such data are available or particularly pertinent). While the information is intended to provide a snapshot of social well-being in Auckland, it is not comprehensive, and has been selected to reflect the key social well-being issues for Auckland, such as housing.

9.32 The data provide an evidence base to support identification, analysis, and understanding of complex social issues and priorities for Auckland, and highlight the importance of addressing deprivation in Auckland. The data inform the recommendations about the governance arrangements that will support improved social well-being outcomes. The data can be applied to assist understanding the size and nature of problems, prioritising and targeting resources for those with the greatest needs and capacity to benefit, tracking trends, and measuring and monitoring progress against objectives over time. An evidence-based approach highlights the importance of access to good quality data, including routinely collected data, research, and evaluation.

9.33 There are significant problems accessing regional and sub-regional/territorial authority-level data. Limitations also exist with the data that are available. This is partly the result of misaligned boundaries, which means that accurate aggregation, disaggregation, and comparison of the data collected and analysed by the various agencies cannot easily be made. For example, the Auckland Regional Public Health Service (“ARPHS”), which is responsible for promoting health and well-being, disease surveillance, and so on, covers seven territorial authority areas and three regional authority areas. The ARPHS boundaries do not align well with local government boundaries, nor those of the major central government agencies that have major roles to play in social well-being, such as the police. (Note that this report includes data based on the different boundaries of the territorial authorities, the police, district health boards (“DHBs”), regional sports trusts, and small area (census or meshblock) units.)

9.34 Overall, the Auckland region does well by comparison with other regions in New Zealand on a number of social well-being domains. However, as detailed below, regional aggregation masks many significant inequalities at the sub-regional level, and as Rowe notes, the positive and negative data “... underscore the fact that Auckland is home to both the most and the least deprived neighbourhoods in New Zealand”.³⁷

³⁶ Ministry of Social Development, *The Social Report 2008*, pp. 3, 8, 9.

³⁷ Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 152.

Table 9.1 Life expectancy at birth (years), 2000–2002, Auckland region

Life expectancy (years)	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
Female	82.5	83.6	81.7	82.4	81.5	79.8	80.7	82.1
Male	78.5	79.1	77.7	77.7	76.2	76.2	77.0	77.5

Notes: Life expectancy at birth indicates the total number of years a person could expect to live, based on the mortality rates of the population at each age in a given year or period. Source: Ministry of Social Development, *Social Report 2008* (data available at www.socialreport.msd.govt.nz/regional/, accessed January 2009).

Demographics

9.35 Auckland’s demographic profile and the associated projections are detailed in Chapter 2 of this report. In relation to social well-being, Rowe’s analysis identified four key facts:

- the relative youth of Auckland’s population – almost 40% are under 25
- the high proportion of immigrants – 35% were born overseas
- the diversity of the population – 46% identify as Asian, Māori, Pacific, Middle Eastern/Latin American/African, or other ethnicity
- the distinctive neighbourhood patterns for age structure and ethnicity.³⁸

Health

9.36 The Ministry of Social Development reports on two standard indicators of health: how long people live and the quality of their lives. Auckland ranks in the highest quintile in the country on both measures. As Table 9.1 illustrates, North Shore City residents have the highest life expectancy, while Papakura District residents have the lowest. There is an association between life expectancy and the level of deprivation in an area, which is reflected in the mortality data.

9.37 Infant mortality “is recognised internationally as a sensitive indicator of social and economic conditions and the adequacy of health services”.³⁹ Among New Zealand’s 12 largest cities, the infant mortality rates between 2000 and 2003 were highest for Manukau City (6.8 per 1,000 live births), which were more than double those of Rodney District, with the lowest in the region (3.4 per 1,000 live births), as shown in Table 9.2. The rates are noticeably higher for Māori and Pacific infants than those of other (including

38 Ibid., p. 160.

39 Quality of Life Project, *Quality of Life '07 in Twelve of New Zealand's Cities*, 2007, p. 51.

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Table 9.2 Infant mortality rate per 1,000 live births (2000–2003 combined), for five Auckland councils

	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City
Māori	1.3	10.7	5.5	6.4	10.3
Pacific Islands	5.2	9.1	6.3	8.4	8.7
Other (incl. NZ European)	3.8	3.6	4.4	4.3	3.5
Total	3.4	4.9	5.0	5.5	6.8

Notes: An infant death is a live-born infant dying within the first year of life. Source: *Quality of Life '07 in Twelve of New Zealand's Cities*, 2007, p. 51 (available at www.qualityoflifeproject.govt.nz).

Table 9.3 Intentional self-harm statistics (suicide and hospitalisation)

	Deaths 2002–2006				Hospitalisations 2006			
	Total		Māori		Total		Māori	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Waitemata	245	9.7	24	10.2	328	65.0	40	83.3
Auckland	213	9.1	28	15.2	137	29.8	26	71.9
Counties-Manukau	256	12.1	78	22.8	184	41.3	48	65.2
Total New Zealand	2,504	11.9	487	16.5	2,868	69.7	473	77.2

Notes: Suicide is mortality data; hospitalisation refers to admission for intentional self-harm. Data by district health board areas. Source: Health Information Service, Ministry of Health.

New Zealand European) ethnicity. In Manukau, the infant mortality rate for Māori is nearly three times that of others (including New Zealand European).

9.38 Cigarette smoking and suicide rates are also key health indicators included in the Ministry of Social Development's *Social Report*. On both indicators the Auckland region ranks in the lowest quintile for New Zealand (which is a positive outcome). However, there are marked inequalities between the Auckland region's DHB districts; the suicide data is a telling example of how regional aggregation of statistics can mask sizeable inequalities within the region. (Note that the data are aggregated by DHBs, not by territorial authorities.) Suicidal behaviour is influenced by many factors at individual, family, community, and society levels, and suicide prevention efforts must therefore involve a multi-stranded, intersectoral response. DHBs influence suicidal behaviour through provision of services such as health promotion programmes, emergency care, and mental health services. Councils can also influence suicide behaviour through such activities as

planning and consent processes (for example, the erection of suicide barriers on Grafton Bridge), and alcohol and gambling policies.

9.39 Table 9.3 shows that in 2002–06 the Auckland DHB had the lowest total suicide rate in New Zealand at 9.1 (age-standardised rate per 100,000 population), compared with the national average of 11.9. Waitemata DHB's suicide rate was 9.7 and Counties-Manukau DHB's 12.1, highlighting a significant difference (over 30%) between Auckland and Counties-Manukau. It is apparent that Māori rates are consistently much higher than those of the rest of the population within each of the districts, for both completed suicide and hospitalisation for intentional self-harm (a major risk factor for suicide). For example, in the Counties-Manukau district the Māori suicide rate was 22.8, one of the highest in the country, and nearly double that of the total population (12.1). Auckland, which had the lowest suicide rate for the country, also had the lowest hospitalisation rate for self-harm, but the Māori rate was more than twice that of the total population. In 2006, Waitemata DHB had the highest rate of hospitalisation for self-harm within the region, and more than twice that of Auckland (65 compared with 29.8 for Auckland).

9.40 It is well recognised that deprivation and ethnicity are correlated with health status. Māori and Pacific populations generally fare significantly worse on many health indicators than the rest of the population as the examples above illustrate. As socio-economic disadvantage tends to be concentrated geographically, it is also apparent that where you live in Auckland makes a difference to your health status.

Knowledge and skills

9.41 The Ministry of Social Development reports on participation and attainment (or qualifications) in education from early childhood through to tertiary education. Three of these indicators are detailed below for the Auckland region. Nationally, Auckland ranks in the lowest quintile for participation in early childhood education. It is in the second highest quintile for school leavers with higher qualifications, and is average for adult educational attainment. In keeping with other indicators of inequality, Auckland has the highest concentration in New Zealand of schools at the extremes of the decile range.

Distribution of decile 1–10 schools in the Auckland region

9.42 In July 2007, one-third of the New Zealand school population was enrolled in Auckland, and over half of New Zealand's decile 1 school pupils were enrolled in Auckland schools.⁴⁰ Just over half of Auckland's decile 1 and 2 schools are in Manukau City, while nearly two-thirds of decile 9 and 10 schools are in North Shore City, as shown in Figure 9.1.

Early childhood education

9.43 *The Social Report* notes

Evidence from New Zealand and international research shows that early childhood years are vital to a child's development and their future ability to learn. Quality early childhood programmes prepare young children socially, physically and academically

40 Ministry of Social Development, *The Social Landscape in Auckland Region*, p. 9.

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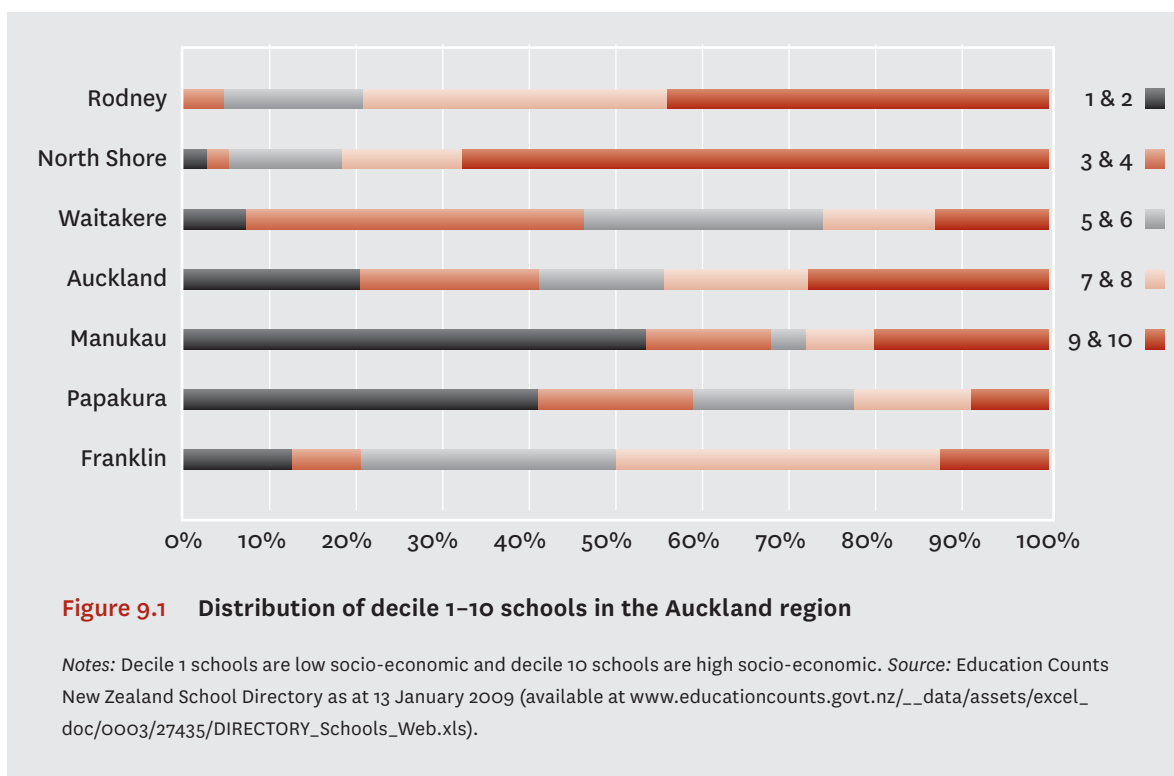


Table 9.4 Participation in early childhood education, 2007, Auckland region

	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
“Apparent” participation rate 3- and 4-year-olds	95.0%	105.2%	85.7%	96.8%	71.8%	88.0%	74.8%	87.5%
Early childhood attendance by Year 1 students	97.4%	97.9%	93.6%	93.3%	85.7%	86.3%	93.7%	91.7%

Notes: The data represent the number of 3- and 4-year-olds enrolled in early childhood centres or home-based education programmes as a proportion of all 3- and 4-year-olds and the proportion of Year 1 students who indicated they have attended some form of early childhood education. Note that numbers can add up to more than 100%. Source: Ministry of Social Development, *Social Report 2008* (data available at www.socialreport.msd.govt.nz/regional/, accessed January 2009).

for entry into primary education and can help narrow the achievement gap between children from low-income families and those from more advantaged families.⁴¹

41 Ministry of Social Development, *The Social Report 2008*, p. 36.

Table 9.5 Provision of early childhood education by ward in Manukau City

Ward	Population under 5 years (March 2007)	Early childhood education places (2007)	Provision of places as % of population
Botany-Clevedon	3,123	1,333	42.7%
Howick and Pakuranga Wards	4,372	3,310	75.7%
Mangere	5,808	2,034	35.0%
Manurewa	7,913	2,786	35.2%
Otara	3,911	1,526	39.0%
Papatoetoe	3,470	1,369	39.5%
Manukau City total	28,597	12,358	44.4%

Notes: Data represent the number of places for children under five at childcare centres, divided by the number of children under five. Source: 2007 data provided by The Salvation Army.

9.44 The data set out in Table 9.4 from the same report reveals significant differences between territorial authorities within the region. It shows that participation is highest in the North Shore (97.9% of children reported attending early childhood education) and lowest in Manukau and Papakura (85.7% and 86.3% respectively).

9.45 The Salvation Army submission also included data about participation in early childhood education at a ward level for Manukau City, illustrated in Table 9.5.⁴² While this data was derived using a different approach, this analysis reveals further significant differences within this territorial authority that already fares poorly by comparison with the rest of the region.⁴³ Overall, Manukau City had places available for an average of 44% of its children under five. There was 76% availability for Howick and Pakuranga, but only 39% for Otara's children. The implication is that just under two-thirds of Otara's children are not able to access early childhood education facilities within their community, compared with one-quarter in Howick and Pakuranga. The Salvation Army notes that the ward-level breakdown of these statistics reveals the "real inequalities beneath these averages".⁴⁴

School leaver qualifications and adult educational attainment

9.46 The data in Tables 9.6 and 9.7 show a similar pattern to that of early childhood education, with the highest qualified school leavers and the highest adult educational attainments being concentrated in the North Shore, and the lowest qualified in Papakura, Manukau City, and Waitakere. The data show that the same geographic areas experience

42 Submission to the Royal Commission on Auckland Governance from the Salvation Army, p. 3. Table 9.5 contains updated information for 2007, provided by the Salvation Army.

43 It should be noted that the variances between the two data sets are larger than might be expected and do raise methodological questions.

44 Submission to the Royal Commission on Auckland Governance from the Salvation Army, p. 3.

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Table 9.6 School leavers with higher qualifications, 2007, Auckland region

	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
NCEA Level 2 or higher	62.9%	78.5%	58.3%	75.6%	64.8%	55.8%	58.8%	69.6%
Bursary or higher	32.1%	48.4%	26.9%	40.6%	32.1%	21.5%	31.7%	37.0%

Notes: Figures show the proportion of school leavers who had attained a qualification at National Certificate of Educational Attainment (NCEA) Level 2 or above and the proportion who leave with Bursary and above. Source: Ministry of Social Development, *Social Report 2008* (data available at www.socialreport.msd.govt.nz/regional/, accessed January 2009).

Table 9.7 Adult educational attainment, Auckland region, 2007

	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
At least upper secondary	81.3%	89.4%	79.3%	87.7%	75.5%	71.1%	75.9%	75.8%
At least tertiary	15.1%	28.3%	18.4%	35.8%	16.1%	11.1%	12.2%	26.6%

Notes: Figures show The proportion of adults aged 25-64 years with an educational attainment of at least upper secondary school level and the proportion of adults with at least tertiary qualifications. Source: Ministry of Social Development, *Social Report 2008* (data available at www.socialreport.msd.govt.nz/regional/, accessed January 2009).

disadvantage in access to early school education and qualification of school leavers and adults.

Paid work

9.47 The Ministry of Social Development reports on five indicators of paid work: unemployment, employment, median hourly earnings, workplace injury claims, and satisfaction with work-life balance. Nationally, Auckland has an average unemployment rate, the lowest rate of employment (the proportion of the 15–64-year population in at least one hour of paid employment per week), ranks in the highest quintile for median hourly earnings, and ranks in the second highest quintile for workplace injury claims.⁴⁵

45 Ministry of Social Development, *The Social Report 2008*, Regional Indicators, pp. 12–15.

Table 9.8 Unemployed and unemployment rate by territorial authority, Auckland region
(Comparison between September quarter 2006 and September quarter 2008)

Territorial authority	September quarter 2008		September quarter 2006	
	Unemployed (thousands)	Unemployment rate (%)	Unemployed (thousands)	Unemployment rate (%)
Rodney District	1.5	3.6	1.1	3.0
North Shore City	2.5	2.4	5.1	4.7
Waitakere City	3.7	3.4	2.8	3.2
Auckland City	13.8	5.7	6.7	2.9
Manukau City	6.7	4.5	7.1	4.6
Papakura District	1.6	10.8	2.0	11.3

Source: Statistics New Zealand, *Household Labour Force Survey*.

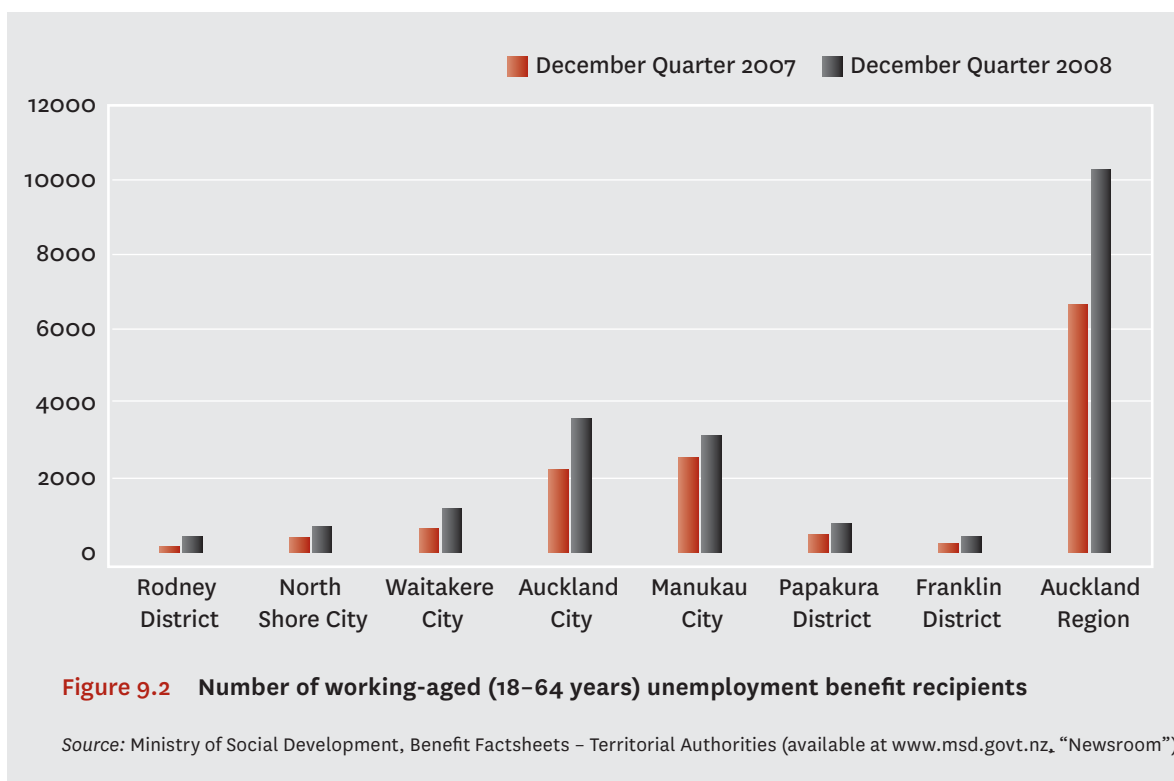
Table 9.9 Number of working-aged (18–64 years) unemployment benefit recipients
(Comparison between December quarter 2007 and December quarter 2008)

Territorial authority	December Quarter 2007	December Quarter 2008	% increase
	Unemployed benefit recipients	Unemployed benefit recipients	
Rodney District	157	357	127
North Shore City	403	695	72
Waitakere City	614	1,111	81
Auckland City	2,239	3,572	60
Manukau City	2,472	3,083	25
Papakura District	474	723	53
Franklin District	262	374	43
Auckland region	6,613	10,286	56

Notes: Data illustrated in Figure 9.2. Source: Ministry of Social Development.

9.48 Tables 9.8 and 9.9 and Figure 9.2 show changes across the Auckland territorial authorities in unemployment numbers and rates (for the two years from September 2006 to September 2008) and unemployment benefit recipient numbers (for one year from December 2007). The unemployment rate was highest in Papakura District (10.8%) compared with the lowest in the North Shore City (2.4%) in the September 2008 quarter;

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however, because of the small population, this translated to only 1,600 unemployed people in Papakura. The highest number of unemployed people live in Auckland City (13,800) and the lowest in Rodney District (1,500). Between 2006 and 2008, the biggest increase in the unemployment rate occurred in Auckland City with an increase of 7,100 in the number of unemployed. The biggest decrease occurred in North Shore City with a decrease of 2,600 in the number of unemployed. The other territorial authorities showed small changes in either direction.

9.49 The Auckland region saw a 56% increase in the number of unemployment benefits between December 2007 and December 2008. The biggest proportionate increases occurred in Rodney District and North Shore and Waitakere Cities. The smallest increase occurred in Manukau City.

9.50 Recent forecasts point to continuing increases in the national unemployment rate and number of unemployed people over the short to medium term. In December 2008, Treasury forecasts saw national unemployment peaking at 6.5% (5.7%–7.5%) midway through 2010,⁴⁶ although it should be noted that the forecasts are likely to be revised (possibly further upwards) as economic conditions change. The most recent data indicate that Auckland’s unemployment is increasing at a greater rate than the national average. In the September 2008 quarter the unemployment rate in the Auckland region was 4.4%, only slightly higher than the national rate for the same quarter (4.2%). Figures for the December 2008 quarter, however, show the region’s unemployment rate has increased

⁴⁶ Hon Bill English, Minister of Finance, Economic and Fiscal Forecasts, December 2008, Treasury, Wellington (available at www.treasury.govt.nz/budget/forecasts/eff2008/effo8.pdf).

Table 9.10 Population with low incomes, Auckland region

Year	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
2001	18.1%	14.7%	18.8%	18.1%	20.8%	18.9%	16.6%	18.2%
2006	14.5%	12.6%	16.2%	15.9%	17.7%	16.2%	13.6%	15.6%

Notes: The table shows the proportion of people living in households with gross real income less than 60% of the median household equivalised national income benchmarked at 2001. Equivalisation is a method to control for household composition. In this way, for example, the standard of living of a single person with an income of \$40,000 can be compared with the standard of living of a household consisting of two adults and three children on an income of \$40,000. The census income groups vary between censuses, therefore the income thresholds for each index also vary. (See [www.moh.govt.nz/moh.nsf/pagesmh/8066/\\$File/NZDep2006_text.pdf](http://www.moh.govt.nz/moh.nsf/pagesmh/8066/$File/NZDep2006_text.pdf).) Source: *Social Report 2008*, Regional Indicators – Territorial Authorities.

to 5.2%, while the national figure is 4.6%.⁴⁷ It is likely that those areas of Auckland already suffering from high unemployment will be hit harder by this increase, with a corresponding increase in socio-economic inequalities across the region.

Economic standard of living

9.51 The Ministry of Social Development reports on five indicators of the economic standard of living, including the proportion of the population with low incomes and household crowding. These are detailed below for the Auckland region.

Population with low incomes

9.52 Insufficient economic resources have an immediate range of consequences, from poor housing and overcrowding to limited transport options, lower educational attainment, and poor health. The Ministry of Social Development’s Social Report also notes that low income can “limit people’s capability to participate in and belong to their community and wider society and otherwise restrict their quality of life”.⁴⁸

9.53 The Auckland region ranks in the lowest quintile for “population with low incomes” with less than 16% of the population living in “low income households”. Since 1991 this proportion has been decreasing indicating an overall positive outcome for the region.⁴⁹ However, the Auckland region also has a wider range of incomes than other regions in New Zealand. Table 9.10 shows that in 2006 Manukau City had the highest proportion of

47 Statistics New Zealand, *Household Labour Force Survey: December 2008 Quarter* (available at www.stats.govt.nz).

48 Ministry of Social Development, *The Social Report 2008*, p. 62.

49 A “low income household” is described as having real gross income less than 60% of the median household equivalised national income benchmarked at 2001. Ministry of Social Development, *The Social Report 2008*, Regional Indicators, p. 16.

9. Promoting Social Well-Being

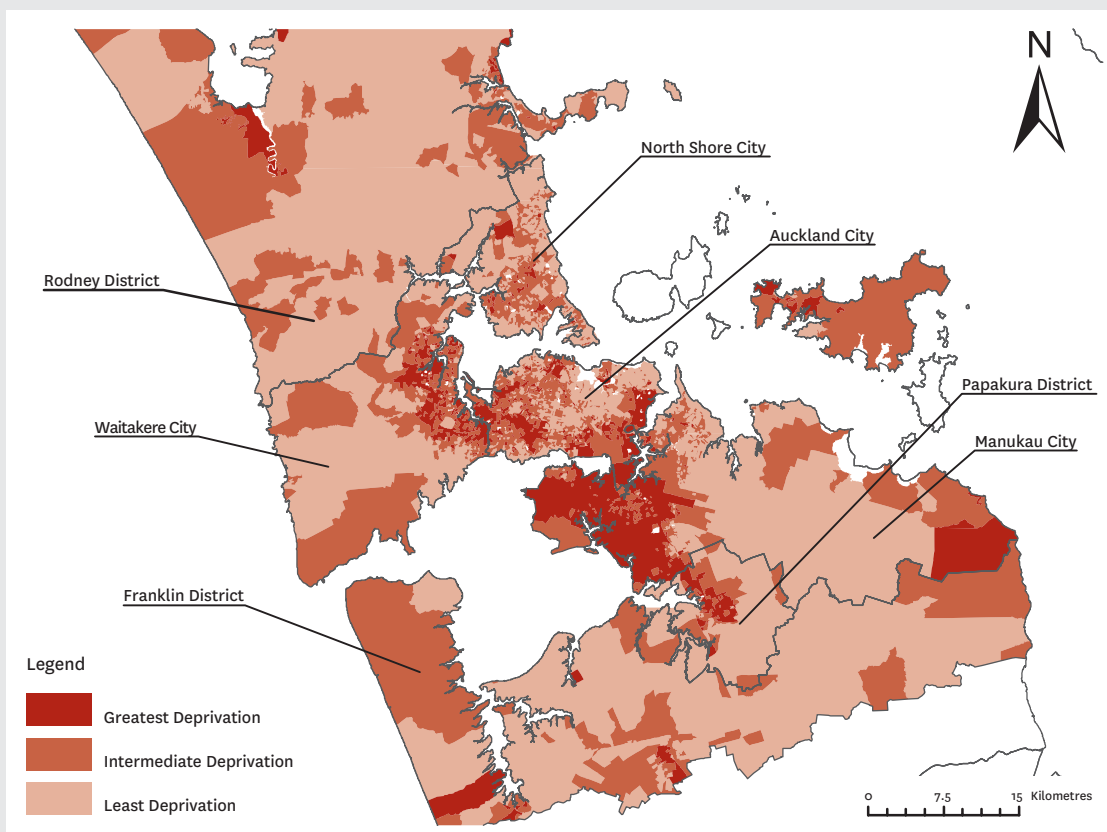


Figure 9.3 Deprivation index, Auckland region, 2006

Notes: The Deprivation Index is calculated using a range of Census data including income – people aged 18 to 64 years receiving a means tested benefit; income – people living in equivalised households with income below an income threshold; owned home – people not living in own home; support – people aged less than 65 years living in a single-parent family; employment – people aged 18 to 64 years who are unemployed; qualifications – people aged 18 to 64 years without any qualifications; living space – people living in equivalised households below a bedroom occupancy threshold; communications – people with no access to a telephone; transport – people with no access to a car. Each census area unit receives a decile rating from 1 (least deprived) to 10 (most deprived). A more detailed map is available at www.arc.govt.nz; *The People of the Auckland Region, 2006 Census series*. *Source:* Based on a summary of data published by the University of Otago. The complete data are available at www.wnmeds.ac.nz/academic/dph/research/socialindicators.html.

people living on low incomes and North Shore City had the lowest. One of the contributory factors is the large number of immigrants and refugees who settle in particular areas of Auckland. Many of these people have low skill levels, limited English language, and may not be eligible for most benefits (for example unemployment, domestic purposes, and sickness) if they have been resident for less than two years.⁵⁰

9.54 The New Zealand Index of Deprivation (“NZDep”) uses nine weighted variables derived from census data (such as income and home ownership) to describe the level

⁵⁰ Department of Labour, *Benefit Receipt of Recent Migrants to New Zealand 2006* (available at www.dol.govt.nz/publications/)

of deprivation experienced by groups of people in small area units.⁵¹ As illustrated by the map in Figure 9.3, Manukau and Auckland Cities have the greatest number of small area units in Auckland that have more deprived NZDep scores (decile 8, 9, and 10).⁵² In Manukau, NZDep scores are high in areas such as Otara, Mangere, Flat Bush, Weymouth, Clendon, Wiri, Manurewa, and Papatoetoe. In Auckland City NZDep scores are high in areas, such as Tamaki (Point England, Glen Innes, and Panmure), Otahuhu, Mt Wellington, Oranga, and Wesley.⁵³ The Salvation Army submission also described a similar concentration of poverty in a broad band extending from Glen Innes to Manurewa and alluded to intergenerational effects noting that “there is some evidence that this poverty is not only deeply embedded in these communities but is becoming more concentrated”.⁵⁴

9.55 The deprivation statistics show that deprivation is not only correlated with geography, but also with ethnicity, as Figure 9.4 illustrates. European people are represented in all of the deciles, but in decreasing proportions as deprivation increases. Māori are more strongly represented in the deciles with high deprivation scores and Pacific people are severely disadvantaged, with three-quarters of the population in the three most deprived deciles, and almost 40% in decile 10.

Household crowding

9.56 Crowding in households relates to situations where the number of people residing in a household exceeds the ability of the dwelling to provide adequate shelter and services to its members.⁵⁵ Household crowding is defined as “the proportion of the population requiring one or more additional bedrooms”, by the Canadian Crowding Index. This index is based on criteria outlined in the Canadian National Occupancy Standard that take account of appropriate age and gender mixes.⁵⁶

9.57 Access to quality, stable, and affordable housing is an important determinant of social well-being for all age groups. Overcrowding is a direct consequence of insufficient economic resources and the difficulties faced by low-income families in meeting the costs of rent and basic utilities such as power and water. Families are forced to share accommodation and costs, often ending up in very poor conditions, such as cold, damp houses or garages. Data provided by the Monte Cecilia Housing Trust show that

51 White, P., Gunston, J., Salmond, C., Atkinson, J., and Crampton, P., *Atlas of Socioeconomic Deprivation in New Zealand NZDep2006*, Ministry of Health, Wellington, 2008 (available at www.moh.govt.nz).

52 Ministry of Social Development, *The Social Landscape in Auckland Region*, 2008, p. 4.

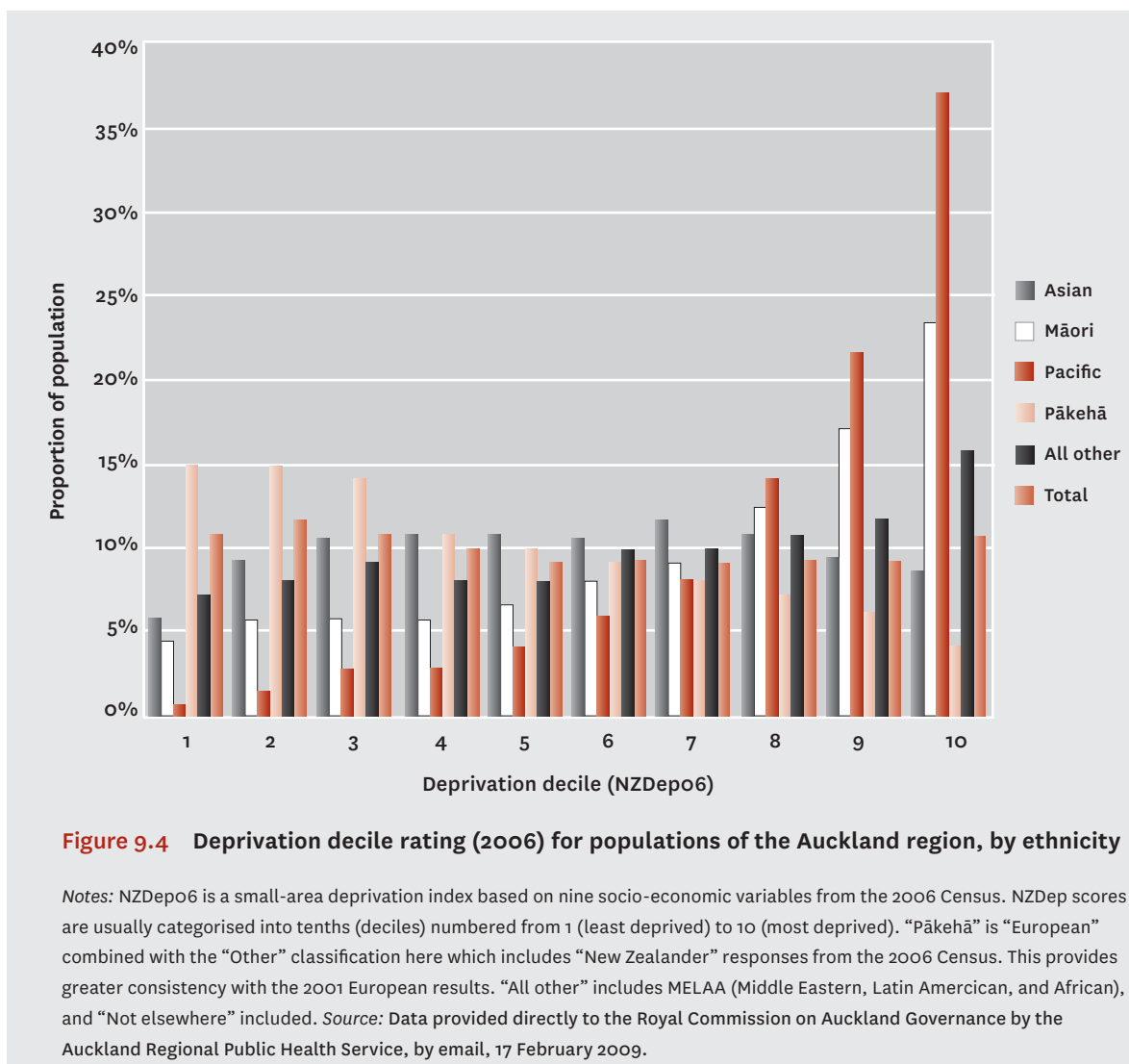
53 Oranga is a suburb between Penrose and Onehunga North. Wesley is a small suburb to the west of Mt Roskill.

54 Submission to the Royal Commission on Auckland Governance from the Salvation Army, p. 2.

55 See www.stats.govt.nz/analytical-reports/housing-affordability-report/technical-notes.htm#crowding.

56 The criteria are: “(1) There should be no more than two people per bedroom; parents or couples share a bedroom; (2) Children aged under five years, either of same or opposite sex, may reasonably share a bedroom; (3) Children aged under 18 years of the same sex may reasonably share a bedroom; (4) A child aged five to 17 years should not share a bedroom with one aged under five of the opposite sex; (5) single adults aged 18 years and over and any unpaired children require a separate bedroom.” (The Canadian National Occupancy Standard criteria are available at www.stats.govt.nz/products-and-services/housing-quality-stats/crowding-occupancy-rate.htm).

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children are usually involved in high need or crisis housing situations.⁵⁷ Overcrowding is accompanied by high mobility and frequent moves which bring additional costs, disruption within families and social support systems, disconnection within communities, and frequent school changes with increased truancy. This presents difficulties for children undertaking homework and they either do poorly at school or rely on community facilities such as homework centres and libraries. Adults in these situations often struggle to maintain stable employment. Overcrowding is also associated with other serious health and social well-being consequences (such as infectious diseases, respiratory illness, mental illness, and family violence), poor educational attainment, and crime.⁵⁸

57 Data for 2000–2007 provided directly to the Royal Commission on Auckland Governance by the Monte Cecilia Housing Trust.

58 Mitchell, I., *How Affordable is Housing in New Zealand and What Strategies are Available to Reduce Housing Stress?*, Centre for Housing Research (undated), p. 2 (available at www.chranz.co.nz/pdfs/how-affordable-is-housing-in-nz.pdf).

Table 9.11 Proportion of population living in crowded housing, Auckland region

Year	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
2001	4.9%	6.5%	13.9%	16.4%	24.3%	14.8%	8.6%	15.3%
2006	4.7%	7.0%	14.5%	16.5%	25.1%	16.2%	8.3%	15.7%

Notes: Crowded housing means houses with fewer bedrooms than required given household size and composition, measured against the Canadian National Occupancy Standard. Further details on the crowding index are available in the *Social Report*. Source: Ministry of Social Development, *Social Report 2008* (data available at www.socialreport.msd.govt.nz/regional/, accessed January 2009).

9.58 Nationally, Auckland region ranks in the highest quintile for household crowding, meaning that it has the highest proportion (15.7%) of the population living in crowded conditions.⁵⁹ There are significant inequalities within the region as illustrated by Table 9.11. About one-quarter of Manukau City’s population live in crowded housing, about five times the proportion of Rodney District residents in this situation.

9.59 Figure 9.5 illustrates that overcrowding is also correlated with geographical location and ethnicity. In all the council districts, Pacific people constitute the highest proportion of the population living in crowded households. In Manukau City nearly 40% of Pacific people live in such conditions. Māori experience the second highest rate of overcrowding in nearly all of the territorial authority districts, followed by Asians. Europeans experience the lowest levels of overcrowding with well below 5% in most of the council districts.

9.60 Household crowding is influenced by income, plus the affordability of rent and house ownership. There are significant housing affordability issues in the Auckland region as documented in the statistics and reported in recent media.⁶⁰ Housing in the Auckland region is the second least affordable region in New Zealand, behind Central Otago. Between 2001 and 2006, the largest housing shortages (where dwelling growth failed to keep up with population growth) were in Auckland, Manukau, and North Shore Cities. Between 2000 and 2005 the median house sale price rose by over 60% in Rodney District and North Shore and Auckland Cities, making home ownership increasingly unattainable for more people. Rentals in Auckland have also increased, and are higher than the rest of New Zealand (averaging \$275 per week compared with \$201).⁶¹ It is estimated that an

59 Ministry of Social Development, *The Social Report 2008*, Regional Indicators, p. 17.

60 Ministry of Social Development, *The Social Landscape in Auckland Region*, 2008, pp. 14–15, and “Tackling South Auckland’s Social Ills Begins at Home”, *New Zealand Herald*, 7 January 2009.

61 Statistics New Zealand, *Quickstats About Housing (Revised 04 May 2007)* (available at www.stats.govt.nz, accessed March 2009).

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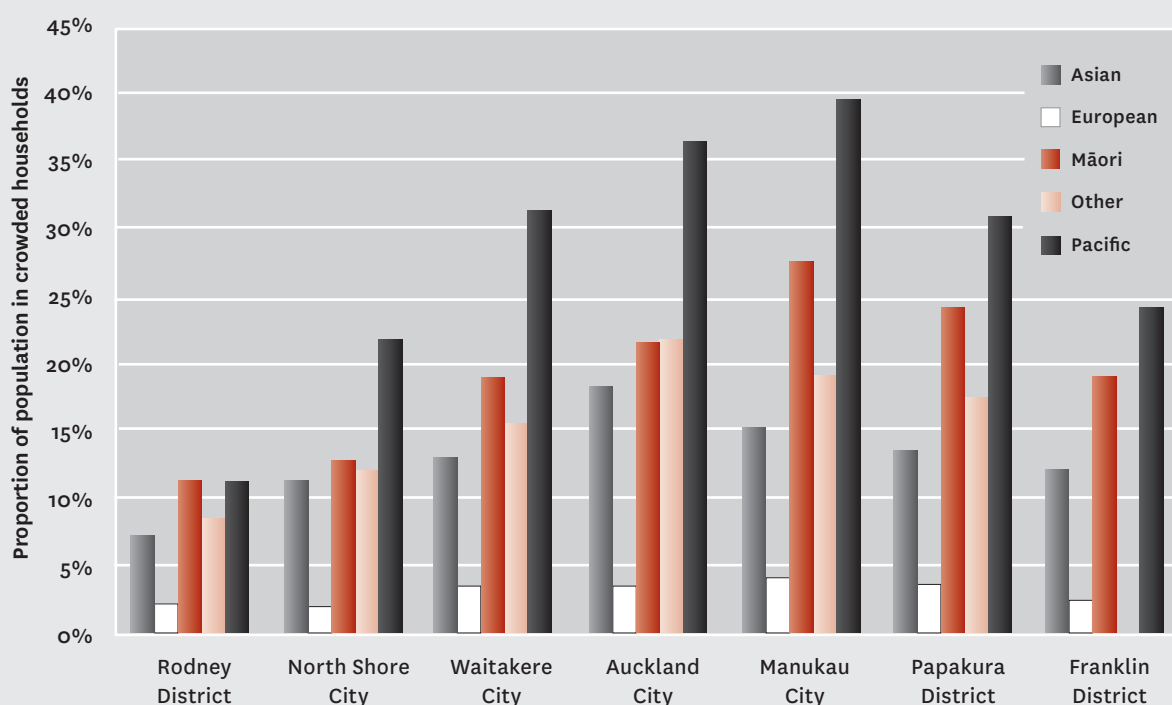


Figure 9.5 Household crowding for populations of the Auckland region, by ethnicity

Notes: Crowded households are those with fewer bedrooms than required given household size and composition, measured against the Canadian National Occupancy Standard. Source: Auckland Regional Public Health Service, *Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region*, 2006, p. 106.

additional 56,000 rental properties will be needed in Auckland over the next 10 years, with the Centre for Housing Research noting that

A shortage of affordable and secure accommodation for poorer households is a key problem in the private rental market, which is also characterised by an absence of institutional investors and a government housing policy focus on the demand side via income supplementation. Urban planning policies that emphasise containment and increased density also tend to reduce supply and increase prices.⁶²

9.61 In addition, the number of homeowners experiencing housing stress in Auckland rose by 20.5% between 1996 and 2004, including 45.4% of younger people (20–39 years). Housing stress is experienced when a household is in the bottom two quintiles of income

62 Centre for Housing Research Aotearoa New Zealand, “The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region”, *Research Bulletin 7*, March 2007.

distribution, and pays more than 30% of the gross household income on housing costs, either rental or owner-occupied.⁶³

9.62 More recent analysis indicates that housing affordability is the best it has been in several years owing to falling interest rates and house prices.⁶⁴ While this trend is expected to continue over the short term, affordability is likely to remain out of reach for lower-income people as banks tighten their credit criteria and demand higher deposits. The situation is likely to increase housing inequalities.

Civil and political rights

9.63 The Ministry of Social Development observes that

Wellbeing depends on people having a sense of choice of control over their lives, and on being reasonably able to do the things they value. This is only possible if people can exercise the many rights referred to above.⁶⁵ People's ability to take part in society, and their sense of belonging and identity, also depend on the exercise of these rights.⁶⁶

9.64 The ministry uses four indicators to measure civil and political rights: voter turnout, representation of women in government, perceptions of discrimination, and corruption.

9.65 Auckland ranks in the lowest quintile for voter turnout in territorial authority elections.⁶⁷ It is low by national and international standards and is approximately half that of general election turnout, which was 81% in 2005.⁶⁸ It has been gradually declining since 1989 and is now at similar levels to those in the 1960s. In general, it appears that turnout is higher for larger councils and for district (rather than city) councils. Turnout appears to have increased after local government restructuring, the introduction of postal voting, and in response to high-profile mayoral contests. Voter turnout across Auckland in 2007 is shown in Table 9.12.

9.66 Submitters raised concerns about the lack of participation of poorer communities in local government process and identified the need to establish “inclusive, accessible and responsive”⁶⁹ political systems. One submitter stated that they wanted to see a governance structure that included “the marginalised in decision-making” adding that this would “lead to a vibrant, diverse, healthy, liveable, sustainable and nearly perfect Auckland”.⁷⁰ These comments highlight the value of engaging well with disadvantaged

63 Centre for Housing Research Aotearoa New Zealand, “Affordable Housing in the Bay of Plenty Region: a Solutions Study” in *Research Bulletin 10*, August 2007.

64 Home Loan Affordability Series, “Home loan affordability for typical buyers – New Zealand” (available at www.interest.co.nz/HLA/HLA-NZ-January2009.asp?105).

65 Rights set out in the New Zealand Bill of Rights Act 1990.

66 Ministry of Social Development, *The Social Report 2008*, p. 68.

67 Ministry of Social Development, *The Social Report 2008*, Regional Indicators, p. 18.

68 Department of Internal Affairs, *Local Authority Election Statistics*, 2007, p. 18.

69 Submission to the Royal Commission on Auckland Governance from the Waitakere Pacific Board Inc, p. 9.

70 Submission to the Royal Commission on Auckland Governance from Paul William Doherty.

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Table 9.12 Voter turnout in Auckland mayoral and council elections, 2007

Councils	Mayoral elections	Council elections	
	% overall turnout	% overall turnout	% change 2004–07
Rodney District	45%	45%	– <1%
North Shore City	35%	35%	– <1%
Waitakere City	38%	38%	+ 2%
Auckland City	40%	40%	– 9%
Manukau City	39%	38%	– 2%
Papakura District	35%	35%	– 5%
Franklin District	34%	35%	– 11%
Auckland region		38%	– 4%

Notes: The table shows the proportion of all enrolled electors (both resident and ratepayer) who cast a vote in territorial/regional authority elections. Source: Department of Internal Affairs, *Local Authority Election Statistics 2007, 2008*.

communities through a range of mechanisms, and to encourage higher turnout at local body elections.

Cultural identity

9.67 Auckland is the most culturally diverse city in the country. Cultural identity is a vital contributor to social well-being for a range of reasons, and can be based on nationality, ethnicity, community, or religious affiliation or other shared interests. It fosters a sense of belonging, provides access to social networks, increases social capital, and has been shown to be associated with positive health and education outcomes. The Ministry of Social Development uses three indicators to measure cultural identity: local content programming on New Zealand television, Māori language speakers, and language retention.⁷¹

9.68 Tables 9.13 and 9.14 show that the Auckland region has the second lowest proportion of Māori language speakers (Māori who can hold a conversation about everyday things in te reo Māori⁷²), and the highest level of language retention (the proportion of people, other than Māori who can speak their “first language” of their ethnic group).

Leisure and recreation

9.69 The Ministry of Social Development describes leisure and recreation as “crucial components of a balanced and healthy lifestyle” and an important part of community life, and the development of social cohesion.⁷³ In particular, participation in leisure and recreation has well-documented physical health, mental health, and social well-being consequences. The Ministry of Social Development uses three indicators to measure

71 Ministry of Social Development, *The Social Report 2008*, pp. 9, 78–85.

72 Te reo Māori – Māori language.

73 Ministry of Social Development, *The Social Report 2008*, p. 86.

Table 9.13 Māori language speakers

Year	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
1996	14.3%	16.6%	18.2%	20.8%	22.2%	23.8%	25.7%	20.5%
2001	14.1%	18.2%	19.5%	20.7%	22.1%	23.5%	24.1%	20.7%
2006	14.0%	17.3%	19.0%	20.0%	21.4%	20.9%	21.3%	19.8%

Notes: The proportion of Māori who can hold a conversation about everyday things in Māori, as a proportion of the Māori population. Source: *Social Report 2008*, Regional Indicators – Territorial Authorities.

Table 9.14 Language retention

Year	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
2001	45.9%	68.8%	59.8%	63.2%	62.4%	46.8%	54.6%	62.4%
2006	50.4%	69.4%	59.8%	64.8%	63.8%	49.8%	52.9%	63.7%

Notes: Proportion of people, born in New Zealand or overseas, who can speak the “first language” (excluding English) of their ethnic group, for ethnic groups (other than Māori) with an established resident population in New Zealand. Source: *Social Report 2008*, Regional Indicators – Territorial Authorities.

leisure and recreation: satisfaction with leisure time, participation in physical activity, and participation in cultural and arts activities. Issues related to culture and art are addressed in Chapter 10, “Culture, Recreation, and Diversity” of this report.

9.70 The data in Table 9.15 set out levels of participation in physical activity in the areas of Auckland’s four regional sports trusts. It shows that for most categories, the sport, recreation, and physical activity profiles for the trusts’ regions are comparable to the national profile. Within the region, the highest proportion of adults achieving the guidelines (at least 30 minutes of moderate intensity physical activity on most, if not on

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Table 9.15 Adult compliance (% of population) with national physical activity guidelines in 2008

	North Harbour	Auckland	Waitakere	Counties-Manukau	National
Achieved the guidelines	42.5	44	54.3	51	48.2
Some activity	45.8	40.3	35.7	35	39.1
Inactive	11.7	15.7	9.9	14	12.7

Source: SPARC, *Sport, Recreation and Physical Activity Profile: Waitakere/ North Harbour/Auckland/Counties-Manukau Regions 2007/08*. Wellington, 2009.

all, days of the week) was in Waitakere, and the lowest in North Harbour. The sports trust region with the highest proportion of inactive people was Auckland.⁷⁴

9.71 Preferences for different activities within the region reflect the characteristics of the local population and opportunities within the local environment. For example, in Counties-Manukau (where the Manukau City Council provides free swimming pools) swimming was the second most popular sport with over 36% participating in swimming over 12 months. This was less than Auckland’s population (at 43.9%), where access to swimming pools is not free, but where there is easier access to beaches. Auckland adults identified pilates/yoga and tennis on their 10 most popular activities list – activities that did not appear on the national list. In the North Harbour region, walking was the most popular activity for men and women, while women listed golf and fishing among their most popular activities – also activities that did not appear on the New Zealand list. Waitakere had a similar profile to North Harbour, although women identified tramping rather than golf among their most popular activities.

Physical environment

9.72 The Ministry of Social Development recognises that a clean, healthy environment is essential for physical and emotional well-being, and plays a particularly important role in the nature and extent of participation in leisure and recreation activities. The physical environment includes land, air, water, plants and animals, buildings, infrastructure, and other natural resources that “provide our basic needs and opportunities for social and economic development”.⁷⁵

9.73 The ministry uses two indicators to measure the quality of the physical environment: air quality and drinking water quality. Local government has responsibilities that directly impact on these measures. In addition to the broad statutory obligations of

74 Sport & Recreation New Zealand (SPARC), *Sport, Recreation and Physical Activity Profile: Waitakere/ North Harbour/Auckland/ Counties-Manukau Regions 2007/08*, Wellington, 2009. These are not statistically significant differences and when the margin of error is taken into account, the proportions of adults meeting the guidelines within the region are similar. Also, it should be noted that, because of differences in the sampling methodologies and questionnaires between this survey and that undertaken in 2001, the results are not comparable; therefore analysis of trends in physical activity participation over time is not possible.

75 Ministry of Social Development, *The Social Report 2008*, p. 94.

local government that relate to the physical environment and provision of infrastructure (addressed in detail elsewhere in this report), local government is also responsible for controlling discharges or contaminants into land, air, and water; managing water resources; controlling public health nuisances and hazardous substances. When compared nationally, Auckland ranks in the highest quintile for drinking water quality (achieving high compliance scores in drinking water standards for *E. coli* and *Cryptosporidium*) and is safe with scores below the annual guideline threshold for particulate matter.

9.74 In addition to the measures set out in the *Social Report*, the *Quality of Life '07* report also reports on the “built environment” including indicators of the “look and feel of the city” (measured by residents’ ratings relating to graffiti and noise pollution), land use (measures include the area of green space and residents’ ratings of ease of access to green, open spaces), traffic and transport (measures include motor vehicle ownership and travel to work), and public transport (measures include use, affordability, and safety of public transport).⁷⁶ As noted above, five Auckland cities took part in the *Quality of Life '07* report, and some findings for key measures relating to transport are noted below.

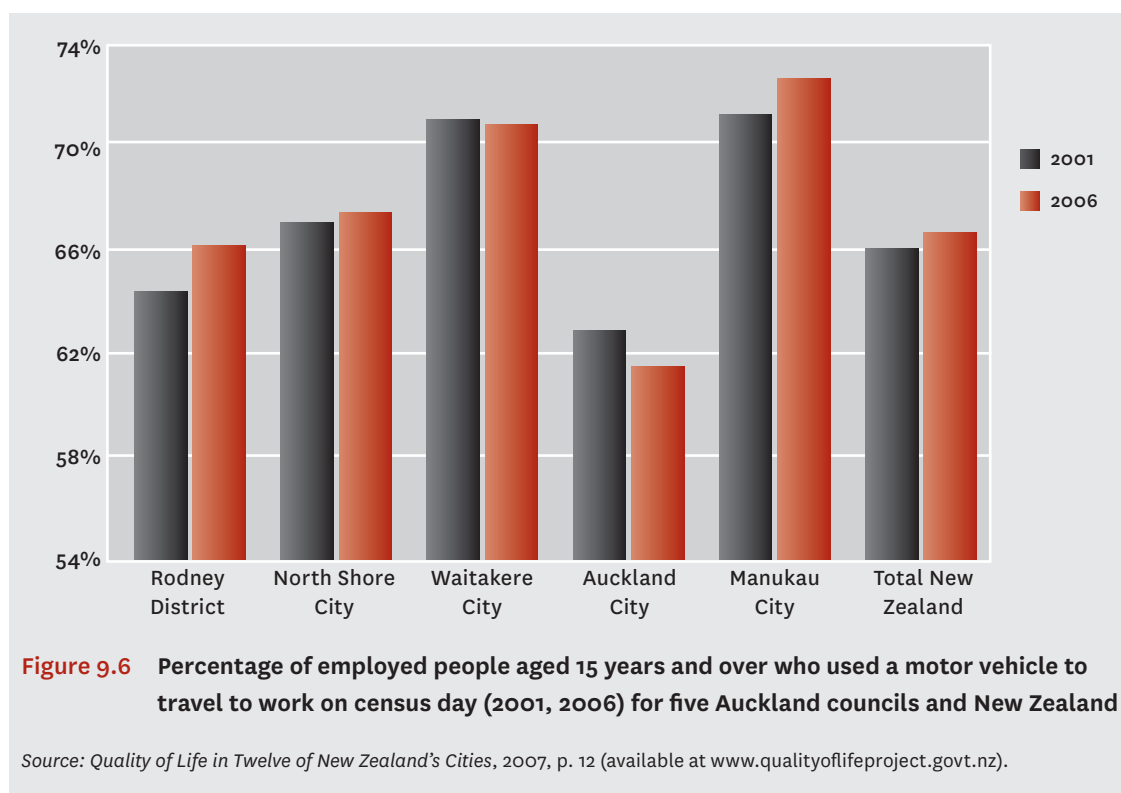
9.75 Four of Auckland’s territorial authorities (Rodney, North Shore, Waitakere, and Manukau) ranked the highest score for the average number of vehicles per household. The Auckland region cities did not score well in relation to perceptions of public transport. Residents ranked affordability at 36% to 49% (compared with 55% nationally), safety at 61% to 79% (compared with 73% nationally), and convenience at 30% to 49% (compared with 55% nationally).

9.76 The use of motor vehicles to get to work is an important indicator of dependence on vehicles and is associated with congestion pressures and related stress, air quality and pollution, pressure on roading infrastructure, and utilisation of public transport. As illustrated by Figure 9.6, Manukau City has the highest proportion (72.7%) of employed people using a motor vehicle to get to work compared with the other 12 major cities in New Zealand. It should be noted that while Auckland appears to have a relatively low score within the region (61.5%), the score is significantly higher than that of Wellington City (45.1%).

9.77 This graph also indicates that vehicle utilisation may be higher among people who can probably least afford it. This may be explained by poor public transport options in areas with high levels of deprivation. Vehicle ownership has major financial implications for lower-income people who are often, for example, forced to borrow money from Work and Income New Zealand or other organisations to pay for vehicle repairs (thereby adding to their debt levels). This financial burden is expected to increase should proposed vehicle pollution regulations be introduced in three to four years’ time when many older-model cars will become non-compliant.

76 Quality of Life Project, *Quality of Life '07 in Twelve of New Zealand's Cities*, pp. 215–229.

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Safety

9.78 The Ministry of Social Development notes that safety and security are fundamental to well-being. Both violence and avoidable injury are encapsulated within the safety domain, which is measured using indicators of assault mortality, criminal victimisation, fear of crime and road casualties. Children and young people are particularly vulnerable to violence and injury.

9.79 As noted in the *Social Report*, criminal victimisation rates provide a “broad measure of personal safety and well-being”.⁷⁷ Those who are more likely to be the victims of crime include young people (the risk decreases with age), Māori, Pacific peoples, Asians, sole parents with children, people who rent their homes, unemployed, and those living in the most deprived quintile of New Zealand. Some criminal victimisation statistics stand out. For example, Māori women are three times more likely than the average to be assaulted or threatened by a partner.⁷⁸ While these findings are derived from national data, they have particular relevance for Auckland’s people because of the concentration of these groups within the region.

9.80 The charts in Figure 9.7 (provided by the Salvation Army) compare the reporting and resolution of violence and dishonesty crimes within the Auckland region.⁷⁹ The charts reflect the risk of being a victim of crime in particular districts, and the nature of

77 Ministry of Social Development, *The Social Report 2008*, p. 104.

78 *Ibid.*, p. 105.

79 Data provided directly to the Royal Commission by the Salvation Army, based on Police Crime Statistics 2007/2008.

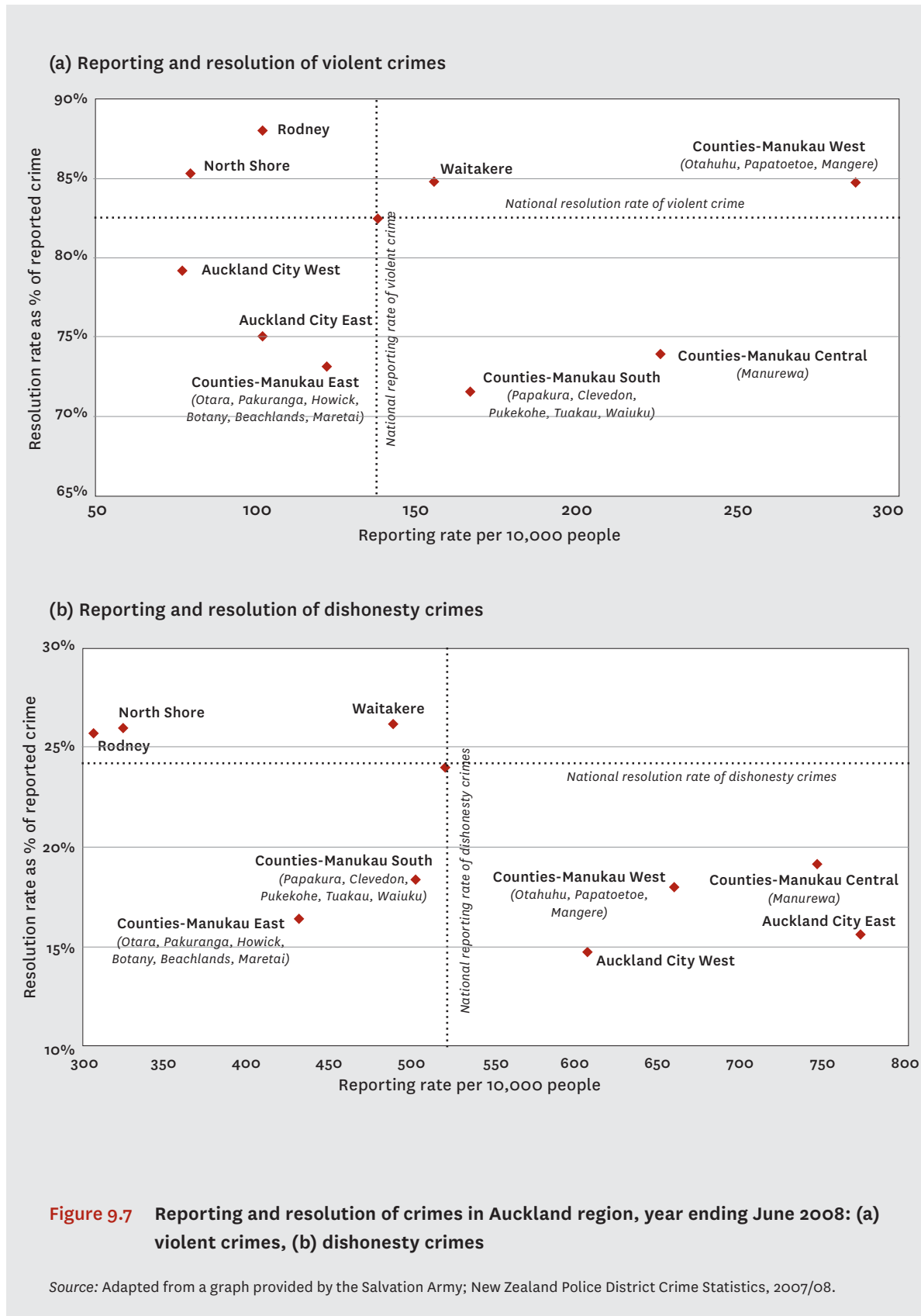


Figure 9.7 Reporting and resolution of crimes in Auckland region, year ending June 2008: (a) violent crimes, (b) dishonesty crimes

Source: Adapted from a graph provided by the Salvation Army; New Zealand Police District Crime Statistics, 2007/08.

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the crime. The resolution rate is generally higher for violent crime because it is heavily weighted towards family violence which typically occurs within a household. This may explain the high rate of reporting and resolution of violent crime within Counties-Manukau West. Low reporting rates and high resolution are the most desirable outcomes. Overall in the year to June 2008, North Shore, Rodney, and Waitakere experienced lower rates of reported crime and high resolution, with roughly half the reported crime of Counties-Manukau West and Central. Manurewa, for example, had high reporting rates and low resolution, compared with Rodney with relatively low reporting rates and high resolution. As both charts show, there is a marked discrepancy between the reporting and resolution of violent crime between East and West Counties-Manukau (or Pakuranga/Howick/Botany and Otara/Papatoetoe/Mangere). Auckland City (East and West) has a high rate of dishonesty crimes, with a low rate of resolution.

Social connectedness

9.81 The Ministry of Social Development describes social connectedness as “the relationships people have with others”. The ministry notes that it is integral to social and economic well-being for both individuals and communities with, for example, people working together towards shared goals which can benefit communities and society as a whole. The *Social Report* observes that “Several studies have demonstrated links between social connectedness and the performance of the economy and positive outcomes for individual health and well-being”.⁸⁰

9.82 The Ministry of Social Development uses a number of indicators to measure social connectedness, including telephone/internet access at home, contact between young people and their parents, trust in others, and loneliness.⁸¹ Auckland has the second lowest proportion of the population with telephone access; and for contact between young people and their parents, ranks as average for males and in the second best quintile for females.

9.83 Home access to telephone and internet provide critical communication tools that facilitate access to information, support services, and community networks. The data in Table 9.16 illustrate the high rates of telephone and internet access in the North Shore locality and the low rates in Manukau City and Papakura District.

9.84 Nationally, Māori and Pacific peoples have the lowest levels of household access to telephones and the internet, although these populations showed the greatest increases between 2001 and 2006. In 2006 the rate of internet access for people of European ethnicity was 70.4%, compared with 46.7% for Māori and 37.7% for Pacific peoples. This is consistent with the geographical variation in access rates illustrated in Table 9.16.

9.85 Telephone and internet access data have notable limitations as indicators of social connectedness, particularly for certain populations. For example, young people may

80 Ministry of Social Development, *The Social Report* 2008, p. 110.

81 Territorial authority-level data were not available for the indicator “contact between young people and their parents”.

Table 9.16 Proportion of the population with telephone and internet access in the home, Auckland region

Census year	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland region
Telephone								
1996	93.9	95.8	92.3	89.5	87.4	88.0	91.3	90.7
2001	93.4	95.8	91.0	90.8	87.5	89.2	90.3	90.9
2006	95.4	96.7	92.5	92.8	90.9	91.2	93.4	93.1
Internet access								
2001	44.1	59.3	43.2	49.3	38.4	38.3	39.4	46.3
2006	71.2	79.0	63.9	67.7	55.6	57.0	63.9	65.7

Notes: Information about internet access was asked for the first time in the 2001 census. Source: Ministry of Social Development, *Social Report 2008* (data available at www.socialreport.msd.govt.nz/regional/, accessed January 2009).

rely extensively on mobile phones to communicate with their peers. Other communities, despite having low internet and phone access, may enjoy strong, positive connections through participation in cultural or sporting activities. For those with internet access, time spent communicating online may erode time and effort spent engaging in family and community activities.

9.86 The data in Tables 9.17 and 9.18 show that among the five Auckland territorial authorities included in the *Quality of Life '07* survey, “trust in others” is highest in Rodney and lowest in Waitakere. People in Rodney are also the least likely to report experiencing loneliness, while people in Auckland and Manukau are most likely. Aucklanders are generally less trusting than others in the rest of New Zealand, and are on a par in relation to loneliness.

Priority populations

9.87 The previous statistics highlight some key groups that are under-achieving in many social well-being domains. These groups also have largely untapped potential in terms of skills, resources, labour, creativity and other contributions to the well-being of the community. They are also more likely to be socially disconnected which can bring a range of negative social consequences. As the data illustrate, these groups are largely concentrated in distinct neighbourhood clusters.

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Table 9.17 Trust in others (five territorial authorities only)

	Rodney	North Shore	Waitakere	Auckland	Manukau	Rest of New Zealand
People can almost always be trusted	15%	15%	15%	14%	16%	20%
People can usually be trusted	64%	60%	51%	58%	51%	56%
You usually can't be too careful in dealing with people	14%	20%	25%	22%	22%	18%
You almost always can't be too careful in dealing with people	6%	5%	8%	6%	9%	6%

Notes: The table shows the proportion of the population aged 15 years and over reporting that people can “almost always” or “usually” be trusted. Source: Quality of Life Survey 2006.

Table 9.18 Proportion of the population experiencing loneliness (five territorial authorities only)

	Rodney	North Shore	Waitakere	Auckland	Manukau	Rest of New Zealand
Never	61%	58%	58%	54%	55%	60%
Rarely	26%	25%	23%	25%	24%	21%
Sometimes	12%	15%	16%	17%	18%	15%
Most of the time	1%	1%	2%	3%	2%	2%
Always	0%	0%	1%	1%	1%	1%

Notes: The table shows the proportion of the population aged 15 years and over who reported feeling lonely “sometimes”, “most of the time”, or “always” during the previous 12 months. Source: Quality of Life Survey 2006.

9.88 In her report Rowe observed,

Māori, Pacific peoples, and other ethnic groups, children and young people, older people, those with disabilities, and those with low incomes represent the majority of Auckland’s citizens, yet their particular needs and interests can slip out of focus in the usual planning and priority-setting processes. All stakeholders wrestled with the question of how to get these voices heard, with most preferring a means of bringing them into the decision-making process – a step further than consultation.⁸²

82 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 172.

9.89 Among submissions and stakeholder feedback, there was very strong support for elected bodies to reflect the diversity of the people they represent. Both Māori and Pacific peoples sought guaranteed representation, and some Māori also advocated for Māori wards.

9.90 Overall, the stakeholder comments and analysis highlight the importance of improving social well-being outcomes for the identified priority populations and the benefits that will be shared by the whole population. Governance arrangements must ensure that these priority populations are able to engage effectively and participate in local government decision-making processes. Access to high-quality information, a systems-based approach, and shared decision-making and accountability arrangements between local and central government agencies are also crucial. These requirements are reflected in the Commission's recommendations.

Māori

9.91 The data outlined above make it clear that on most key indicators of social well-being, for example, health, household crowding, crime victimisation, and social connectedness, Māori in Auckland are significantly disadvantaged and Māori communities include the most vulnerable citizens. Both North Shore City and Papakura District Councils highlighted the importance of social and cultural considerations for Māori, noting that Māori have increasing influence and need to be part of the solution. There are some encouraging signs as Rowe notes:

Māori are not simply the vulnerable; Treaty settlements have given them an economic base from which they are becoming part of Auckland's economic powerhouse. Local authorities will need to work out how to work with Māori holistically, as serious economic players, as some of the most vulnerable of Auckland's citizens, and as iwi with kaitiaki responsibilities for the land on which Auckland sits.⁸³

9.92 For local authorities, improving social well-being for Māori will require a holistic, strength-based approach which recognises and addresses the deprivation that exists. This will involve shifting away from a deficit-based approach to focus on what is working well, utilisation of existing and emerging opportunities and prioritising strategies that enhance resiliency and positive development. This points to the need for proper engagement and representation, and complementary and appropriate responsibilities as Treaty partners.

9.93 In her report Rowe set out some key issues identified by Māori stakeholders that act as impediments to Māori progress in social issues.⁸⁴ These included

- The exclusion of Māori from planning processes and decisions, such as those relating to transport, means that opportunities to improve the lives of more marginalised citizens (such as Māori) have not been taken.

83 Ibid., p. 175. Kaitiaki means guardian, caretaker.

84 Ibid., p. 173–174.

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- Consultation structures that focus on small, rather than strategic, issues thereby “neutralise the Māori voice”⁸⁵ and mean that there is little debate about the important issues facing the territorial authority.
- Māori are not a homogenous group, and those who are vulnerable are largely taura here⁸⁶. The urban Māori authorities (such as Waipereira Trust) therefore have a very important role in promoting well-being. One stakeholder consulted by Rowe pointed out that

Māori are diverse, some are connected with their Māoriness and some are not. Some know their marae, their waka and the various nuances that make up being Māori, some can only just pronounce Kia ora ... Urban Māori authorities ... are sometimes seen as lighthouses of hope for many Māori.⁸⁷

9.94 Mana whenua⁸⁸ stakeholders with whom Rowe consulted identified the importance of deciding the proper roles of Māori as mana whenua and taura here.⁸⁹ They said that governance structures and process must enable mana whenua to exercise their kaitiaki over that for which they have a mandate, such as people and the environment. There must be proper representation and primary engagement must then be with mana whenua, who decide whether, and how, to engage with taura here on issues that affect them. They felt that such an approach would create healthy Māori communities. The mana whenua stakeholders explained that in practice this would mean

- local government and mana whenua would have complementary responsibilities, integrating law and commerce and wairua⁹⁰
- local body representation with more seats for mana whenua than taura here
- increased recognition of rohe⁹¹ boundaries, which do not align with local government boundaries
- devolved regulatory powers on land issues from central government to mana whenua (not local government)
- decisions on issues to be discussed between local government and mana whenua would be made by mana whenua
- issues over which mana whenua have kaitiakitanga – for example whenua, forests, rivers, waters, cultural heritage – would be discussed only with mana whenua

85 Paul Stanley, cited in Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 173.

86 Taura here – Māori from another area, without ancestral ties to the region.

87 *Ibid.*, p. 175.

88 Mana whenua – local Māori with ancestral ties to the land.

89 *Ibid.*, pp. 174-175.

90 Wairua – spirit.

91 Rohe – tribal area.

- overlaying the vision, principles, and aspirations of mana whenua on to local government processes.

Stakeholders noted that this model largely applies in Rodney where the taumata⁹² is the iwi⁹³.

9.95 Issues for Māori are addressed in further detail in Chapter 22, “Māori”.

Pacific peoples

9.96 The data outlined above make it clear that on most key indicators of social well-being, for example, health, household crowding, crime victimisation, and social connectedness, Pacific people in Auckland are significantly disadvantaged and Pacific communities include the region’s most vulnerable citizens. Thirty-seven percent of Pacific people live in decile 10 neighbourhoods,⁹⁴ and within these neighbourhoods (for example, Manukau City), up to 40% of Pacific people are living in overcrowded housing.⁹⁵ As Pacific peoples comprise nearly 14% of the region’s population, including 24% of children under 15 years of age, this is a major challenge for both local and central government. As Rowe notes,

Pacific peoples are concentrated in the poorer neighbourhoods, where there is a high concentration of liquor outlets and fast food shops, limited areas for children to play, and few transport facilities. Shop owners rarely live in the area, and treat it as simply a way to make money, contributing little to civic pride.⁹⁶

9.97 Pacific stakeholders and submitters generally felt that their communities were not well served by the current local government arrangements.⁹⁷ The social well-being outcome data endorse this perspective. Pacific peoples sought guaranteed representation as a key part of the solution. For local authorities in the Auckland region, improving social well-being for Pacific peoples represents a significant challenge – and if achieved, will bring social and economic well-being gains for all.

9.98 Unlike Māori, Pacific peoples do not have the same growing economic base to support moving forward. To address this, the Ministry of Pacific Island Affairs has identified economic development as one of three strategic priorities and seeks to significantly increase “the participation and economic contribution of Pacific peoples to the New Zealand economy”.⁹⁸ The ministry also recognises the importance of focusing its efforts on Pacific communities in the Auckland region. It is clear that there are some

92 Taumata – high-level forum for decision making.

93 Iwi – tribal grouping.

94 Refer to paragraph 9.55.

95 Refer to paragraph 9.59.

96 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 175.

97 *Ibid.*, p. 176.

98 Ministry of Pacific Island Affairs, *Pacific Economic Action Plan and Pacific Women’s Economic Development Plan*, 2007, Executive Summary.

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shared imperatives and that greater gains are likely to be achieved through central and local government agencies working together.

9.99 Issues for Pacific peoples are also addressed in further detail in Chapter 23, “Representation and Participation by Minority and Other Groups”.

Other migrant and refugee communities

9.100 As noted elsewhere in this report, Auckland is by far the most culturally diverse city in New Zealand with well-established migrant populations. Auckland is the first port of call for immigrants, and most of them stay here. This is reflected in data showing that between 1986 and 2006 the proportion of Auckland’s population born outside of New Zealand grew from 23% to 37%. This trend is forecast to continue, as ethnic communities grow and provide networks of employment and social connections for new arrivals. As well as the total proportion of migrants increasing, ethnic diversity is also increasing, along with the range of social well-being needs and preferences. It is clear that a “one size fits all” approach is not appropriate. Manukau City also noted that increasing diversity can lead to social tension and exclusion.⁹⁹ It is important for the whole population that migrants are able to settle as quickly as possible and participate as much as possible in the economic, social, and cultural life of the city.

9.101 Stakeholders from ethnic communities are concerned about how engaged local authorities are in the issues of concern to them, and how their communities are assisted to participate in council processes. They noted that some migrant and refugee groups are particularly reliant on access to health and social services. Some councils have established mechanisms for engagement with ethnic communities, such as the Waitakere Ethnic Board, with some appearing to be more developed and effective than others. Increasingly, ethnic communities sought representation to address these issues.

9.102 Geographically based ethnic clusters can bring advantages to their communities such as social cohesion, support, and a collective voice, but they can also experience significant disadvantage on key social well-being domains, as the data illustrate. As with Pacific communities, improving social well-being for ethnic communities represents a significant challenge and an important opportunity to achieve social and economic well-being gains for all.

People with disabilities

9.103 Census figures show that about one in five New Zealanders is disabled, which means in Auckland there are approximately 280,000 people with some impairment.¹⁰⁰ Disability is defined as including “those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others”.¹⁰¹ Disabilities include blindness and

99 Submission to the Royal Commission on Auckland Governance from Manukau City Council, p. 13.

100 Office of Disability Issues, *Convention on the Rights of Persons with Disabilities: National Interest Analysis*, p. 2 (available at www.odi.govt.nz/documents/convention/2008-06-24-national-interest-analysis.doc).

101 *Ibid.*, p. 4.

visual impairment, auditory and ambulatory difficulties, paraplegia, mental illness, and accidents and injury-related conditions. The Ministry of Social Development states that “we cannot make real economic and social gains without addressing disability issues”.¹⁰² The ministry also notes that the number of people with disabilities is forecast to increase largely because of an ageing population which is living longer.¹⁰³

9.104 There can be greater challenges for people with disabilities to do well on social well-being indicators such as health, knowledge and skills, paid work, leisure, and recreation. Councils are currently involved in disability issues to varying degrees, with some having developed specific disability plans (for example, the North Shore Disability Strategy).¹⁰⁴ There are opportunities for local government to improve outcomes for people with disabilities by taking account of and addressing their needs in areas of council business such as urban and infrastructure design, access to public transport, recreational facilities, and other services, and promoting participation in decision-making processes. There are also opportunities to improve outcomes by collaborating with central government agencies such as DHBs, Accident Compensation Corporation, Housing New Zealand Corporation, and Sport and Recreation New Zealand (“SPARC”).

Children and young people

9.105 Auckland has a very young population which is increasingly ethnically diverse. The data cited above highlight a number of areas where children and young people in Auckland fare poorly, including access to early childhood education, household crowding, violence, and injury. Stakeholders were appreciative of some council efforts to improve access to services for disadvantaged communities, such as the collaboration between the Office for Children and Auckland City Council to undertake a child impact assessment for a neighbourhood housing development. However, Rowe’s paper also highlights where councils have failed to target their resources to communities with greater needs:

Those who have fewer resources in their homes rely greatly on recreational facilities provided by local government, yet more than one stakeholder commented that the quality of playgrounds gave an accurate picture of whether a neighbourhood was rich or poor.¹⁰⁵

9.106 Efforts that aim to improve outcomes for children and young people are critical for maximising the potential of the population and achieving sustainable, positive social well-being outcomes in the long term. A focus on giving children the best start in life can also break the cycle of intergenerational deprivation. Again, local government has a range of opportunities to contribute to improving outcomes for children and young people.

102 Ministry of Social Development, *Briefing to the Incoming Minister: Enabling participation by disabled New Zealanders*, p. 3.

103 Ibid.

104 North Shore City Council, *Draft North Shore Disability Strategy: A Barrier Free North Shore 2008–2011* (available at www.northshorecity.govt.nz).

105 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 176.

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Older people

9.107 While Auckland has the youngest population in the country, it also has an ageing one. Older people have particular needs in relation to a number of social well-being domains such as health, housing, leisure, and recreation. Making the facilities and services in the Auckland region more user-friendly for older people will improve their health and well-being. For example, with affordable housing, easy access to public transport and services and a safe community, older people may be able to remain living independently in their own homes for longer. Local government has an important role to play through its involvement in urban design, public transport, and provision of housing.

9.108 Age Concern New Zealand Inc summarised the views of many stakeholders in its submission:

Local government ... needs to be more responsive to the needs of the increasing numbers of older people living in the cities of Auckland. ... Auckland local authorities can ... [respond to] their needs with affordable rates rises, affordable transport options and affordable housing.¹⁰⁶

9.109 Older people also felt that involving them in decision-making processes would be the best way to ensure their needs were reflected in council activities.

Priority well-being issues

9.110 The proposed new governance structure will need to undertake its own process to determine the regional social well-being priority issues. The Commission considers that the four critical social issues identified by Rowe should be taken into account.¹⁰⁷ These issues are points of intervention where investment is likely to achieve significant social well-being gains.

- *Help all children to get the best start in life*

The data illustrate that many families in Auckland do not have the resources (income, housing, access to education, and health services) that are necessary to give their children the best start in life. Focusing on promoting the well-being of children can lay the foundations for enhanced quality of life and prosperity into adulthood. In doing so, pathways to increasingly intractable, negative social outcomes can be offset, and possibilities of interrupting intergenerational cycles of entrenched deprivation and underachievement can be created. Investing in promotion, prevention, and early intervention, rather than treatment or remedial interventions, is also the most effective in terms of both cost and outcomes.

¹⁰⁶ Submission to the Royal Commission on Auckland Governance from Age Concern New Zealand Inc, p. 2.

¹⁰⁷ Rowe, "The Role of Local Government in Achieving Social Well-Being for the Auckland Region", *Report, Volume 4: Research Papers*, p. pp. 160-163.

- *Improve the transition of young people from school to work, further education, or training*

Positive youth development essentially relies on two strategies: (1) enhancing the potential of young people through connections with education and employment, families/whānau, communities, and peers; and (2) reducing the risk factors associated with negative outcomes such as drug and alcohol abuse, mental illness, and teenage pregnancies. In particular, young people need more employment, education, and training or a combination of these. To achieve this Rowe notes that “All sectors [central and local government, non-governmental organisations (“NGOs”) and the private sector] are crucial to success, and need to be well linked together”.¹⁰⁸

- *Improve public transport, particularly to disadvantaged communities*

As described above, public transport has a significant impact on social well-being and good access is particularly important for disadvantaged communities. Improved public transport will improve access to education, health services and employment opportunities, as well as improving social connectedness, participation in active transport and the environment.

- *Improve the quality and affordability of housing*

As described extensively in this chapter, access to quality and affordable housing is a primary contributor to positive social well-being outcomes. It is an issue where central and local government collaboration can gain a lot of traction. As Rowe noted,

Housing reform requires coordinated action by central and local government and the private sector. Local communities, iwi, and others with a stake in the land need also to be involved. New developments such as the Hobsonville redevelopment and the Tamaki Transformation Project point the way, but action is needed across the region.¹⁰⁹

Current local government activities

9.111 Central and local government agencies, the private sector, and NGOs all make important contributions to social well-being outcomes. Their principal roles are outlined below to provide a context for the discussion of the role of local authorities and the appropriate governance arrangements.¹¹⁰

108 Ibid., p. 161.

109 Ibid., p. 163.

110 Note that this section draws heavily on Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, Sections 1.2 and 4.2 (in *Report, Volume 4: Research Papers*”).

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Role of central government

9.112 Central government's primary responsibilities for social well-being are to

- invest in the capacity of all citizens to manage their own lives and achieve their potential, primarily through the education and health systems
- protect citizens' civil and political rights – notably rights to personal security, equitable treatment from people and institutions, and property rights (primarily through the legal system)
- protect citizens' rights to a basic standard of living (primarily through the social welfare system, and through remedial health services and social housing).¹¹¹

9.113 Central government provides the infrastructure and the services to discharge these responsibilities. Central government agencies with responsibilities for health, social development, education, justice, policing, housing, and sport and physical activity have the primary responsibility for policy, funding, service delivery, and monitoring in these areas. There is also significant private provision of services in the health and education sectors. Service delivery is devolved in the case of health and education services, to 21 DHBs, and to more than 2,000 school boards of trustees, which have partial and fully elected representation respectively. A key strategy for central government is to build community capacity so communities can take care of and develop their own people.

9.114 As noted in Rowe's paper, there are considerable resources spent on social well-being in the Auckland region by both central and local government. Approximately \$4.6 billion of central government expenditure was spent in the Auckland region by the Ministry of Social Development in the 2007/08 financial year, \$43 million of which went to NGOs (rising to \$50 million in 2009); the Ministry of Health estimates it will spend more than \$3 billion in the Auckland region in 2009; Housing New Zealand owns more than 30,000 houses in the Auckland region, and plans to spend approximately \$211.5 million on capital expenditure in 2009; and the Accident Compensation Corporation's expenditure was approximately \$475 million in 2007/08.¹¹² When the expenditure of the police¹¹³ and the Ministries of Education¹¹⁴ and Justice¹¹⁵ is also taken into account, annual central government expenditure in Auckland is probably in the vicinity of \$11–12 billion. It is therefore unlikely that the challenge of reversing poor outcomes lies with resource shortages, but rather with ensuring that current resources are applied where the greatest needs lie, and where the greatest gains can be achieved.

111 Rowe, "The Role of Local Government in Achieving Social Well-Being for the Auckland Region", *Report, Volume 4: Research Papers*, p. 141.

112 *Ibid.*, p. 9.

113 New Zealand Police, *Annual Report 2007/08*, p. 50 (available at www.police.govt.nz, accessed March 2009).

114 Ministry of Education, *Annual Report 2007/08* (available at www.minedu.govt.nz, accessed March 2009).

115 Ministry of Justice, *Annual Report 2007/08* (available at www.justice.govt.nz/, accessed March 2009).

9.115 Expenditure of this proportion emphasises how important it is for central government to have access to the best information and advice to ensure that the funding is appropriately targeted. Local government needs to be in a stronger position to work with central government, to share the decision making around resource allocation and to ensure that there is alignment of policy, funding, service delivery, and monitoring. It will, however, have to invest in developing its knowledge base to improve access to high-quality evidence (such as excellent data and research), application of up-to-date analytical technology, and closer engagement with the community.

Role of the private sector

9.116 The private sector is the engine of economic growth, the primary provider of employment and housing. It is also very influential through its investment and development decisions. Some sections of the private sector are becoming increasingly aware of the opportunities and benefits of being socially responsible and contributing to the wider communities from which they derive their revenue. Some companies do this by incorporating social well-being values and objectives in their business plans (for example, triple bottom-line reporting), by supporting staff to participate in community initiatives, or by providing philanthropic funding. Other commercial organisations, which manufacture or sell products with potential for harm (such as alcohol and gambling companies), are highly regulated to minimise the associated harm to the community. Local government has direct responsibility for administering aspects of these regulations.

9.117 Private sector stakeholders reported several impediments to working effectively with local government on social well-being issues, including a lack of clarity about their role, inconsistent approaches between councils, and inadequate engagement. To improve the situation, they sought a strengthened regional body with a strategic focus, well-articulated goals, and a formalised mandate for collaboration among the key agencies.

Role of non-governmental organisations

9.118 NGOs are often the providers of social support services at the local level and contribute significantly to social well-being. NGOs vary greatly in function, size, the populations they serve, and their geographical boundaries. They carry out a range of functions from lobbying and advocacy to policy development, research, service delivery, and community development. Iwi and Māori organisations typically have mandates for action that stretch well beyond social well-being to economic development and the preservation and promotion of language and culture.¹¹⁶ Even those whose primary business is the delivery of social services vary widely, from national multimillion-dollar enterprises to tiny, local volunteer groups.

9.119 New Zealand Council of Social Services research investigated relationships between its members and local bodies, focusing on how well social service providers were engaged in community outcomes processes. The 2005 survey revealed that 52%

116 Office for the Community and Voluntary Sector “Definition of the community and voluntary sector – Māori and the community and voluntary sector” (available at www.ocvs.govt.nz).

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of these organisations were partly or fully funded by their local council, 65% worked collaboratively with their local council, 54% were involved in consultation over the LTCCP, 46% discussed the community well-being indicators with the council, and 15% didn't know what an LTCCP was.¹¹⁷ Among its conclusions, the Council of Social Services found that the involvement of local social services in the community outcomes process is very dependent on the territorial authority, with great variation in the capacity and willingness of the authority to undertake the strategic planning process in an inclusive and collaborative way.¹¹⁸ Stakeholder feedback provided to the Commission indicates that little has changed since the survey was conducted nearly four years ago.

9.120 NGOs usually have close relationships with the neighbourhoods they serve, and can share valuable insights into problems and potential solutions. As well as informal intelligence, organisations like the Council of Social Services conduct regular surveys of their members about issues related to local government and use the results to track longitudinal changes. This kind of information should be included among the information sources collated and analysed by local government.

9.121 NGOs that extend across council boundaries often encounter challenges trying to link with several councils, which have varying levels of interest in their work. This can require capacity that many NGOs do not have. Councils can also expend considerable resources trying to ensure that all relevant NGOs are engaged in council activities. In its submission Community Waitakere noted,

Community Waitakere is concerned at the lack of regional cohesion within the community sector, the uneven nature of local government's relationship with the community sector in the region and the general lack of community sector visibility and voice in the region. There also remains a widespread lack of understanding and recognition of the roles the sector plays and the fundamental contribution it makes in society.¹¹⁹

Philanthropic organisations

9.122 The philanthropic sector also plays an important part in funding a range of social well-being initiatives. Often these bodies are able to fund innovative initiatives that sit outside central government policy and funding criteria. Organisations such as the ASB Charitable Trust, Lotteries Commission, Vodafone Foundation, gaming trusts, and many other grant-giving bodies collectively make a sizeable contribution to the sector. Obviously, there are advantages for communities when these bodies target their funding to areas where the greatest needs and capacity to benefit lie. Collaborating with central

117 Information provided directly to the Royal Commission on Auckland Governance by the New Zealand Council of Social Services, by email, 24 February 2009.

118 Cheyne, C., Johnston, K., and Parker, W., *Promoting Community Well-being: A Study of the Involvement of Councils of Social Services in Local Authority Community Outcomes Processes*, New Zealand Council of Social Services, 2005 (available at www.nzcss.org.nz/index.php?page=85).

119 Submission to the Royal Commission on Auckland Governance received from Community Waitakere, p. 2.

and local government agencies can also give them access to government expertise and information that is beyond their limited capacity.

Role of local government

9.123 The LGA 2002 makes it clear that local government must promote social well-being. The Act states that the purpose of local government, as defined in Section 10 of the Act is

- (a) to enable democratic decision making and action by, and on behalf of, communities; and
- (b) to promote social, economic, environmental and cultural well-being of communities, in the present and for the future.

Local government is also required to carry out a range of statutory obligations related to social well-being, such as administration of gambling, alcohol, and prostitution regulations; noise and dog control; hygiene controls (for example, food premises); and control of discharges to water and air.

9.124 The main policy development process centres around the LTCCPs, which identify and prioritise community outcomes for the four dimensions of well-being. Councils are also required to monitor progress against the outcomes and plans set out in the LTCCP. The LTCCPs need to

- identify the outcomes (in the areas of social, economic, environmental, and cultural well-being) that the local community seeks
- establish territorial authority work programmes to achieve the outcomes
- identify who else will contribute to the outcomes and how the territorial authority will work with those entities
- assess the resources (financial, physical, human) the territorial authority requires to deliver its work programmes.

9.125 The social well-being activities currently carried out by councils in the Auckland region are summarised in Table 9.19 based on the SOPHAR report.¹²⁰ The SOPHAR report takes an ecological approach to the determinants of health and well-being, placing determinants in four levels of influence: natural, physical, and built environment; social, economic, and cultural environment; individual behaviours; and health states/diseases across physical, mental, family, and spiritual dimensions.

9.126 This table illuminates the breadth of territorial authority actions that can impact on social well-being. It includes a broad range of council activities such as the prevention of infectious disease, administration of gambling and alcohol regulations, provision of facilities for sport and physical activity, building consents, housing (with direct provision in some cases), emergency planning and responses, environmental health, initiatives to combat family violence and promote safer communities, and refugee/migrant settlement. Many councils also directly fund various community-based social well-being and

120 Auckland Regional Public Health Service, *SOPHAR Report*, 2006, p. 33.

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Table 9.19 Framework categories in relation to determinants of well-being and local government activities

Framework/indicator category	Common local government activities/responsibilities
Natural, physical, and built environment	<ul style="list-style-type: none"> • Land use planning • Resource management • Environmental/hazard and waste management • Biosecurity • Transport (all modes) • Roads • Urban design and planning • Housing/building consents • Liquor licensing, gambling controls, etc • Amenities such as parks, street lighting, footpaths, shops • Recreational facilities • Natural and cultural heritage
Social, economic, and cultural environment	<ul style="list-style-type: none"> • Community development • Economic development • Libraries and other community facilities • Recreation programmes • Lifelong learning • Housing • Community safety and crime prevention • Injury prevention
Individual behaviours	<p>Local government not usually involved in acting directly on these determinants, although sometimes is involved in promoting healthy behaviours and specific enforcement activities, for example:</p> <ul style="list-style-type: none"> • Enforcement of the Sale of Liquor Act 1989 • Enforcement of noise controls • Youth development
Health states/diseases across physical, mental, family, and spiritual dimensions	<p>Local government has a limited direct role, but could advocate for the provision and access of social and health services</p>

community development services. As explained above, the planning and infrastructure responsibilities also impact directly and significantly on social well-being.

9.127 In general, most councils appear to have concentrated their social well-being resources in the areas of recreation and leisure, safety (for example, crime prevention initiatives such as Safer Community and Family Violence projects), physical environment, housing, and social connectedness (such as community development initiatives). Some councils also have a strong focus on youth development, often in partnership with central government. The Ministry of Youth Development provides \$1 million of funding annually through the “Youth Development Partnership Fund” to support successful council proposals to implement the Youth Development Strategy Aotearoa across the country.¹²¹

9.128 Waitakere City and Manukau City are recognised as leading the way with their efforts to promote social well-being. They have taken the most systematic approach to this issue. It is apparent that mayoral leadership has been crucial in influencing the extent of council involvement, as well as collaboration and input from other agencies and the community.

9.129 Waitakere City Council, as part of its “eco city” approach takes social cohesion very seriously and explicitly places the welfare of its residents at the centre of its activities. In its submission the council says, “... regional and local governance must be about people, and most importantly about their welfare. Put simply, ‘people are our greatest resource’.”¹²² The “Waitakere Way” is based on a three-way partnership between the community, local government, and central government, recognising the critical contribution of central government. The council points to the Kelston Community Project, Ranui Action Project, Safe Waitakere, and Waitakere Hospital as successful examples of its approach.¹²³

9.130 Manukau City Council has developed *Tomorrow’s Manukau: Manukau Apopo 2006–2016*, a 10-year framework that aims to achieve the community outcomes identified through the LTCCP process. The outcomes include a strong emphasis on social well-being themes, for example, educated and knowledgeable people, healthy people, safe communities, vibrant and strong communities. The council has developed policies and action plans to achieve these outcomes and works collaboratively with a broad range of central government, NGO, business, community, and mana whenua partners.¹²⁴ Project teams have been established to focus on increasing participation in early childhood education, reducing family violence, and developing outcomes for Māori.

121 Ministry of Youth Development, “Youth Development Partnership Fund” (see www.myd.govt.nz); Ministry of Youth Affairs, *Youth Development Strategy Aotearoa*, Wellington, 2002. Note that the Ministry of Youth Affairs changed to the Ministry of Youth Development in 2003.

122 Submission to the Royal Commission on Auckland Governance from Waitakere City Council, p. 11.

123 Ibid., Part 2: Appendices and Case Studies (Case studies 4, 5, 12 and 13).

124 These policies and action plans include the Community Safety Framework, Crime Prevention Action Plan, Disability Policy and Action Plan, Health Policy and Action Plan, New Settlers Policy and Action Plan, Youth Policy, Cycle and Walking Strategy, Pacific People’s Policy and Action Plan.

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9.131 The LGA 2002 and the LTCCP (community outcomes) process have prompted all councils to increase their involvement in social well-being, over and above discharge of their regulatory obligations. However, the efforts of Auckland councils vary significantly according to local history, political will, availability of funding, the perceived relationship to core business activities, opportunities for action, and the needs profile of local communities. There is inconsistency between approaches, and in general it is difficult to determine what is being done, and with what effect. There appears to be lack of clarity about the outcomes that are being sought, the optimal role for the council in achieving those outcomes, and the most effective implementation strategies.

9.132 The general lack of clarity about local government's role in promoting social well-being is partly a consequence of central government having primary responsibility for this area. It has been a controversial issue. Preferences for local government's role in promoting social well-being (as outlined in the *Commission Report, Volume 3: Summary of Submissions*) range from leaving this area entirely to central government and focusing strictly on infrastructure and related services such as roads and rubbish collection, to prioritising initiatives that directly and explicitly aim to improve the well-being of communities and the quality of life of individuals.¹²⁵ Overall, submissions received by the Commission recognised the constraints on economic development that poor social outcomes bring and supported greater local government involvement and a more proactive approach.¹²⁶ Champions for Auckland noted, "All of Auckland is carrying an increasing cost of community dysfunction and poverty ..."¹²⁷

9.133 Rowe points out that this lack of clarity creates difficulties for collaboration with other sectors:

The lack of a clear and consistent role across all local authorities ... makes it complicated for NGOs, which work with many local councils, to know which are likely to support their work, and makes the private sector less likely to engage with local councils – they are more likely to connect with central government agencies, where functions are uniform and well understood.¹²⁸

9.134 Overall, however, Rowe concluded that the LTCCP and community outcomes mechanisms do not appear to be very effective:

The evidence suggests that the results ... are generalised outcomes statements, rather than sharply delineated desired results, and priorities that tend not to focus on the most marginalised neighbourhoods, people, or population groups.¹²⁹

125 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, pp. 161–171.

126 *Ibid.*, p. 168.

127 Submission to the Royal Commission on Auckland Governance from Champions for Auckland, p. 10.

128 Rowe, "The Role of Local Government in Achieving Social Well-Being for the Auckland Region", *Report, Volume 4: Research Papers*, p. 144.

129 *Ibid.*, p. 145.

9.135 In addition to central government, local authorities appear to spend a significant amount of money on the promotion of social well-being. However, it is very difficult to isolate social well-being budget allocations. Further, because the councils use different financial output categories, and include various budget lines within these categories, it is very difficult to calculate an overall total for the region, or to make meaningful comparisons between councils. For example, Auckland City Council spent \$224,194,000 in operating expenses and \$165,873,000 in capital expenditure for “Arts, Community and Recreation” (including community development) in 2007/08.¹³⁰ The 2008/09 budget is \$238,619,000 and \$132,399,000 respectively, representing a significant decrease in capital expenditure.¹³¹ It is notable that one of the largest council expenditure categories is often capital development of recreation facilities. The “Arts, Community and Recreation” category includes a broad range of outputs such as the art gallery, museums, libraries, open space, community development, and streetscapes. By combining these diverse expenditure categories, and presenting the budget in this way, it is impossible to determine what proportion is allocated to promote social well-being and whether or not any of this funding is targeted to those most in need.

9.136 Most of the council submissions agreed that local government should have a role in addressing social issues, but were not specific about what this function should be. Generally, they proposed greater integration of strategy, planning, funding and service delivery across national, regional and local government with “vertical accountability platforms”.¹³² The theme of advocating for Auckland’s best interests with a “single voice” to central government emerged frequently. There appeared to be consistent support for the development of a regional social strategy (mostly in partnership with central government) from many of the councils (for example, Auckland City, North Shore City, Manukau City, Waitakere City, and the Auckland Regional Council) and other submitters.¹³³ Some added that this should be in partnership with central government, and supported by a “Regional Social Development Forum”.¹³⁴ Manukau City Council proposed that a regional social strategy would guide the allocation of central government funding in this area.¹³⁵ In general, stakeholders supported a stronger focus on social issues, but did not support increasing local government responsibility for direct service delivery.¹³⁶

130 Ibid., p 141.

131 Auckland City Council, *Annual Plan 2008-09*, 2008, p.47 (available at www.aucklandcity.govt.nz/annualplan).

132 Submission to the Royal Commission on Auckland Governance from Waitakere City Council, Part 2: Appendices and Case Studies, p. 74.

133 Submissions to the Royal Commission on Auckland Governance received from Auckland City Council, p. 67; North Shore City Council, p. 40; Manukau City Council, p. 4; Waitakere City Council, Part 2: Appendices and Case Studies, p. 66–67; Auckland Regional Council, p. 116; and, Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, p. 167.

134 Submission to the Royal Commission on Auckland Governance received from Waitakere City Council, Part 2: Appendices and Case Studies, p. 66.

135 Submission to the Royal Commission on Auckland Governance received from Manukau City Council, p. 4.

136 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, p. 167.

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Local government involvement in the provision of housing

9.137 All councils have some involvement in the provision of housing. The extent and nature of their involvement is illustrative of the variability in approaches to social well-being across the region. Research commissioned by the Centre for Housing Research Aotearoa New Zealand found that nationally, the management of housing by local government is done “relatively passively and is largely detached from any real analysis of affordable housing dynamics, and any robust monitoring or research into the nature of housing need”. The researchers concluded,

Most councils collect very little information about housing affordability and have a limited understanding of the impacts of local government activities on housing affordability. Knowledge around the affordability impacts of core council activities appears to be extremely limited despite the enormous body of research and evidence-based policy debate on those issues to be found internationally.¹³⁷

9.138 The researchers (citing an international review) highlighted three main characteristics of local authorities that are active in provision of affordable housing:

- political commitment and leadership
- local housing strategies, policies, and plans that establish affordable housing goals and implementation processes
- awareness of the impact of their own statutory powers and process on the availability of affordable housing; they have the willingness to overcome regulatory and planning barriers and find enabling mechanisms.

The report added that “both local and central government need to have a common understanding of their respective and shared roles in addressing housing affordability”.¹³⁸

9.139 The situation in Auckland is consistent with the findings of the Centre for Housing Research national study. As described previously, household overcrowding is a significant issue for a high proportion of Auckland’s population. Below is an overview of key housing initiatives undertaken by councils across the Auckland region.

137 Saville-Smith, K., James, B., Scotts, M., and Fraser, R., *Local Government and Affordable Housing*, Centre for Housing Research Aotearoa New Zealand, 2007, p. 10.

138 Ibid.

9.140 “Social housing” is listed as a “strategic asset” in the LGA 2002, and changes must go through the LTCCP process.¹³⁹ There are three initiatives that support social and affordable housing provision across the region:¹⁴⁰

- Central government provides a Housing Innovation Fund, which supports councils to upgrade and increase social housing where Housing New Zealand and the private market are not meeting the needs of groups such as Māori and Pacific peoples, older people, and people with disabilities.¹⁴¹
- The Affordable Housing: Enabling Territorial Authorities Act 2008 gives councils new enabling powers to require developers to either include affordable housing in their developments, make payments towards the cost of providing affordable housing elsewhere, or provide land for the construction of affordable housing.
- The Auckland Regional Affordable Housing Strategy “demonstrates a commitment by the Auckland local authorities to act in partnership with other sectors in addressing housing affordability issues ...” and “provides a flexible framework to guide future housing initiatives across the region.”¹⁴² While most councils are signatories to this strategy, only Waitakere City has developed its own strategy and an action plan to implement it.

9.141 It is important to distinguish between “social” and “affordable” housing. “Social housing” involves the direct provision of housing for those who may otherwise be homeless. It is largely provided by Housing New Zealand and some councils that focus on housing for the elderly. “Affordable housing” refers to efforts to make housing more affordable and is an integral part of economic development. Housing was originally acquired by councils under a “regime of highly subsidised housing funding provided by central government.”¹⁴³ The labour force needs affordable housing, particularly those who are in lower-paid employment and have families. In this context it will be important to examine current projects, identify those that are effective, and develop them across the Auckland region.

139 Section 5 (1) defines a strategic asset as “an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—

...

(b) any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy;”

140 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 143.

141 See Housing New Zealand website, www.hnzc.co.nz, “Housing Innovation Fund – Overview”. Note that this fund is currently under review.

142 Regional Growth Forum, *Auckland Regional Affordable Housing Strategy*, Auckland Regional Council, 2003 (available at www.arc.govt.nz).

143 Saville-Smith et al., *Local Government and Affordable Housing*, Centre for Housing Research Aotearoa New Zealand, 2007, Executive Summary.

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9.142 Within this framework, current initiatives by councils include the following:¹⁴⁴

- Auckland City Council administers the “own your own pensioner unit” scheme where eligible individuals can purchase council-owned units at 80% of market value. The council retains the right to buy back units when they are no longer required at 80% of market value.
- Auckland City Council is a partner in the Tamaki Transformation Programme, which brings together the communities of Point England, Glen Innes, and Panmure, central government agencies (including Housing New Zealand Corporation, Ministry of Social Development, and health agencies), and local government (Auckland City Council and Auckland Regional Council) to redevelop State housing, increase the supply of private housing, upgrade infrastructure, enhance and coordinate social services, and increase economic performance over the next 20 years.
- Overall, Auckland City Council’s policy position is that housing is not a core responsibility of local government.¹⁴⁵ Accordingly, it has reduced its support for social and affordable housing initiatives. In the context of significant housing shortages and the second highest rate of household crowding in the region, this has been controversial. Around 2003, Auckland City Council sold virtually all of its social housing stock. More recently, it scaled back a \$9 million contract with the New Zealand Housing Foundation to \$3.8 million, which was largely derived from the targeted rate for housing and community development applied between 2004 and 2007. Originally, 100 homes were to be built over four years to be available for purchase by low-income working families. Now 30 assisted home ownership units will be delivered in the city within the next three years.¹⁴⁶ As part of the “Mission in the City”¹⁴⁷ project Auckland City has agreed to consider purchase of open space. The project involves developing affordable housing and social space with health and social support services for marginalised people in central Auckland. The project’s partners include Auckland City Mission, the Anglican Church, the ASB Trust, Housing New Zealand Corporation, and the Committee for Auckland.
- Waitakere City Council and Housing New Zealand Corporation have entered into a development agreement in relation to the redevelopment of the Hobsonville Airbase. The aim is to establish a new urban community and to support economic development initiatives. The Hobsonville Land Company (a wholly owned subsidiary of Housing New Zealand Corporation) is managing the development of just over 3,000 houses. The new Government has confirmed that

144 Note that this summary is based on information verified by each council.

145 “Affordable-housing bill ‘perverse’”, *New Zealand Herald*, 5 December 2007 (available at www.nzherald.co.nz).

146 Auckland City Council, “Reduced housing programme agreed”, media release, 5 February 2009 (available at www.aucklandcity.govt.nz).

147 A Mission in the City (see www.missioninthecity.org.nz).

opportunities for first-home buyers through the “Gateways” initiative will replace the provision of 500 social and 500 affordable houses in the development.¹⁴⁸ Waitakere Properties Limited (Waitakere City Council’s development company) is leading a marine industry development that will provide employment and economic growth opportunities (estimated 1,200–2,000 jobs).

- Waitakere City Council is spending \$3.3 million on housing for older adults in 2008/09, and provides sustainable housing guidelines to residents. The council has previously part-funded EcoWise West (a scheme that retrofitted 1,275 homes over five years) and contributes funding to the Beacon Pathway HomeSmart Renovations and EcoMatters Environment Trust sustainable homes programme. The Waitakere City Council has advised the Commission that over the next 10 years it is seeking to spend \$63.5 million to bring 20,000 houses up to comfort and energy standards. Overall funding for this project is still being assessed with potential funding partners. In explaining the council’s rationale, the Deputy Mayor Penny Hulse commented,

Many of our people live in sub-standard homes that are too expensive to keep warm and dry and which make them lose time at school and work through preventable illness ... This is a drain on all taxpayers and a small investment could save us money.¹⁴⁹

- Franklin District Council owns and maintains 111 pensioner housing units in Pukekohe, Tuakau, and Waiuku.
- Manukau City Council maintains 515 units for low-income older people; these will be upgraded, but not increased. The provision of affordable housing is also “addressed through planning, urban design and transport projects, a partnership with HNZA and financial support of EECA’s¹⁵⁰ Snug Homes insulation project”.
- North Shore City Council provides information and support for tenants through clinics, and provides low cost rental housing for older people, with 458 units spread throughout the city.
- Papakura District Council maintains 72 units for older persons’ housing, and is funding a home insulation project. The council has upgraded a number of these units accessing the Housing Innovation Fund. The council has worked with Housing New Zealand Corporation to rezone land for the provision of 450 new homes, which are to be a mix of social and affordable housing in a “liveable community” model, and continues discussions with the corporation about redeveloping an area with poor social outcomes.

148 Information provided to the Royal Commission Communication by Sean Bignell, Hobsonville Land Company.

149 “Council mulls \$63m healthy homes plan”, *New Zealand Herald*, 17 November 2008.

150 EECA – Energy Efficiency and Conservation Authority.

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- Rodney District Council is developing a strategy to promote partnership with central government, private sector, and third sector organisations to support affordable housing developments.

9.143 It is apparent that the level of council involvement in the provision of housing varies greatly, both in terms of the nature and scope of council contributions. The current initiatives reflect differences in commitment to underlying philosophies (such as sustainability), and a range of partnership arrangements with central government, NGOs, and the private sector.

Regional strategies

9.144 While Auckland lacks an overarching regional social well-being strategy, a number of issue-specific strategies have been developed to improve alignment and integration between councils. Some of these regional strategies also focus on improving alignment between local and central government. However, Waitakere City Council pointed out in its submission that despite 90% of public spending on social well-being in the region coming from central government, this often occurs in the absence of a regional strategy.¹⁵¹

9.145 The development of these regional strategies points to both recognition of the importance of a regional approach to social well-being issues and the increased efforts that have gone into improving regional collaboration between local government and communities, central government, NGOs, and the private sector. The Commission considers it important that these programmes continue during the transition and into the new structure.

9.146 The following regional plans and strategies that impact on social well-being are listed on the ARC website:

- Auckland Regional Policy Statement (in place since 1999 and under review)
- Auckland Sustainability Framework (2007), which focuses on the four dimensions of well-being and aims to integrate action to “help our region secure a better quality of life and create a sustainable future socially, culturally, economically and environmentally”¹⁵²
- One Plan, 2008, the implementation plan for the Auckland Sustainability Framework coordinated by the ARC, including a social workstream and a process to improve engagement with Māori
- Auckland Regional Land Transport Strategy (2006 to 2016, and under review to extend for next 30 years)
- Auckland Regional Physical Activity and Sport Strategy (“ARPASS”) 2005 to 2010

151 Submission to the Royal Commission on Auckland Governance from Waitakere City Council, p. 62.

152 See www.arc.govt.nz/auckland/, “Sustainability”; and Regional Growth Forum, *Auckland Sustainability Framework: An agenda for the future*, September 2007 (available at www.arc.govt.nz, accessed March 2009).

- Auckland Regional Economic Development Strategy, 2002, progressed by implementing the actions specified in the Metro Project Action Plan launched in 2006
- Auckland Regional Settlement Strategy, 2006, which aims to coordinate migrant issues and services
- Auckland Regional Open Space Strategy, launched in 2005
- Auckland Regional Growth Strategy, adopted by all councils in 1999
- Auckland Regional Affordable Housing Strategy, a “core component” of the regional growth strategy, developed in 1999
- Auckland Regional Business Land Strategy (a subset of the regional growth strategy).

9.147 There are other plans currently being developed, including

- a regional infrastructure plan, which is part of the One Plan work programme
- a regional energy strategy
- a state of the environment report.

9.148 In addition to the regional strategies and their associated projects noted above, there are other regional intersectoral initiatives that are making headway: violence prevention, and *Healthy Eating, Healthy Action*¹⁵³ initiatives for example.

9.149 With so many regional plans and projects, these initiatives may work against each other, creating potential to increase complexity and confusion about what needs to happen and who is responsible. This was one of the reasons for the creation of the Auckland Sustainability Framework in 2007.

9.150 While it is apparent that councils have increased their efforts to collaborate and to develop regional approaches, stakeholders have reported limited success with implementation. It appears that key agencies tend to participate in the regional strategic planning process, sign up to the final document, and may also commit to contributing funds towards regional projects. However, at the implementation phase, the strategies typically encounter obstructions that can prove fatal. These obstructions include local ratepayer resentment of regional, rather than local, spending of their rates, misaligned approval and accountability processes between partners, deprioritisation of regional initiatives by one or more of the council partners, and insufficient dedicated regional funding.

9.151 In the context of collective ownership of regional strategies, it appears that a lack of leadership has also been a significant factor. In its submission, the Auckland Regional

153 Ministry of Health, *Healthy Eating, Healthy Action*, 2003, Ministry of Health, Wellington (available at www.moh.govt.nz/healthyeatinghealthyaction).

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Migrant Services described its frustrations with implementation of the Auckland Regional Settlement Strategy and Action Plan:

Despite considerable buy-in from settler communities, strong support from its numerous constituent agencies, a comprehensive foundation report, and Cabinet approval, this Strategy now lacks the necessary momentum and leadership at the local council level to ensure its success.¹⁵⁴

9.152 Ultimately, commitment to regional implementation by the non-regional councils relies on a “grace and favour” arrangement and is based on goodwill. In the absence of a strong mandate, accountability with “teeth” (such as, consequences for non-compliance), regional funding, and incentives that favour regional delivery, the best-laid plans and intentions come unstuck. Accordingly, the recommendations on governance arrangements to support achievement of social well-being outcomes involve all of the key agencies being party to a binding decision-making structure and processes that centre around projects focused on priority issues.

Collaboration with central government, NGOs, and the private sector

9.153 Given that central government, the private sector, and NGOs have important contributions to make to social well-being, it is imperative that local government has functional linkages with these organisations. Mechanisms such as the Central/Local Government Forum, co-chaired by the Prime Minister and the President of Local Government New Zealand, have been established to improve the link between central and local government at a national level.¹⁵⁵ The forum includes local government representation on inter-agency groups and has a national working party comprising mayors and public sector chief executives who focus on a range of issues, including seven priority social well-being issues.¹⁵⁶ A key aim of the forum is for the LTCCPs and community outcomes process to have some influence over central government strategic priorities, funding decisions, and resource allocations.

9.154 The Government Social Sector Office was established in Auckland in March 2008 by the Ministry of Social Development. It seeks to influence regional strategies, policies, and planning processes and to support government social sector agencies working at the strategic level in Auckland. For example, the office currently hosts the Tamaki Transformation project team, comprising staff from a range of agencies including Housing New Zealand Corporation, Auckland City Council, Auckland Regional Council, and Auckland DHB. Over time, it is anticipated the office will expand to include staff from a range of social sector agencies.

154 Submission to the Royal Commission on Auckland Governance from the Auckland Regional Migrant Services.

155 Local Government New Zealand, “Local Central Government Forum”, media release 21 November 2003, states the the Forum is “an opportunity to identify key issues of significance to either or both parties, agree on priorities for addressing them and monitor progress towards their resolution.” (available at www.lgnz.co.nz).

156 The priority issues are policing and the justice system, management of alcohol and its misuse, graffiti, street racing, youth gangs, family violence, and housing.

9.155 Other intersectoral groups that support social well-being outcomes have also been established, with variable impact. For example, the Social Policy Evaluation and Research Committee was established by central government in 2001 to oversee the Government’s investment in social policy research and evaluation. The group monitors social research and evaluation activity, works to strengthen connections between public, private, and tertiary sectors, and advocates for the provision of social research and evaluation to decision makers. The aim is to increase the capacity and capability of the social sector to deliver evidence-informed advice in a timely manner.¹⁵⁷ This is a well-established but under-utilised forum with potential to work more closely with local government.

9.156 Rowe observed that “central government seems to have a better grasp of the fact that economic and social outcomes are deeply inter-connected”.¹⁵⁸ Central government agencies (for example, the Auckland Regional Public Health Service and the Ministry of Health), while acknowledging recent efforts to increase collaboration, sought a governance structure that would further support collaboration, role clarity, formalised inter-agency planning, and enhanced accountability mechanisms.¹⁵⁹ On the other hand, the regional initiatives identified experienced a lack of commitment from central government agencies.¹⁶⁰ Overall, Rowe concluded from her analysis that “links between central and local government at the national level [have] shown the most improvement recently”.¹⁶¹

9.157 As noted above, there are several regional strategies led by local government that typically involve a range of sectors, including central government agencies. ARPASS, for example, involves all of the Auckland territorial authorities, the four regional sports trusts, and SPARC as formal partners, with the territorial authorities and SPARC contributing funding. The Ministry of Health and the Auckland Regional Council support the initiative as non-funding partners. Specific projects initiated by ARPASS tend to involve working with other NGOs such as sporting bodies, the private sector, or other central government agencies, including schools and public health services. In its submission ARPASS highlighted the sizeable challenges associated with implementing a regional strategy because “there is no assurance that these outcomes will be implemented as the delivery is left to 14 individual strategy partners”.¹⁶²

9.158 Some submissions identified misaligned geographical boundaries between local government, central government agencies, NGOs, and iwi as a major deterrent to intersectoral collaboration.¹⁶³ For central government, other agencies, and the private sector, the prospect of engaging with up to eight councils is daunting and carries high

157 See “What is SPEaR?” at www.spear.govt.nz.

158 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 169.

159 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, p. 171.

160 Jamie Newth Business Consulting, ARPASS Evaluation, 2008.

161 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 169.

162 Submission to the Royal Commission received from ARPASS, p. 2.

163 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, p. 163.

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transactional costs. For example, the Counties-Manukau DHB boundaries overlap with Manukau City Council, Franklin District Council, Papakura District Council, the Auckland Regional Council, and Environment Waikato. Similarly, a neighbourhood or community level project may require several councils to be involved if the community transcends council boundaries. Auckland City observed in its submission,

The current boundaries and responsibilities of local government do not correspond to either the functional market which operates across the region or the social and cultural environment.¹⁶⁴

9.159 Generally, getting traction is very hard work and is clearly constrained by the current structural arrangements. Establishing relationships and intersectoral working groups is slow and is slowed further by high staff turnover. Partner organisations typically have different accountability time frames and requirements, and progress is limited to that of the slowest partner or the last sign-off process. In addition to the data-related difficulties described previously, the current arrangements increase complexity, transaction costs, and resource requirements, slow down decision-making processes, create gaps and duplication, and present accountability challenges.

Monitoring and evaluation

9.160 Councils are required to monitor and report on their progress towards achieving community outcomes. This is a complex task, particularly because the outcomes are often influenced by a wide range of factors that lie outside local government's direct control. Nevertheless, identifying, measuring, and monitoring indicators appear to be done with varying levels of sophistication and there is a lack of alignment across agencies. Reports such as the Ministry of Social Development's *Quality of Life '07* have been helpful, particularly because they rely on national data sets and therefore enable comparisons between cities. Even this report, however, is limited because it does not include Papakura and Franklin District Councils and therefore does not provide comprehensive regional or sub-regional data. It is apparent that central government technical expertise and data could usefully be shared more extensively with local government.

9.161 Determining priorities, developing effective interventions, and measuring and monitoring progress all require a robust evidence base, with data able to be aggregated at both neighbourhood and regional levels. As described previously, the current evidence base has serious limitations. The SOPHAR report notes,

Reviewing the health and well-being of the region using key indicators that have potential significance for local government has been a difficult task and has been limited by numerous data gaps. Many of the data sources for potential indicators of health and well-being and their determinants derive from national surveys and collections, which do not break the data down to territorial authority level.¹⁶⁵

¹⁶⁴ Submission to the Royal Commission on Auckland Governance received from Auckland City, p. 30.

¹⁶⁵ Auckland Regional Public Health, *SOPHAR Report*, 2006, p. 18.

9.162 In addition, there is also a lack of place-based socio-demographic information that “illuminates” the challenges a community faces and the resources it can draw on to meet those challenges.¹⁶⁶ This process has begun with recent efforts to map local services to individuals and their families by Family and Community Services. Similarly under the ARPASS strategy, a geographic information systems mapping project involves providing local government and other relevant agencies with physical activity amenity maps for priority communities, and supplementing these maps with the findings from community surveys and open space audits.¹⁶⁷

9.163 There appears to have been very little formal evaluation of regional strategy effectiveness. The evaluation of ARPASS – of which all the Auckland councils, the regional sports trusts, and SPARC are partners – highlighted a number of areas where stakeholders considered there had been value for the region. These included advocacy and collaboration. The brief report also highlighted a number of shortcomings, including a lack of commitment from, and alignment with, SPARC.¹⁶⁸

9.164 The restructuring process presents an opportunity for central and local government agencies to develop aligned community outcomes, including a regional community outcome indicator framework to guide strategic direction and to facilitate measuring and monitoring progress.

International experience

9.165 As documented elsewhere throughout this report, the Commissioners visited a number of international cities. The key lessons related to promoting social well-being are summarised below.

9.166 Many councils (such as Brisbane, Melbourne, Seattle, and London) are extensively involved in the delivery of social well-being programmes that are strictly the responsibility of central government agencies in New Zealand, such as immunisation, mental health services, and aged care. The Commissioners observed that the delivery of social services through small local councils increased responsiveness to emerging issues.

9.167 The importance of leadership on social issues was often acknowledged. In London, this included the view that the Mayor’s executive powers had been instrumental in establishment of the Child Poverty Commission and London’s Living Wage.

9.168 The importance of advocacy by local government on social issues was also acknowledged, for example in London and Victoria (Australia).

166 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 167.

167 See Auckland Regional Physical Activity and Sport Strategy website (www.arpass.org.nz), “Projects – participation”.

168 Jamie Newth Business Consulting, *ARPASS Evaluation*, 2008.

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9.169 Effective efforts were often characterised by integrated strategy, clarity of roles and responsibilities with formalised linkages between key agencies, and robust monitoring and accountability mechanisms. Strategies usually involved inter-agency approaches at both community and regional levels, integrating the environment, transport, economic development, culture, housing, and other social domains. Responsibility lay at the regional level, with integrated delivery at the local level. Enhancing and formalising linkages between agencies through local area agreements and partnerships was typically work in progress. Performance measures were also negotiated between central and local government.

9.170 A key theme was valuing the diversity of the population and significant efforts were made to welcome and integrate new people (for example, London and Toronto).

9.171 There was also a range of community development models. For example, the community development corporations (“CDCs”) in the US have a variety of roles, including community improvement programmes and providing social services. They promote community economic stability by developing affordable housing and commercial property. The CDCs are typically neighbourhood-based, non-profit corporations with at least one-third of the board composed of community residents. The size of a CDC ranges from the boundaries of a single community to cover an entire region or even state. Community land trusts have also been set up in the US to ensure that housing can be kept affordable. They are dependent on obtaining land at a favourable price, usually from a benefactor or territorial authority.

Conclusions

9.172 The LGA 2002 requires councils to promote environmental, economic, cultural, and social well-being, and sets out a systematic process to develop actions and monitor outcomes through the LTCCP mechanism. Despite this legislation now having been in place for over six years – over and above their highly prescribed statutory responsibilities – council activities to promote social well-being vary greatly. Generally, councils have not fully come to grips with the requirements of the legislation and are just starting to address their role in promoting social well-being. With some notable exceptions, it appears that councils have neither prioritised social well-being as part of their core business, nor carried out this requirement in a systematic way. They have largely muddled along in the absence of clarity about priority social well-being challenges, the strategic direction and outcomes sought, and how and to what extent councils should be contributing.

9.173 The issue of local government involvement in social well-being has been a matter of debate. It is clear to the Commission that local government is already inextricably involved. All council activities (such as public transport, urban design, rate setting, roads, and other infrastructure) have significant social consequences. These functions can and should be approached with the explicit intention of maximising their contributions to improve social well-being. Most local authorities, however, do not recognise the social

implications of their activities, and do not systematically use the power of these activities to promote social well-being and to improve the lives of the most disadvantaged places and people in the region.

9.174 Environmental, economic, cultural, and social well-being are inextricably linked. Balanced, positive outcomes can be achieved across all of them with a more systematic, integrated, and aligned approach. All council activities need to be planned, implemented, and monitored through the lens of all four dimensions of well-being.

9.175 Auckland has a growing population which is increasingly diverse and youthful. Auckland does well in some well-being domains and very poorly in others, such as housing. The inequalities within the region are significant and unacceptable. Stakeholders felt that there has been “too much focus on the “average” rather than areas of inequality and deprivation”.¹⁶⁹ Unless the focus shifts to improving outcomes for disadvantaged people, these inequalities can be expected to perpetuate or worsen, with negative consequences for the whole population and the future of Auckland. The new governance structure must enable these inequalities to be addressed if Auckland is to become a leading Asia-Pacific city.

9.176 Deprivation is typically concentrated at the neighbourhood level – a situation that demands a stronger, place-based approach. The changing socio-demographic characteristics of the population must be well understood, and there must be effective engagement with disadvantaged communities to achieve this. Rowe concluded,

Any redesign of local authority functions and processes must find a way to bring the needs of poor communities, disadvantaged ethnicities and deprived individuals into the discussions about pressing social issues in the Auckland region, and give their voices prominence in decisions about what actions will be effective.¹⁷⁰

9.177 The analysis that informs this report points to some priority populations, some priority intervention points (children, young people, housing, and public transport), and the importance of taking a place-based, neighbourhood-level approach. (It is important to note that the Commission’s recommendations leave decisions about strategic priorities to the proposed “Social Issues Board”.)

9.178 Although the broad policy-making, funding, service delivery, and monitoring functions are the responsibility of central government, local government has considerable capacity to support central government initiatives, and vice versa. Both central and local government resources allocated to social well-being in the Auckland region are substantial, with annual spending in the vicinity of \$12 billion in 2009.¹⁷¹ This level of expenditure emphasises the importance of getting it right – spending it effectively, and achieving the best possible outcomes. It is therefore vital that central and local

169 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 166.

170 Ibid, p. 157.

171 Refer to paragraphs 9.114 and 9.135.

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government work together to direct regional resources to where the greatest need lies and where there is greatest capacity to benefit.

9.179 While efforts to collaborate have increased, partnerships between central and local government need to be strengthened and all the players need to be knitted into a robust structure and a well-functioning system. There needs to be more integration and alignment of roles and strategies so that they complement each other more effectively. There needs to be a shift from collaborative “grace and favour” approaches (such as non-binding partnerships) to a mandate for shared decision making and shared accountability with dedicated regional funding. In order for this to happen, those who can commit resources, those whose decisions and actions affect outcomes, and those who are most affected must be part of the decision-making process.

9.180 As the list of existing regional strategies demonstrates, there have been considerable efforts to strengthen collaboration between councils in order to address social issues of regional significance. There are many valuable lessons to be learned from these efforts. It appears that while councils (and other sectors) may be willing parties in the development of regional strategies, in the absence of strong leadership, a clear mandate, one point of contact, robust accountability arrangements, and dedicated funding, getting traction is very difficult. Typically, these initiatives encounter insurmountable difficulties at the point of implementation. Progress has been frustrating and achievements have been limited.

9.181 There must also be effective, formalised mechanisms for engaging the private sector, NGOs, and philanthropic organisations in the outcome-setting and strategic planning processes. Similarly, while provision is made in the recommendations for representation of Māori, Pacific, and other ethnic communities on the Social Issues Board, provision must also be made for young people, older people, people with disabilities, and people on low incomes to participate in the decision-making process. As highlighted in paragraph 9.88, these populations constitute the majority of Auckland’s population.

9.182 Auckland requires an overarching regional social well-being strategy with clearly articulated issues; clear outcomes, objectives, and actions; and a robust monitoring process. As well as integrating internally with the other dimensions of well-being, the strategy must address how it integrates and aligns with the strategic directions of other relevant sectors. An implementation/funding plan is also required to operationalise this strategy. This plan needs to clearly define implementation roles for the key agencies, and the central and local government funding streams. Implementation requires dedicated resources, and must focus on neighbourhoods in order to address areas of greatest deprivation. The strategy must incorporate both medium- and long-term time frames to focus action and to ensure accountability.

9.183 Strong leadership will be crucial to articulate the vision and the challenges, to set strategic priorities, to give weight and visibility to social well-being issues, and to galvanise the various agencies that can contribute to better outcomes. Stakeholders and submitters commented that “a powerful articulation of vision and values (such

as Waitakere’s “eco-city” vision) is important as a way of unifying and galvanising a community”.¹⁷²

9.184 Promoting social well-being is complex and effectiveness is difficult to measure. It therefore requires a sophisticated approach, with expertise and dedicated resources. Local government is in a unique position to collate, analyse, and disseminate data. Yet there is a lack of high-quality, relevant data, and current efforts to identify and address social well-being issues are not always underpinned by a strong evidence base. For example, as Rowe discovered, it is very hard to get “place-specific data about the socio-demographics of communities/neighbourhoods, the social challenges they face, the resources available to them ... all the place-based factors that illuminate what the challenges are in a particular community, and what resources the community can access to meet the challenges”.¹⁷³ Further, current efforts to monitor and evaluate progress against outcomes appear in the main to be patchy and relatively unsophisticated.

9.185 The misalignment of central government, local government, rohe, and NGO intra-regional boundaries presents an additional barrier to promoting social well-being. In particular, current boundaries do not always align with true communities of interest. Misaligned boundaries increase the complexity and transaction costs associated with inter-agency collaboration, and create data comparison issues which compromise the quality of research, evaluation, and monitoring. Many of these intra-regional boundary issues can be overcome by shifting local government responsibility for social well-being to the regional level, as the Commission proposes. However, the Commission also considers that better alignment of government agency boundaries would be of value for both central and local government, as well as other agencies.

Redesign principles

9.186 In summary, to effectively promote social well-being, the recommendations of this report apply the following principles to governance arrangements for the Auckland region:¹⁷⁴

- The achievement of social well-being needs to be thought of as a **system** involving many players.
- The core elements of any new system need to be formally **mandated**.
- Social issues require **strong leadership and advocacy**.
- There must be decisive formulation of the issues and clear **strategic direction** centred on outcomes.

172 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, *Report, Volume 4: Research Papers*, p. 179.

173 Ibid, p. 167.

174 These principles are largely based on those set out in Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, section 5.1, in *Report, Volume 4: Research Papers*.

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- There must be clear public **articulation** of the vision, challenges, and way forward, locally and regionally.
- Critical **capacities** must be built into the structure and funded: social mapping, analytical and research capacity, and making sure the vision and values are driven through into action, informed by the evidence.
- **Engagement with communities** must also be built into the structure and funded, particularly for Māori, Pacific, and other ethnic groups; children and young people; older people; people with disabilities; and people on low incomes.
- **Engagement with other sectors** that have key responsibilities, willingness, and capacity to contribute (such as the private sector, NGOs, and philanthropic organisations) must also be built into the structure.
- **Effective consultation** on the right issues is more important than comprehensive consultation on everything.
- Proactively **sharing information** with communities will support informed engagement.
- There must be **representation** of Māori, Pacific, and ethnic groups on the core social issues governance body.
- The core social issues body must include all those who have **accountability** for social outcomes and can commit resources.
- Regional **resources** must be made available and redistributed to achieve social well-being outcomes, particularly to improve outcomes for disadvantaged communities.
- The **roles and responsibilities** of central and local government must be clarified, with alignment and integration of functions.
- The main social issues governance body must be regional, with local and central government **sharing decision-making and accountability** through a common structure, not simply linked by process.
- There must be tighter and streamlined mechanisms for **collaboration** between central and local government agencies, the private sector, NGOs, and philanthropic organisations.
- Council powers to improve social well-being through an **integrated approach to promoting the four dimensions of well-being** must be fully realised.
- Effectiveness must be evaluated and **targets** must be **monitored**. The results need to be publicly verified at local and regional levels.
- **Research, analysis, and policy advice** should serve local and regional actions, including place-based social mapping.

9.187 The section below sets out the detailed recommendations for new governance arrangements for the Auckland region in relation to promoting social well-being. The Commission has considered a range of options, including the two options presented in Rowe’s discussion paper.¹⁷⁵ The Commission is proposing to adopt most of the recommendations set out in Rowe’s second option, with some modifications.

Overview of proposed structure

9.188 The proposed governance structure involves a devolution approach where local and central government share decision making and accountability for improving social well-being outcomes through the main governance body, the Social Issues Board (“SIB”). This board will be a direction-setting body responsible for making **decisions** on the social well-being strategy (and supporting documents such as an implementation/funding plan), and joint **recommendations** to the Cabinet Committee for Auckland and the Auckland Council for decisions on resource allocation. The decisions will then be implemented by the appropriate Government department and/or the Auckland Council. The SIB will be supported by an officials’ Social Issues Advisory Group (“SIAG”), described below. The Auckland Council will include a Social Issues Committee and a social issues team with clearly defined responsibilities, also described below. The relationships between these groups are illustrated in Figure 9.8.

Social Issues Board

9.189 The Commission is proposing that the membership of the SIB should include

- members of the Auckland Council’s Social Issues Committee, together with the Mayor, and chairs of the Planning and Finance Committees
- representatives of Māori, to be appointed by the three Māori councillors on the Auckland Council, as described in Chapter 22, “Māori”
- representatives from the Pacific and Ethnic Advisory Panels as described for the Auckland Council in Chapter 23, “Representation and Participation by Minority and Other Groups”
- the Auckland Council Chief Executive
- the Minister for Auckland
- chief executives of the key central government social agencies, to reflect the priority issues and to ensure appropriate resource allocation.

9.190 The central government agencies may include Health, Education, Social Development, Justice, Police, Housing New Zealand Corporation, SPARC, and population ministries such as Te Puni Kōkiri, Ministry of Pacific Island Affairs, Women’s Affairs, and the Ministry of Youth Development.

175 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, section 5.2, in *Report, Volume 4: Research Papers*.

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9.191 Substitutes should not be allowed and the board should be able to consult with and call in experts as required. The chief executives who are members of the SIB should have associated key performance indicators in their performance agreements.

9.192 The Commission is proposing that the key functions of the SIB should centre around responsibility for decisions on the regional social well-being strategy and an implementation/funding plan, and recommendations on resource allocations to the Cabinet Committee for Auckland and the Auckland Council. More specifically, their functions should include

- identifying social well-being outcomes for the Auckland region using the community outcomes consultation process set out in the LGA 2002
- developing the regional social well-being strategy (with medium- and long-term goals), including prioritising critical social issues for action, and developing an implementation/funding plan
- making recommendations to the Cabinet Committee for Auckland and the Auckland Council for decisions on resource allocation, including redistribution of central and local government resources to address the critical social issues
- deciding who will take what action, and how and when they will report back to the SIB
- setting outcome targets and monitoring progress on the critical social issues
- engaging with the private sector, NGOs, and philanthropic agencies.

The outcome-setting and strategy development processes should be sufficiently resourced to ensure that priority populations are able to participate.

Social Issues Advisory Group

9.193 The SIAG should be co-funded by central and local government, and comprise a dedicated, highly skilled team of central and local government personnel. The primary role of the SIAG should be to undertake analysis and provide policy advice to the SIB, particularly to inform the identification of critical social issues. The SIAG should be accountable to the SIB, but with operational accountability to the Auckland Council, where the group would be located.

9.194 The SIAG should not undertake primary data collection, but should collate and analyse information derived from research, routinely collected data, evaluation and consultation at the regional, sub-regional, and neighbourhood levels. The SIAG should work with key agencies such as Statistics New Zealand, the Ministry of Health, and Social Policy Evaluation and Research Committee to improve the quality and accessibility of data for its purposes. It may also commission specific research and evaluation projects to address gaps.

9.195 The SIAG should provide evidence to support neighbourhood-level initiatives, including documentation of the full range of challenges and resources available in areas

identified for priority action. Monitoring of progress should also occur at a neighbourhood level to avoid pockets of non-achievement being obscured by the average.

9.196 The SIAG should be responsible for

- providing the highest quality policy analysis and advice to the SIB
- collating and analysing socio-demographic information, including social mapping and reporting at the neighbourhood level
- identifying social well-being outcomes and indicators
- implementing a monitoring and evaluation programme, including monitoring of neighbourhood-level performance
- implementing strategic initiatives to improve data quality
- funding research and evaluation projects to address information gaps
- providing advice on community engagement and consultation
- communicating information to stakeholders, including communities.

9.197 The information produced by the SIAG would be publicly available, particularly for the purpose of supporting engagement and consultation processes. The SIAG would also publish a three-yearly social report.

Auckland Council

9.198 The Auckland Council will include a Social Issues Committee and a social issues team made up of officials. To ensure alignment and integration with central government functions, the Commission is proposing that the Auckland Council should focus on leadership and facilitation. Direct delivery of social well-being services should not duplicate central government responsibilities, and should be part of the regional social well-being strategy and implementation/funding plan. More specifically, the Auckland Council should be responsible for

- decisions on resource allocation recommendations received from the SIB
- articulating the social vision, challenges, and way forward for Auckland's people
- discharge of statutory obligations related to social well-being (such as gambling and alcohol regulations)
- cross-functional integration of social well-being outcomes (for example, across planning, infrastructure, public transport)
- community leadership and facilitation of social well-being outcomes
- direct delivery of services as set out in the social well-being strategy and implementation/funding plan.

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9.199 The Commission is proposing that responsibility for the promotion of sport and physical activity should be jointly shared by the Auckland Council Social Issues Committee and Arts and Recreation Committee.

Reporting and accountability

9.200 The social well-being strategy and implementation/funding plan should be published and carry the same degree of accountability as Government agencies' Statements of Intent. The Mayor of Auckland should report on the progress of the social well-being strategy in the annual report on the state of Auckland, and appropriate audit provisions should also be made.

Establishment issues

9.201 The key establishment issues focus on the steps required to put in place the recommended governance arrangements outlined above. They also focus on putting in place the necessary infrastructure to ensure that the SIB and the SIAG are able to commence work on their immediate priorities, including the social well-being strategy and its supporting documentation.¹⁷⁶

9.202 The Establishment Board should

General

- develop terms of reference for the SIB, to be approved by the Cabinet Committee for Auckland and the Auckland Council
- develop a description of the functions and organisational structures for the SIAG and the Auckland Council social issues team, showing the inter-linkages between them, the SIB, and central government agencies
- develop job descriptions for senior roles in the SIAG, and the Auckland Council social issues team, showing the inter-linkages between them
- ensure that the structure and job descriptions of the SIAG and the Auckland Council social issues team address critical capacities and that there is provision for development of these capacities
- undertake a full stocktake of current regional and local government social well-being initiatives including staff, policies, funding, services, stakeholder and community engagement structures and processes, information sources (research, data and evaluation), analysis/reports, and monitoring processes

176 The supporting documents include the Implementation/Funding Plan, the evaluation and monitoring programme, etc.

Social Issues Board

- identify the budget for the SIB, including central and local government contributions
- work with central government to ensure appropriate representation of central government agencies at the first meeting (full membership will not be confirmed until the priority issues have been identified; and membership is likely to change over time to reflect changing priorities)
- prepare an agenda and background documents for the first meeting of the SIB

Social Issues Advisory Group

- develop detailed descriptions of the functions, organisational structure, and roles (job descriptions) of the SIAG
- identify the budget for the SIAG, including central and local government contributions
- collate and analyse evidence to inform development of the regional social well-being strategy

Auckland Council social issues team

- develop detailed descriptions of the functions, organisational structure, and roles (job descriptions) of the Auckland Council social issues team
- identify the budget for the Auckland Council social issues team
- develop a transition plan for affected positions

9.203 The following issues should receive consideration by central government:

- government agency membership of the SIB
- appropriate staff for secondment to the SIAG
- potential sources of socio-demographic information to be collated and analysed by the SIAG
- a process and time frame for analysing and determining the redistribution of funding on a regional basis
- linkages between central government agencies and regulatory functions to be carried out by the Auckland Council (for example, alcohol, gambling, environmental health)
- implications for administration of existing legislation
- review of common boundaries for local and central government.

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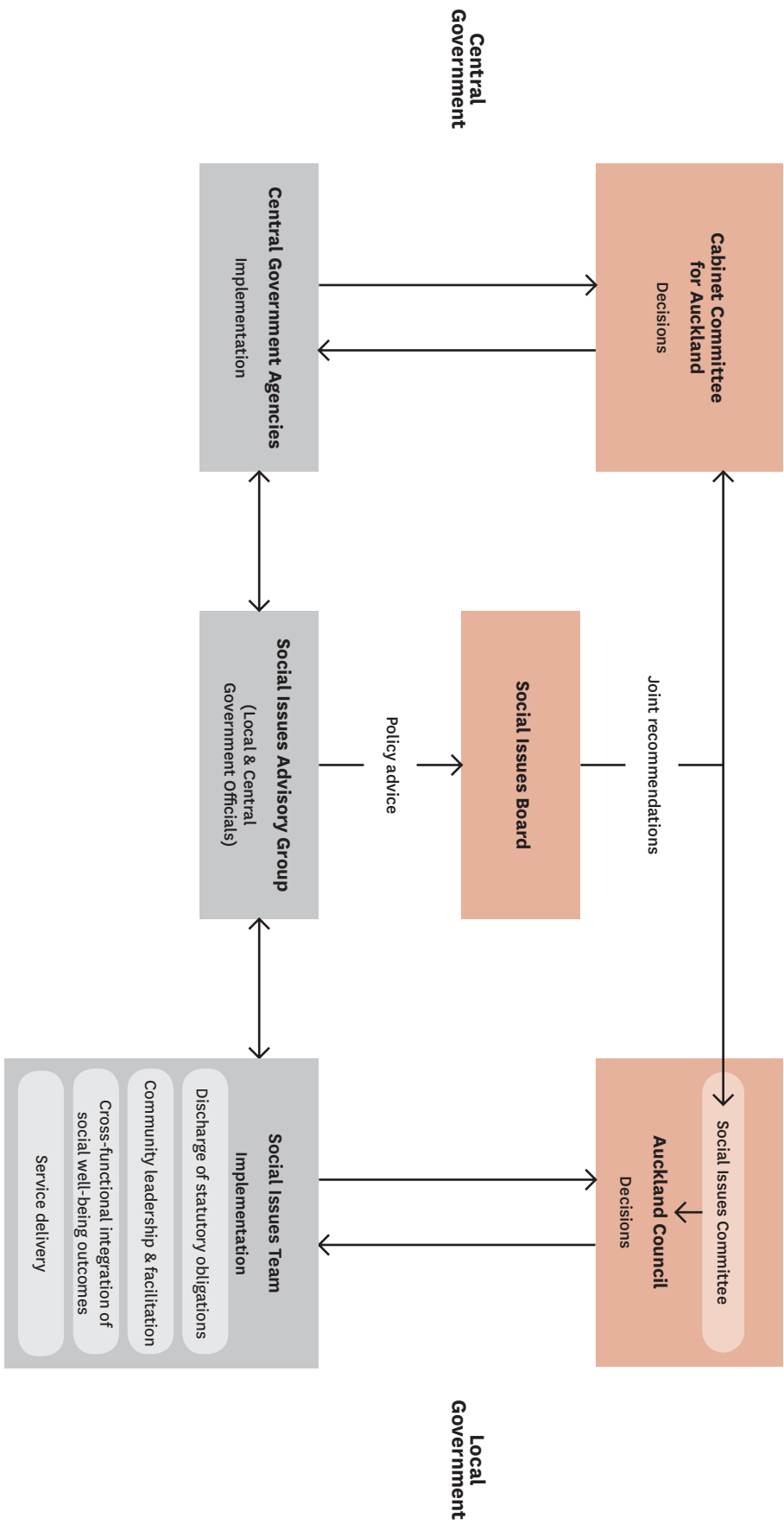


Figure 9.8 Proposed central and local government decision-making processes and functions to promote social well-being in Auckland

Recommendations

Central and local government's annual social well-being spend is in the vicinity of \$12 billion in the Auckland region. It is critical that these resources are applied effectively, to achieve the best outcomes. Accordingly, Auckland needs a governance structure for social well-being that enables local and central government to share decision making and accountability for improving the effectiveness of resources spent, and addressing the critical social issues in Auckland.

- 9A** A Social Issues Board should be established as the main governance body for social issues, with central and local government membership as described in Chapter 9.
- 9B** The powers of the Social Issues Board should be set out in Terms of Reference approved by the Cabinet Committee for Auckland and the Auckland Council.
- 9C** The Social Issues Board should develop a Social Well-Being Strategy and Implementation/Funding Plan.
- 9D** A Social Issues Advisory Group of officials should be established to support the Social Issues Board. It should be co-funded by central and local government with responsibilities as described in Chapter 9.
- 9E** The Auckland Council role should centre on providing leadership and facilitating improved social well-being outcomes. Direct delivery of social well-being services by the Auckland Council should not duplicate central government responsibilities and should be part of the Social Well-Being Strategy and Implementation/Funding Plan.
- 9F** The Government should give consideration to aligning geographic boundaries of local government and central government agencies responsible for the delivery of social well-being services.

Transition

- 9G** The Establishment Board should ensure the necessary structures and processes are in place to ensure that the Social Issues Board, the Social Issues Advisory Group, and the Auckland Council are able to commence work on their immediate priorities.

10. Culture, Recreation, and Diversity

“An attractive place doesn’t have to be a big city, but it has to be cosmopolitan—a place where anyone can find a peer group to be comfortable with, and also find other groups to be stimulated by; a place seething with the interplay of cultures and ideas; a place where outsiders can quickly become insiders.”

Richard Florida, Director of Martin Prosperity Institute, Professor of Business and Creativity, Rotman School of Management, University of Toronto, in *The Rise of the Creative Class*, 2003.

10.1 Auckland is the most culturally diverse city in the country, with most immigrants settling here. The large Māori population and range of different cultural communities contribute to what is distinctive about Auckland as a major city in the Asia-Pacific region.

10.2 Local government is required to consider the cultural well-being of communities under the Local Government Act 2002, and this chapter explores how that could be addressed. It looks at the social, cultural, and economic contribution made by the many cultural communities of Auckland, and considers how this might best be nurtured and promoted by local government. The chapter also emphasises the need for a regional approach to arts and recreation.

What is culture, and how does it relate to diversity?

10.3 The culture of a city is one of those elements that define its attractiveness to residents, to those contemplating moving to it, and tourists. The word “culture” is commonly used in two ways. It is used to describe diverse people and communities, and it is in that sense that the word is primarily used in this chapter. The second way is to describe a certain group of activities primarily associated with the arts. In parts of this report the word is used in that sense as well. The Commission is satisfied that it is sufficiently clear from the context in which sense the word is being used.

10.4 A city’s cultural life reflects the people who live in it. Their interests, lifestyles, values, and history determine the festivals they celebrate and the range of foods they eat and sell, as well as the style of architecture, the music, theatre, arts, and sporting events showcased in a particular city.

10.5 In short, culture provides a city’s identity. It gives a city life. It defines. It connects. It identifies. It brands. It attracts or repels outsiders. Without it, communities would have no markers, no defining characteristics, and the cities they inhabit would be no more than a collection of buildings and people.

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10.6 A city's diversity is determined by the number of unique communities housed within it. Communities of interest can be based on factors as varied as ethnic origin, sexual orientation, age, religion, or lifestyle choice. People have a wide range of diverse leisure interests which must be catered for in a liveable city.

10.7 The more diverse a city's population, the more complex is its culture, as each community seeks to express itself. A varied and vibrant cultural scene is a key feature and drawcard of the world's great polyglot cities such as London, Paris, or New York.

Why are culture and diversity important for Auckland?

10.8 The diversity of Auckland's population is an asset for Auckland and New Zealand as a whole, augmenting the country's base of skills, information, and contacts. While much of the research on diversity focuses on multi-ethnic populations, other groupings with a common identity such as youth, seniors, the gay community, or people of different faiths also add to the mix of a cosmopolitan city.

Most innovations nowadays come not from individuals, but from groups of talented people sparking off each other – and foreigners with different ideas, perspectives and experiences add something extra to the mix. If there are 10 people sitting around a table trying to come up with a solution to a problem and they all think alike, then they are no better than one. But if they all think differently and bounce new ideas and reactions off one another, they can solve problems better and faster, as a growing volume of research shows.¹

10.9 Migration is a major reason for the increasing diversity of Auckland's population, as it is for many major international cities that participate in international labour markets.

10.10 The British Council's publication *Towards Open Cities* examines the importance of migration for cities, and analyses the qualities of cities that are successful in attracting and retaining migrants. It describes the benefits of international populations as follows:

Such populations ... are not only seen to contribute to the labour force, but also add enormously to the quality of life and the wider attractiveness of the city for international firms, events and investors. In certain economic niches international talent is essential and a multi-lingual and globally connected labour force can help promote international economic roles in a city.²

1 Phillippe Legrain, economist and journalist, quoted in Committee for Auckland, *Growing Auckland, Growing New Zealand*, November 2008, p. 16 (available at www.aucklandnz.org, accessed March 2009).

2 Clark, Greg, *Towards Open Cities*, British Council, Madrid, 2008, p. 11 (available at http://opencities.britishcouncil.org/web/download/conference/towards_opencities.pdf, accessed February 2009).

10.11 A city’s “openness” refers to the local conditions that appear to attract and retain these international populations over time. *Towards Open Cities* identifies four indicators of openness:

- openness of the institutional framework (such as non-discriminatory policies)
- openness of the business environment (for example, employment opportunities)
- openness of civil society (for example, the level of ethnically and culturally mixed business associations, clubs etc)
- openness of public space creating a feeling of cultural inclusiveness.³

10.12 Cities expert Richard Florida takes a slightly different approach, identifying the most successful and innovative cities as those which are able to attract a particular type of highly mobile person, which he calls the “creative class”.⁴ He mentions the following consistent themes emerging from his research:

- The “creative class” is moving away from traditional corporate communities to “creative centres”.
- The creative centres tend to be the economic winners of our age.
- Creative centres are succeeding because creative people want to live there. They provide the integrated ecosystem or habitat where all forms of creativity – artistic and cultural, technological and economic – can take root and flourish.
- Creative people are not moving to these places for traditional reasons. What they look for in communities are abundant high-quality amenities and experiences, openness to diversity of all kinds, and “above all else the opportunity to validate their identities as creative people”.⁵

10.13 Auckland has a strong creative community, significantly higher than other centres in the country. Thirty-nine percent of New Zealand’s creative sector workforce is located in Auckland city. It includes industries and businesses such as architecture, advertising, graphic design, screen production (including film and television), radio, theatre, music production, fashion, art, and publishing. Some of the media and artistic industries are focused on certain cultural groups, such as Māori, Pasifika, or Asian people. A stated aim of the Auckland City Council and the creative industry is to use “Auckland’s unique cultural mix as a driving force behind creative output” in the region.⁶

3 Ibid., p. 61.

4 Florida, Richard, *The Rise of the Creative Class*, Hazard Press, Christchurch, 2003, p. 8. The “creative class” includes people in science and engineering, architecture and design, education, arts, music, and entertainment, whose economic function is to create new ideas, new technology, and/or new creative content.

5 Ibid., p. 218.

6 Auckland City Council, *Blueprint: Growing Auckland’s creative industries*, 2007, p. 10.

10. Culture, Recreation, and Diversity

10.14 Between 2000 and 2006, employment growth of the creative industry sector in Auckland was nearly three times the national rate for the creative sector. The creative sector's economic contribution to Auckland GDP is estimated at over \$1.7 billion for 2006, about 7% of the city's total GDP.⁷

10.15 Despite the benefits diversity brings to cities as outlined above, the existence of a diverse population is not by itself a precursor for success. In fact, as outlined in Chapter 1, a city's social cohesion can be threatened if differences and tensions between people destabilise communities. Ensuring that all groups have the opportunity to express their unique culture and values is important, not just for their own well-being, but also to ensure that the wider society understands alternative ways of thinking and learns to accommodate difference rather than fear it. The Commission observed that some cities such as Toronto have actively developed welcoming and integration policies for their migrants, to ensure their rapid assimilation into the community. This has beneficial consequences economically and socially. (See Chapter 7, "Economic Development" and Chapter 9, "Promoting Social Well-Being".)

10.16 In addition, a vibrant and well-supported approach to arts and recreation which reflects community priorities can become a key factor in a city's attractiveness to outsiders, be they immigrants, tourists, or businesses.

10.17 *Towards Open Cities* identifies social and cultural attractions as one of the magnets that draw people to the city. This is particularly so with smaller cities such as Auckland, which do not have the international profile of cities like London or New York. As the publication says,

Cities need to market not only their economic opportunities, but also their social and cultural attractions. This is why so many cities now develop internationalisation strategies and why they see, for example, hosting global events (EXPOs, Olympics, Cultural Festivals, etc) and building a stronger visitor economy, or international student base, as so important.⁸

10.18 Richard Florida, in *The Rise of the Creative Class*, identifies "quality of place" as a powerful factor in decisions made by creative people to move to a city. Florida emphasises the need for places to have a people climate – or a creativity climate – as well as a business climate.⁹ He identifies three dimensions to quality of place:

- *What's there*: the combination of the built environment and the natural environment; a proper setting for pursuit of creative lives.
- *Who's there*: the diverse kinds of people, interacting and providing cues that anyone can plug into and make a life in that community.

7 Ibid., p. 23.

8 Clark, *Towards Open Cities*, p. 34.

9 Florida, *The Rise of the Creative Class*, p. 7.

- *What's going on:* the vibrancy of street life, café culture, arts, music and people engaging in outdoor activities – altogether a lot of active, exciting, creative endeavours.¹⁰

10.19 Florida emphasises that it is not just the formal artistic and sporting attractions that are of importance. Equally as important are the informal activities that are experienced at street level in a city that places a high value on these qualities – chancing upon a busker in a leafy street or admiring the architecture of a heritage precinct. The Commission observed many of the qualities referred to above in cities that it visited such as Melbourne, Vancouver, Seattle, and Toronto.

10.20 Local government planning and urban design policies can have a direct influence on this. Influential urbanist Jane Jacobs argued against mass urban renewal that separates industrial, commercial, and residential areas, destroying communities and innovative economies by creating isolated, unnatural urban spaces. Instead she advocated a dense and mixed-use urban aesthetic that would preserve the uniqueness inherent in individual neighbourhoods.¹¹

10.21 Auckland has a strong cultural life with several active professional theatre groups and dance groups. The Auckland Philharmonia Orchestra has been well established for many years, and more recently the Auckland Festival Trust has been enlivening the arts scene. Auckland City Council funds (with sponsors) Music in Parks, a series of free concerts throughout the summer. Auckland hosts New Zealand Fashion Week each year. Increasingly the region's diversity is being expressed through a broadening range of cultural events such as the Hero Parade and the Diwali Festival. From the recreational point of view, Auckland has facilities for active and passive recreation. The city has some excellent sports facilities, and for those who prefer their activities to be independent rather than organised, Auckland's wonderful natural environment provides opportunities for surfing, tramping, mountain biking, and sailing which are at least equal to the best in the world. The Auckland region also has a physical activity and sport strategy with supporting intersectoral infrastructure.¹² Nevertheless, the arts have suffered from funding difficulties, and both arts and recreation in its broadest sense suffer from a lack of regional vision. These issues are addressed later in this chapter.

10.22 The common thread running through this analysis is the impact of place in drawing people to a city, and the role that cultural expression plays in making a particular city a uniquely attractive destination.

10.23 What Auckland might lack in terms of infrastructure or specialised labour force skills by comparison with other cities, is partly compensated for by the city's lifestyle including cultural and recreational features. And it is this high-quality lifestyle that is a key attractor for migrants and businesses relocating to New Zealand.

10 Ibid., pp. 231–232.

11 Jacobs, Jane, *The Death and Life of Great American Cities*, Random House and Vintage Books, New York, 1961.

12 ARPASS, Auckland Regional Physical Activity and Sport Strategy, 2005.

What is local government's role?

10.24 The Local Government Act 2002 requires local government to promote cultural well-being, which is defined by the Ministry for Culture and Heritage as

the vitality that communities and individuals enjoy through:

- participation in recreation, creative and cultural activities; and
- the freedom to retain, interpret and express their arts, history, heritage and traditions.

...

At its core, cultural well-being is about activities and initiatives such as:

- support for arts and cultural expression;
- protecting cultural associations with our natural environment;
- the provision of library and archival services;
- celebrating the diversity within communities;
- the provision and maintenance of sports and recreational facilities and events; and
- conserving heritage buildings as much as urban space and rural landscapes.¹³

10.25 Local government activity in this area can be seen in the halls, the monuments, the street architecture and paving, the festivals and enhanced town centres, and even public toilets, which embody the cultural values of particular communities.

10.26 The choices made by local government about which arts groups to support or how urban spaces are to be preserved is determined by the identity, values, and beliefs of the communities it serves.

10.27 The Auckland Regional Council identifies three types of cultural activities:

- events that bring people together to participate in activities with a cultural dimension, for example festivals or sporting events
- facilities that either are the site for events or the repository of cultural artefacts, for example stadiums or museums
- practice of cultural activities and particularly the provision of artistic and creative services, for example musical groups.¹⁴

10.28 Currently Auckland's local government decisions about culture and recreation are made at both regional and territorial authority level. Broadly speaking, the Commission considers that the territorial authorities do a good job of identifying local needs and meeting them. Looking to the future, the cultural and recreational needs of Auckland's newest groups will be recognised first at local level. The Pasifika Festival is a good

13 Ministry for Culture and Heritage, "Cultural Well-Being and Local Government: *Report 1: Definitions and contexts of cultural well-being*" (www.culturalwellbeing.govt.nz, accessed February 2009).

14 "Policy Framework for Contributing to Cultural Organisations", paper prepared for the ARC Regional Strategy and Planning Committee, 6 December 2005, p. 26.

example of what started as a small-scale cultural event 16 years ago and is now the largest Pacific event in the world, attracting over 200,000 people. The Chinese New Year celebrations involve thousands of people, and culminate in the popular annual Auckland Lantern Festival held in Albert Park.

10.29 A strength of local council involvement in culture and recreation has been the development of productive partnerships by some councils with local groups outside government to develop tailored responses for local communities. Manukau City, for example, recognising that cost is likely to be a barrier for many of its residents to engage in recreational activities, is one of the few cities in New Zealand to offer free swimming pool access. It has also partnered with the John Walker “Find Your Field of Dreams” Foundation and works with a range of organisations such as Counties-Manukau Sports Trust to support young people to become more involved in sport and physical activity.¹⁵

10.30 The problems lie at regional level. The absence of strong regional leadership means that getting consensus on which cultural and recreational activities are regionally significant and coordinating resources (including funding) is an exercise in frustration. This was clearly shown by the inability of Auckland’s local government to agree on a national stadium in 2007 in preparation for the Rugby World Cup in 2011. While the Auckland Regional Council is responsible for the regional park network, other cultural and recreational activities of regional significance are funded on an ad hoc basis, sometimes by the regional council and often by the Auckland City Council, as it hosts many of the region’s significant cultural and sporting facilities.

10.31 As described in Chapter 9, the Auckland Regional Physical Activity and Sport Strategy (“ARPASS”) was developed with support and formalised commitment from all of the territorial authorities in the region, the four regional sports trusts, and Sport and Recreation New Zealand. The Auckland Regional Council and the Ministry of Health also participate as non-funding partners. An independent organisation with supporting infrastructure and governance was established to lead and coordinate implementation of the strategy. Despite these arrangements, implementation has had mixed success and failed to deliver what the region needs in some cases. Ineffectual accountability arrangements and the absence of a funding stream for regional initiatives has meant some partners have committed to full implementation while others have totally ignored the strategy.

10.32 Solutions have been developed to try to meet regional needs within the constraints of the current structures. For a number of years there has been debate between territorial authorities over a fair funding system for regional cultural amenities. Some territorial authorities were unwilling to fund regional institutions that they did not consider were of direct benefit to their constituents.

15 The John Walker “Find Your Field of Dreams” Foundation, www.fieldofdreams.org.nz.

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10.33 The Auckland Regional Amenities Funding Act, passed into law in August 2008, is designed to address this.¹⁶ The need for the Act illustrates the difficulty of providing adequately for activities of regional significance in the absence of a regional strategy. It was developed to secure sustainable funding of organisations that provide arts, education, rescue, or other community facilities and services that are used throughout the Auckland region, such as museums, theatres, surf lifesaving, and rescue helicopters. Such organisations are able to apply for regional funding from a levy raised by the territorial authorities. With the establishment of the proposed Auckland Council, the Auckland Regional Funding Amenities Act 2008 will become redundant, or at least largely so. The Commission recommends that the Establishment Board for the Auckland Council (outlined in Chapter 33, “Managing the Transition”) give consideration to the question of whether the Act should be repealed in whole or in part upon the establishment of the Auckland Council.

What needs to change

10.34 The chapter now considers the nature of the changes that might, first, enhance the cultural and recreational life of the region, and second, foster the diversity of its communities.

Culture and recreation

10.35 The importance of cultural and recreational facilities, programmes, information, and events was emphasised in a number of submissions made to the Commission. For example, it was told,

it is important to observe that such artistic activities are not superficial to the effective global city. Its quality of life is critical to attracting talent that its industries require.¹⁷

10.36 The Commission received submissions from the ARPASS, Arts Advocates Auckland Inc, Arts Council of New Zealand, ASB Community Trust, a group of major Auckland arts organisations, the Archaeological Association, Tourism Auckland, and the Committee for Auckland, all emphasising the importance of arts and recreation to Auckland if it is to thrive as a city. The same point was made by Sport and Recreation New Zealand and by the Ministry for Culture and Heritage.¹⁸

16 The Act applies to the Auckland Observatory and Planetarium Trust Board, Auckland Philharmonia, Auckland Regional Rescue Helicopter Trust, Auckland Theatre Company Limited, Coastguard Northern Region Incorporated, New Zealand National Maritime Museum Trust Board, New Zealand Opera Limited, Surf Life Saving Northern Region Incorporated, The Auckland Festival Trust, and WaterSafe Auckland Incorporated, with the Auckland Zoo to be included once it is established as a separate entity from the Auckland City Council.

17 Submission to the Royal Commission on Auckland Governance from Brian Easton. (All submissions are available at www.royalcommission.govt.nz.)

18 See www.royalcommission.govt.nz, “Submissions Received”.

10.37 There was almost complete unanimity in the submissions made to the Commission on the need for a strengthened regional approach to arts and recreation. The importance of delivery at the local level was emphasised, but the need for policy and major decisions to be made at the regional level was seen as crucial. ARPASS, for example, identified as a key principle in regional governance for recreation and sport, the development of “a Regional entity that plans for (policy and strategy) and implements (delivers) regionally identified projects/functions and acts as a regional voice for sport and recreation issues”.¹⁹ Arts Advocates Auckland, an umbrella organisation established to provide a region-wide voice for arts professionals, administrators, and practitioners, emphasised that there should be consistent planning for investment in arts infrastructure and commitment to it on a continuing basis.²⁰ It said that the absence of a regional and strategic vision that recognised the need to house and equip arts activity in Auckland has led to a critical lack of arts infrastructure in the region. An example is the lack of theatres of an appropriate seating capacity to cater for the needs of arts professionals.

10.38 Tourism Auckland referred to missed opportunities, which included the failure to provide a major stadium in the city centre, the loss of major events such as the V8 Supercars, the Ellerslie International Flower Show, and Ironman New Zealand, and the failure to deliver an appropriately scaled convention centre for the region.²¹

10.39 The Committee for Auckland presented several case studies to the Commission.²² One of those related to stadiums and the other to an exhibition convention centre. It was noted that each have been accepted as important to Auckland and have been discussed for many years. Implementation has been handicapped by the lack of a regional policy and view. Further details of submissions on these topics made to the Commission may be found in *Report, Volume 3: Summary of Submissions*, Chapter 19.

10.40 The Commission has no doubt about the validity of the submissions made to it on these matters. Auckland must have a regional approach to the delivery of facilities for arts and recreation, and a regional policy in relation to such matters. There are some facilities that work well and should continue as at present. The Auckland Museum is an example. For many arts organisations, the problem is continuity of funding and adequate support. Auckland City has played a major role in the support of the arts in Auckland but other cities and districts have been reluctant to make an appropriate contribution. A frequently cited example is the Auckland Philharmonia Orchestra. The *New Zealand Herald* is quoted as saying that North Shore residents make up 23% of the Auckland Philharmonia’s audience yet their city council gives the orchestra an annual grant of just \$25,000 or 3.1% of the orchestra’s local government funding. Auckland City, the home of 52% of the audience, gives \$500,000 – 92% of regional funding.²³ The fragmented approach to the

19 Submission to the Royal Commission on Auckland Governance from ARPASS, p. 1.

20 Submission to the Royal Commission on Auckland Governance from Arts Advocates Auckland, pp. 2–4.

21 Submission to the Royal Commission on Auckland Governance from Tourism Auckland.

22 Submission to the Royal Commission on Auckland Governance from Committee for Auckland.

23 Rudman, Brian, “Local politicians’ ‘vision’ blurs fair funding spread”, *New Zealand Herald*, 25 February 2008.

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construction of stadiums throughout Auckland is another example frequently mentioned, each city wanting its own stadium without regard to an appropriate regional strategy.

10.41 In the submission from the Champions for Auckland, the following design principles for evaluating culture were identified:

- A coherent cultural strategy for the Auckland region which integrates the interests of the sector with the other regionally significant activities, such as tourism and the economy, transport, land use planning and the environment.
- Effective regional leadership responsible for:
 - promoting Auckland's regional cultural interests at a national and international level
 - proposing and endorsing the major events for which Auckland bids
 - bringing together the interests of all those involved in the cultural sector whether public, private, commercial or voluntary.²⁴

10.42 Local government has a role in encouraging a varied and vibrant cultural scene. It can encourage and support festivals celebrating different ethnicities and cultures. It can support and promote sporting events. Provision for mixed uses in the city centre promotes activities for work and play where people live. Above all, local government needs to display an open attitude to the diverse views of the communities that make up the city.

10.43 Equally as important is Auckland's cultural heritage. Reference has already been made to this in the environment chapter but in this context it is worth noting the submission of the Archaeological Association.²⁵ That association refers to the management of historic heritage by local government. It regards the Auckland Regional Council and the Auckland City Council as highly effective in their management of historic heritage. It regards the other three cities (North Shore, Waitakere, Manukau) as partially effective and the districts (Rodney, Papakura, Franklin) as the least effective. It says,

a considerable part of the archaeological heritage of the Region is in Franklin and Rodney District Councils. The mismatch between the need and the ability to take on the role needed is most obvious here. This mismatching of resources to need is not just an Auckland Region situation but some correction at the Auckland Region level would be welcome.

The same submission noted that Auckland's volcanic cones are in the process of consideration for nomination as a World Heritage site under the Unesco convention on world cultural and natural heritage sites.

24 Submission to the Royal Commission on Auckland Governance from Champions for Auckland, p. 14.

25 Submission to the Royal Commission on Auckland Governance from Archaeological Association, pp. 1, 4.

Diversity

10.44 Auckland is clearly a highly attractive destination for talented migrants – 39% of residents were born offshore and more migrants than native-born Aucklanders hold bachelors degrees.²⁶ Yet in New Zealand, internationally qualified people are more likely to be unemployed or underemployed in jobs well below their skill level. Failure to employ and integrate migrant communities represents lost economic opportunity and suggests that our society is not as open to diversity as it could be. The Committee for Auckland’s “Growing Auckland Growing New Zealand” report notes that practical interventions such as mentoring, paid internships, work placement, and job readiness programmes have proved effective internationally and could be readily implemented in Auckland.²⁷

10.45 *Towards Open Cities* identifies the importance of leadership factors, in particular the degree of proactivity in city leadership in setting and pursuing an agenda of openness, diversity, and tolerance and articulating the benefits of openness.²⁸ “Leadership of cities ... needs to articulate powerfully the potential benefits to the city as a whole of having a diverse population base”.²⁹ In Auckland’s case diversity includes not only migrants of different ethnic origins, but also other communities, such as the gay community or different religious groups, which are attracted to the city.

10.46 In many large international cities, mayors are active in promoting acceptance of diversity. For example in Toronto, Mayor Miller’s 2010 vision document sees a leadership role in building “strong, inclusive and diverse communities in all parts of the city”. Initiatives include creating a civic engagement office, ensuring multilingual access to city services, and mentorship programmes to help internationally trained professionals find work in their fields of expertise.³⁰

10.47 In this country, there are a variety of public and non-profit entities working with migrants to mentor them into employment and to assist integration, including the Department of Labour, Refugee Settlement Agencies, the Office of Ethnic Affairs, church groups, and the Tindall Foundation’s Omega Project working with the Committee for Auckland. Local government in Auckland needs to collaborate with these agencies. Its role should not be to take successful private or not-for-profit programmes into the public sector. It does, however, have an advocacy role in promoting the acceptance of immigrants. It can assist with research into employment opportunities, and through the mayor can be a champion for the integration of new migrants into our community. The motivation must be “let’s fix it”. It is important to ensure migrants are welcomed, have the opportunities to learn English, and are assisted with housing and with the opportunity to

26 *Growing Auckland, Growing New Zealand*, pp. 18 and 19.

27 *Ibid.*, p. 21.

28 Clark, *Towards Open Cities*, pp. 15–17.

29 *Ibid.*, p. 49.

30 City of Toronto, “What Makes a City Great? Toronto 2010: Mayor David Miller’s Vision of a Great City” (available at www.toronto.ca, accessed February 2009).

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obtain employment that matches their qualifications and skills. Success in these areas is crucial to Auckland's economic and social well-being.

Governance structures

10.48 The Commission envisages the Auckland Council will take a more strategic and coordinated approach to promoting diversity and funding and managing cultural activities, events and facilities, as described below.

Leadership of a diversity agenda

10.49 The Commission would see benefit in proactive leadership on diversity issues at the highest level of the Auckland Council. The mayor and council must promote and articulate the benefits of the city's diversity, and ensure the needs of Auckland's diverse communities, including different ethnic groups, the gay community, different age groups, and religious groups, are reflected in local government's economic development, social well-being, and arts and culture policies. In their dealings with central government and the private sector they should also be advocates of meeting the needs of Auckland's diverse communities, especially those of migrants. The council should actively promote the welcoming and integration of migrants into the city.

Auckland Council management and delivery of regional culture and recreation policy

10.50 The Commission considers that the unitary nature of the Auckland Council should provide for more efficient decisions and funding allocation for meeting cultural well-being needs at a regional level. The Auckland Council would have a committee with particular responsibility for policies in relation to arts and recreation, the development of regional strategies, identification of what should be done locally, and providing a coordinated approach to funding. Promotion of the physical activity and sport components of recreation will be the joint responsibility of the Arts, Recreation and Parks Committee and the Social Issues Committee.

10.51 In the Commission's view, the arts and recreation area is one where full use should be made of expert advice and of management by interest groups. The Arts and Recreation Committee of the Auckland Council should be advised by at least two expert bodies, one relating to the arts and the other to recreation and sport. The organisations that operate in these areas should be left in place if working efficiently. Their main need will be a more regional and secure approach to funding. The Arts and Recreation Committee should be proactive in seeking to understand the diverse cultural and recreational needs of Aucklanders, consulting widely with local councils, Māori Auckland Council representatives, the proposed Pacific and Ethnic Advisory Panels, and other representative groups.

10.52 The Commission notes that all regional assets, including cultural and regional facilities such as stadiums, parks, and museums, will be transferred to regional ownership and an asset management strategy developed, as outlined in Chapter 20, "Funding and Financial Management Arrangements". The Arts and Recreation Committee will need to

have input into how cultural assets will be managed. The Auckland Council may wish to consider establishing a council-controlled organisation to hold and operate the regional arts, entertainment, convention, and other major event facilities.

Local council delivery and engagement

10.53 Local councils will be responsible for delivering cultural and recreational activities to meet the needs of their communities, utilising funding allocated within their budget. Their place-shaping function also gives local councils responsibility for engaging with their diverse communities and feeding their priorities into the regional strategy.

Recommendations

Auckland needs governance structures that promote the benefits of diversity and support culture and recreation.

- 10A** The Mayor of Auckland should take a leadership and advocacy role in promoting and welcoming diversity, and encouraging acceptance of migrants and minority groups in Auckland.
- 10B** The Auckland Council should establish two advisory panels, one relating to the arts and the other to recreation. With the assistance of the advisory panels, it should develop strategies for regional arts and recreation activities and their associated funding.
- 10C** Local councils should be responsible for implementing culture and recreation policies in their communities, partnering with local groups where appropriate, and representing the views of local communities at regional level.
- 10D** The Auckland Council should consider establishing a council-controlled organisation (“CCO”) to hold and to operate the regional arts, entertainment, convention, and major event facilities.

PART FOUR: STRUCTURAL REFORM

11. Defining the Problems

11.1 This chapter seeks to define the core problems with local governance in Auckland. In this chapter, the Commission

- acknowledges the strengths and weaknesses in Auckland’s current governance arrangements
- notes some of the practical problems relating to how Auckland functions, which submitters drew to the attention of the Commission¹
- discusses two fundamental, systemic problems, which the Commission considers underpin many of the specific, day-to-day issues facing the region.

11.2 Other chapters of this report describe governance issues relating to specific matters including transport, planning, and the three waters (water, wastewater, and stormwater).

Strengths and weaknesses

11.3 By world standards, Aucklanders are fortunate in their local government institutions. They have enjoyed continuous local democracy, and rule of law, for 150 years. Councillors and staff bring to their jobs a high level of integrity and a genuine desire to serve their communities.

11.4 Much in Auckland local government works, and should be retained. There is much to commend in the way territorial authorities deliver their core service functions, and represent their communities. Existing councils have developed strong programmes in various fields, for example, Manukau City Council in relation to social development, and Waitakere City Council in relation to environmental sustainability. The Auckland Regional Council (“ARC”) has been an active guardian of Auckland’s natural environment and green spaces.

11.5 In Auckland’s councils the Commission saw many people with flair, enthusiasm, and commitment working for their communities, their cities, and their region, at both political and administrative levels. It is fair to say that many were themselves frustrated by current structures and saw changes as necessary and desirable.

11.6 One of the Commission’s key considerations has been to ensure that existing strengths are recognised and not lost in any restructuring.

¹ The written submissions made to the Commission are summarised fully in Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009.

11. Defining the Problems

11.7 While acknowledging the strengths of local government in Auckland, there are widespread concerns about the workability of local government arrangements. Submitters referred to the things that confront them daily, holding councils responsible for a number of practical problems including the following:

- Public transport is poor.
- Roads are congested.
- Planning applications are slow and expensive.
- Rates are high.
- Councils fail to agree on issues important to the region.
- Councils do not listen to people.
- The city and waterfront are run down and unattractive.

11.8 Some of these problems clearly arise from local government performance; others may do so to a greater or lesser extent.

11.9 For the Commission, practical issues such as traffic congestion are important in two ways: first, they are evidence of the underlying defects in local governance; secondly, the need to resolve them has been a strong influence on the Commission's recommendations for redesign.

Systemic problems

11.10 The Commission believes that most, if not all, of the specific, day-to-day problems noted above arise as a result of two more fundamental, systemic problems:

- Regional governance is weak and fragmented.
- Community engagement is poor.

11.11 The next section of this chapter discusses these two broad issues in more detail.

Regional governance is weak and fragmented

11.12 The first fundamental problem is perhaps also the most obvious: Auckland has no proper regional governance structure.

11.13 As noted in Chapter 3, "Auckland's Existing Local Government Arrangements", Auckland local authorities currently comprise the ARC and seven independent territorial authorities. Each has jurisdiction over a defined land area, as shown in Figure 3.2.²

11.14 The land area under the jurisdiction of the ARC encompasses the cities and districts of the Auckland territorial authorities, but in constitutional terms the ARC is

2 See Chapter 3, "Auckland's Existing Local Government Arrangements", p.100.

not a superior body with broad powers of governance and control over these seven territorial authorities. Rather, the ARC is a special-purpose body, carrying out a narrow range of functions. Apart from a few specific instances, such as the Auckland Regional Policy Statement, policies set by ARC do not bind territorial authorities.³ The ARC has been criticised for its inability to exercise broad leadership, yet it has no structural or constitutional power to exercise such a role.

11.15 Territorial authorities were also criticised by a number of submitters for parochialism and inability to work together in the interests of the region. It was said that the current councils lack unity of purpose (see Box 11.1), and a willingness to think outside their own boundaries. While they readily engage in joint regional policy making (together with the ARC), each council advocates for its own interests and, it would appear, they are sometimes selective about which aspects of regional agreements they implement. This reflects in part the fact that councillors' electoral responsibilities are to the people of their city or district, not the wider Auckland region. The very nature of the roles of the territorial authorities and their elected members can make it difficult for them to act in the best interests of the region as a whole.

11.16 Disputes between councils arise frequently over urban growth and the development and sharing of key infrastructure, including roads, water, and waste facilities, and cultural and sporting amenities.

11.17 Auckland's fragmented governance structure also inhibits its ability to coordinate with central government. Plainly, it is more difficult for central government to engage with Auckland when there is no single, readily identifiable entity with which to engage; alignment between central and local government strategy would be much more likely if Auckland local government had the capacity to speak with a single voice.

11.18 The inability of Auckland's local government to relate effectively to central government and its institutions is important for a number of reasons, including the ability to attract the investment Auckland needs to attain its potential. Lack of capital investment in key infrastructure is the cause of many of the problems raised by submitters, for example, poor public transport and traffic congestion.

11.19 As well as being ineffective, a fragmented system of local government is inefficient. Submitters complained about the costs of dealing with different district plans, standards, and other regulations across the region. The result is that citizens and businesses get poorer services than they hope for, at a higher cost than necessary. There is waste. The effects create costs that none can afford, and are felt by all stakeholders:

- Citizens receive poorer services than they would like.
- Ratepayers receive less for their money.
- Businesses pay higher costs.

³ The regional policy statement is made by the ARC under the Resource Management Act 1991, and does bind territorial authorities; in their district plans they are required to "give effect" to the regional policy statement (section 75).

11. Defining the Problems

- Elected leaders and council staff struggle to do their jobs effectively.
- Central government, in its funding allocations, must deal with multiple parties and has difficulty obtaining a clear regional view.
- Other regions of New Zealand lack confidence in Auckland's ability to lead.
- New Zealand suffers because Auckland's economic performance is sub-optimal.

11.20 The Commission's observations concerning the lack of regional governance in Auckland are not new. The eight Auckland councils themselves identified this in the first published draft of the Mayoral Forum's report, *Strengthening Auckland's Regional Governance*, which contained the following observations:

- There is generally adequate strategy but this is not fully integrated or aligned into an overall direction that indicates the region's priorities.
- The region fails to deliver on strategy because of fragmented powers and accountabilities for funding and service delivery and commitment to fund.
- Some decisions appear to be "mis-located" (undertaken at the national or local sphere of government when the impacts are mostly regional).
- There is heavy reliance on voluntary and statutory joint decision-making fora but these are not able to 'bind' or influence expenditure and other decisions of sovereign organisations. Non-funders also have significant influence on decision making, particularly in the area of transport.
- The result is a lack of certainty (especially in funding), clarity, understanding, mandate, leadership and single voice for Auckland with central government.
- There is insufficient revenue at the regional level.
- There are inefficiencies and inconsistent standards and financial impacts due to duplication and transaction costs.⁴

11.21 Auckland local authorities have responded to this fragmentation by creating a plethora of joint committees and groups, with the objective of coordinating their decision making and administration. As part of its submission, North Shore City Council provided to the Commission a list of 25 external organisations in which North Shore councillors participate and a further, non-exhaustive, list of 100 national and regional teams and working parties involving Auckland councillors and staff. The relevant excerpt from the submission is attached to this chapter as Appendix 11.1.

4 Auckland Mayoral Forum, *Strengthening Auckland's Regional Governance: Proposal for Consideration by the Councils of the Auckland Region*, 4 December 2006, pp. 8–9. The final report (Auckland Mayoral Forum, *Strengthening Auckland's Regional Governance*, June 2007) was presented to the Government in June 2007 as a reform proposal. It proposed the creation of a strengthened regional council with an expanded role and funding tools with a standing committee called the "regional sustainable development forum" involving all councils, central government, and mana whenua (local Māori with ancestral ties to the land), which would produce the "one plan".

Box 11.1 Multiple vision statements

There is no overall, compelling vision for Auckland region. Instead there is a collection of often conflicting sub-regional priorities. The vision statements of the existing councils illustrate this. The eight councils within the Auckland region have eight different “visions”:

- Rodney District Council – “We’re proud to live in Rodney ... let’s keep it that way”
- North Shore City council – “Our city is prosperous, dynamic and diverse”
- Waitakere City Council – “Eco-City”
- Auckland City Council – “Creating the First City of the Pacific”
- Manukau City Council – “Progressive, Proud, Prosperous”
- Papakura District Council – “Lifestyle and opportunity”
- Franklin District council – “A country lifestyle in harmony with our environment”
- Auckland Regional Council – “the Auckland region – a great place to live”.

One submitter noted,

These statements ... point to a form of competitiveness that is a direct result of the current system ... The effect of all seven competing with each other means that there is duplication of time and resources which is ineffective and inefficient from a regional perspective. While there is clearly a need for the voice and identity of local communities to be expressed there is also a need to identify the factors that are common in a unified vision for Auckland. Without defining and committing to these commonalities we are likely to continue to have at best a confused and fragmented image and at worst a competitive tension between the Councils within Auckland.

Source: Submission to the Royal Commission on Auckland Governance from The Future Auckland Leaders Group, pp. 1–2 (available at www.royalcommission.govt.nz).

11.22 It might be argued that some or all of the councils should be able to take a more visible leadership role, based not on constitutional power but on political acumen and moral suasion. The Commission’s view, however, is that regional governance should not have to rely for its success on voluntary agreements or the special skills of individual leaders, but should be built on a sounder footing.

11.23 Certainly to date, despite significant effort and expense, the eight Auckland councils have been unable to overcome their structural limitations in order to act collectively in the best interests of the region. Although some progress has been made as a result of voluntary cooperation, the case studies set out in Boxes 11.2 to 11.9 highlight the ongoing problems.

11. Defining the Problems

Box 11.2 Regional growth strategy

The uneven implementation of the Auckland Regional Growth Strategy (“RGS”) provides a good example of the difficulties of implementing regional strategies, owing to the need to rely on cooperation from eight independent councils. The Commission’s understanding of the circumstances in which the RGS was developed, and the challenges attending its implementation, is set out below.

The RGS was developed cooperatively and adopted by all councils in 1999. It was intended to change development patterns so that new development occurred within compact and more densely developed growth centres within the existing metropolitan area, instead of the traditional low-density urban expansion in greenfield areas. The RGS preferred development serviced by public transport over development that was car dependent.

The reasoning behind the RGS was that, although growth can bring great economic and social benefits, it also places pressure on infrastructure and utilities (roads, pipes, power, and public transport), the natural environment and heritage, housing availability, and on social and community facilities (schools and medical services).

Source: Taken from “Auckland’s growth”, an introduction to the RGS on the ARC website (available at www.arc.govt.nz/auckland/aucklands-growth/aucklands-growth_home.cfm, accessed March 2009).

The RGS was a non-statutory document and its implementation was a problem from the start. Parliament passed the Local Government (Auckland) Amendment Act 2004 to require all councils to amend their plans to give effect to the RGS. ARC included the metropolitan urban limit in the regional policy statement, but territorial authorities retained most responsibility for implementation. An evaluation in 2007 found that while some progress towards implementation had been made, significant challenges remained, including the following:

- Territorial authorities had done little of the planning needed to intensify the 48 centres identified for growth. There was no mechanism by which ARC could require them to do so.
- Infrastructure planning was not aligned with the RGS. Fragmented private and public ownership of infrastructure was a problem. ARC had no control over infrastructure other than railways and regional parks.
- Centre redevelopment had been slow, and was compounded by continued requests to shift the metropolitan urban limit to provide for more greenfield development.
- Significant costs had been incurred by councils from litigation of RGS issues, including litigation by councils against developers and between territorial authorities and the ARC.
- Councils had lagged in delivering on improved urban design as an adjunct to the RGS.

Source: Regional Growth Forum, *Growing Smarter: The Auckland Region in the 21st Century*, July 2007 (available at www.arc.govt.nz/auckland/aucklands-growth/aucklands-growth/evaluation-of-the-regional-growth-strategy.cfm, accessed March 2009).

Box 11.3 Railway level crossings

The improvement of the Auckland rail network, including greater frequency of services, is a current regional transport priority. More frequent train services need to be accompanied by improvements to a number of road/rail level crossings, however, which are the responsibility of territorial authorities. Territorial authorities have been slow to make the necessary upgrades, and the ARC is unable to require them to act.

Box 11.4 Auckland Regional Land Transport Strategy

The Regional Land Transport Strategy (“RLTS”) relies on voluntary cooperation across agencies including ARC, territorial authorities, New Zealand Transport Agency, and ONTRACK. The Auckland Regional Transport Authority (“ARTA”) is the only entity that is actually required to give effect to the RLTS, which causes problems.

The RLTS proposes that “travel demand management” should be employed to address Auckland’s congestion problems. (Travel demand management can include a wide range of policies to reduce car use, by encouraging cycling, walking, public transport, car pooling, providing traveller information, ramp signalling, tolling/road pricing, and reducing availability of parking at some destinations.) ARTA said in its submission,

ARTA, tasked with implementing the RLTS, is not able to ensure the delivery of the travel demand initiatives that the strategy demands. Territorial authorities would be the main implementers of local travel demand management initiatives, but these projects and activities are not being brought forward for funding. ARTA does not have the ability to require that these projects are brought forward. The lack of a link between strategy and delivery, and the fragmented nature of the delivery agencies, is resulting in these critical initiatives not being delivered.

Source: Submission to the Royal Commission on Auckland Governance from ARTA, p. 13.

Box 11.5 Disputes over planning issues

Tensions arise regularly between the ARC and territorial authorities about planning issues, and in a number of cases these have led to litigation. The Commission does not comment on the merits of these cases, but observes that it seems regrettable that solutions could not be agreed to save ratepayers having to fund the legal costs on both sides.

11. Defining the Problems

Box 11.6 Northern Busway

The Northern Busway provides an example of the slow decision making and significant transaction costs that arise when the planning organisation (in this case the ARC) needs to rely on the agreement of numerous other agencies for implementation.

The busway was opened in 2008. It is a dedicated road for buses that parallels the northern motorway from the Auckland Harbour Bridge to Constellation Drive. The busway appears to be working successfully, but took 21 years from conception to delivery. The Auckland Regional Authority adopted the busway strategy in 1989, but neither it, nor its successor the ARC, had power or funds to build it. Transit New Zealand supported the busway in principle but was not concerned with the operational aspects of stations and access ways. The North Shore City Council (the largest part of the busway is in North Shore City) did not originally support the project, but changed its policy and was able to secure funding in 2000.

In 2002 an agreement was reached between ARC, Auckland City Council, North Shore City Council, and Transit New Zealand as to the responsibilities of each agency, and construction finally commenced.

Box 11.7 DART 5, Whau Creek

The lack of an overall regional governance structure leads to regulatory inconsistencies between councils. These inconsistencies – even at apparently trivial levels such as engineering standards for pipes, roads, and turning circles – can be costly and confusing for Aucklanders, add significantly to transaction costs, and potentially impact on regional growth.

Developing Auckland's Rail Transport ("DART") is a series of railway construction projects being led by ONTRACK. The following summary is taken from the submission of ONTRACK relating to this:

At DART 5, a new rail bridge is being constructed across Whau Creek, and in essence, this project involves the same construction works in both Auckland City and Waitakere City, but on opposite banks of the Creek. ... the two territorial authorities approach the management of the same range of effects differently and respond differently when processing similar applications. The consequence has been differing Resource Management outcomes across the DART network, duplication of effort and delays in processing of applications.

At DART 5 two different [outline plans] ... and resource consent applications were required from the two territorial authorities for works that were separated by a distance of only metres. Two different statutory plans meant different information was needed to support the applications, even though the works (and their effects) in each council were, in essence, the same. The councils attached different conditions to their approvals and took differing lengths of time to process the applications.

Source: Submission to the Royal Commission on Auckland Governance from ONTRACK.

Box 11.8 Rugby World Cup 2011

In November 2005, New Zealand was selected as the host country for the Rugby World Cup tournament to be held in 2011. This is a major sporting event that will attract a large worldwide television audience and many visitors to New Zealand. Auckland is the host city for some of the matches, including the final. The organising committee estimated in 2006 that Auckland stood to gain around \$240 million in additional gross domestic product. Expected visitors to New Zealand included as many as 66,000 international supporters, 2,500 international media, and up to 2,500 corporate and VIP guests throughout the tournament.

Source: Rugby New Zealand 2011 Ltd, “2011 Rugby World Cup bigger and better”, media release, 15 September 2006 (available at www.edenpark.co.nz, “News”, accessed March 2009).

Clearly the Rugby World Cup is an event of sufficient significance to demand the attention of Auckland councils, but the councils at first appeared slow to respond to the challenge of preparing for it. This was evidenced in November 2006, when the Government proposed to the ARC and Auckland City Council that a new rugby stadium be built on the Auckland waterfront, and offered to share funding for this. ARC rejected the proposal outright and voted for a redeveloped Eden Park, while the Auckland City Council gave qualified support for a waterfront stadium but in a different waterfront location. In response, the Government withdrew its proposal.

The Commission has no comment on the merits of the waterfront stadium. But the events revealed that, a year after the tournament was confirmed, the councils directly affected had no agreed strategy for the Rugby World Cup, and Auckland was unable to realise any value from the Government’s proposal. For its part, the Government appeared to be seeking a partnership to advance matters, but found no one ready and able to partner with it.

More recently there have been signs that the position has improved. The first version of the One Plan, adopted by councils in October 2008, calls for a programme of action to ensure that in preparing for and hosting the Rugby World Cup 2011 the region captures the full potential of the event. The aim of the programme would be “to create an ongoing legacy across economic, social, cultural and environmental components of the event to equip the Auckland region as a global visitor and events destination”. Whether opportunities have been lost as a result of delay has yet to be seen.

Source: Regional Sustainable Development Forum, *One Plan for the Auckland region: Version 1*, October 2008 (available at www.aucklandoneplan.org.nz/one-plan-programmes/, accessed March 2009).

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Box 11.9 Lack of central government alignment with the regional growth strategy

The placement and quality of schools has an important effect on the implementation of the Auckland Regional Growth Strategy, especially the strategy of concentrating development in town centres. In its submission to the Commission, the Auckland Regional Council called for greater alignment of central government decision making with the RGS. The ARC claimed that the Ministry of Education had placed new schools in locations less likely to support the development of high-quality town centres. Similarly, ARC said that other Government departments, counter to the objectives of the RGS, had placed new offices with large staff numbers away from town centres. Examples were given of Ministry of Education schools in Flat Bush and Mount Wellington, the Inland Revenue Department office in Highbrook, and Archives New Zealand office in Mangere.

The Commission has not investigated the particular examples cited by the ARC in its submission, but observes they appear to reflect a need for Auckland's local government to work more closely with central government departments and visa versa.

Source: Submission to the Royal Commission on Auckland Governance from ARC.

Community engagement is poor

11.24 The second broad problem identified by the Commission is a lack of genuine engagement with communities. This issue is not necessarily confined to Auckland local government, but the Commission has identified it as a problem that needs to be addressed in the context of improving Auckland governance.

11.25 The need for community engagement is well expressed in the following quotation (which refers to central government, but applies equally to local government):

Complex social, economic and environmental issues facing society today cannot be tackled by government alone. To address these concerns, central government agencies need to form effective relationships with communities, through engagement with local government, the community and voluntary sector, businesses and citizens.⁵

11.26 In other words, community engagement is an important component of “governance” as that term is explained in the introduction to this report. It is also central to giving effect to democratic values articulated in section 10 of the Local Government Act 2002, and may contribute to more efficient allocation of resources, by determining community preferences.

11.27 The submissions received by the Commission on community engagement paint a mixed picture. Considerable time and effort has been invested by councils in formal public consultation, and surveys suggest that people in Auckland want to participate in local

⁵ Office for the Community and Voluntary Sector, *It's More Than Talk*, December 2008 (discussion document available at www.ocvs.govt.nz/, accessed March 2009).

government.⁶ But the Commission observed fairly widespread public disengagement from local government in Auckland, and research indicates a belief that the ability to influence is limited.⁷ A sense of “consultation fatigue” was strongly expressed through submissions to the Commission.

Consultation

11.28 The term “consultation” has a variety of meanings in everyday speech. In the context of a council making decisions under statute, consultation has a narrow meaning, being a prescribed set of procedures set out in the relevant legislation.⁸ For example, councils are required by the Local Government Act to use a “special consultative procedure” in developing their draft long-term council community plans (“LTCCP”), requiring that they advertise for submissions, and receive and hear submissions before deciding to adopt their plan.

11.29 Councils also need to consult on less significant proposals, although the nature and extent of the consultation is a matter for their own discretion.⁹ In carrying out their consultation obligations, councils are guided by a set of statutory principles, which cover matters such as information disclosure and methods of encouraging participation.¹⁰ Councils also have guidelines from court decisions to follow.¹¹

11.30 The Commission’s impression, based on the reports cited below and submissions made to it, is that councils may view consultation as a legislative requirement undertaken reluctantly, instead of an opportunity to engage their communities in forward planning. A “compliance” focus tends to emphasise procedure rather than substantive engagement,

6 Data collected for the Big City Quality of Life Survey indicate that across Auckland, slightly more than half the people surveyed (between 56% and 63% depending on the district) wanted more say in their local authority. (Submission to the Royal Commission on Auckland Governance from Charles Crothers, pp. 16–17.)

The Department of Internal Affairs 2006 survey of public knowledge about local government found that compared with other parts of New Zealand, Aucklanders have a lower appreciation of the importance of the services provided by their local authorities and a slightly higher feeling that “most local councils waste ratepayers’ money”. Yet more Aucklanders wanted to become involved in local government than do other New Zealanders. (Department of Internal Affairs, *Public Knowledge About Local Government*, June 2006, pp. 62, 90, and 94 (available at www.localcouncils.govt.nz, “Research”, accessed March 2009).)

7 Low turnout at Auckland’s local body elections (an average of around 38% in 2007) is one indicator of public disengagement. Auckland’s turnout is well below the 79.5% participation rate for the 2008 national election and also below the national average of 52% for the 2007 territorial authority elections. (Submission to the Royal Commission on Auckland Governance from Charles Crothers); New Zealand General Election, “2008 election official results”, available at www.elections.org.nz; “Local Government Statistical Overview”, available at www.localcouncils.govt.nz.) Furthermore, a survey by the Auckland Regional Council found that less than a third of those surveyed (30%) agreed that the ARC gives the public enough say in the decisions that affect them, and only 43% agreed that they had confidence that the ARC makes decisions that are in the best interests of the region. (Auckland Regional Council, *Environmental Awareness Survey 2006/07 Final Report*, August 2007, p. 2.)

8 For example the Local Government Act 2002, sections 83–88; Resource Management Act 1991, First Schedule.

9 Local Government Act 2002, section 79(1).

10 Local Government Act 2002, section 82.

11 For example, *Wellington International Airport Limited v Air New Zealand* [1993] 1 NZLR 671.

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and to encourage comment on what councils are already doing rather than involving people in debate about future options.

11.31 The LTCCP consultation process provides a good example of this. The Auditor-General has criticised local government (generally, not specifically in Auckland) for failing to engage in “the right debate” – the need for consultation relating to a proposed LTCCP to focus on “the important issues, options, and implications of the future focus of a local authority ...”.¹²

11.32 The report of the Local Government Rates Inquiry also describes current statutory provisions on consultation and planning as “onerous, complex, and confusing”, and calls for “better-designed, rather than more, consultation ...”.¹³

The consultation arrangements are increasingly viewed by councillors, council staff, and the public as consuming large amounts of time and resources to little benefit. This burden must be reduced, by greater use of more targeted consultation. *The Panel recommends that the current consultation process be replaced by more selective and streamlined consultation arrangements.*

11.33 The process of consultation needs to be understood as one form of community engagement, and to be tailored to increase its value as a method.

Other methods of public engagement

11.34 Inadequate consultation is one manifestation of poor community engagement, resulting often in unnecessary delay and compliance costs. But consultation is only one of a range of techniques to achieve effective community engagement and relationship-building with communities, in the sense described above. It has strengths for particular purposes, but also a number of weaknesses. In the words of one of the Commission’s interlocutors in Seattle,

Giving citizens 30 seconds at the microphone is not engagement. Local government leadership needs to take the lead, rolling up its sleeves to work in partnership with neighbourhoods.

11.35 In the Commission’s opinion, while there may be a need for changes in the way councils consult, and the matters on which councils choose to consult, there is a wider need for councils to engage with their public in other ways. The evidence of dissatisfaction about consultation suggests a need to reassess the balance between public participation and consultation on the one hand, and efficiency, effectiveness, and responsiveness on the other.

11.36 The Commission considers that the proposed Auckland Council’s approach to consultation at elected Auckland Council and local council levels should be based on the objective of ensuring informed decisions are reached in an effective and efficient

12 Controller and Auditor-General, *Local government: Results of the 2006/07 audits*, June 2008, pp. 23 and 25 (available at www.oag.govt.nz).

13 Local Government Rates Inquiry, *Funding Local Government*, Wellington, August 2007, pp. 16 and 243.

Box 11.10 Community engagement

Community engagement can take many forms and covers a broad range of activities. Some examples of community engagement undertaken by government agencies include

- informing the community of policy directions of the Government
- consulting the community as part of a process to develop Government policy, or build community awareness and understanding
- involving the community through a range of mechanisms to ensure that issues and concerns are understood and considered as part of the decision-making process
- collaborating with the community by developing partnerships to formulate options and provide recommendations
- empowering the community to make decisions and to implement and manage change.

Source: Department of Sustainability and Environment (Victoria) (available at www.dse.vic.gov.au).

way. Consultation is not an end in itself, but a means to enhance decision making.¹⁴ While engagement between local councils and their communities must be ongoing, the formal processes should not be open-ended. Once the options have been canvassed and discussed with communities, councils should consider their views with an open mind, then make a decision and implement it.

11.37 A clear distinction must also be drawn between matters on which people need to be informed and those which require consultation. People should be asked to devote time and energy only to issues in respect of which they can realistically expect to have some influence. Debate should focus on the major matters and choices to be made by local government. Consulting on “business as usual” where there is little scope for major change is not an effective use of time and resources. The Commission considers that greater transparency and more proactive information dissemination in many areas of local government activity, including spending and operation as outlined in Chapter 20, “Funding and Financial Management Arrangements”, will contribute to improving public knowledge of and confidence in decisions made by the Auckland Council.

11.38 Box 11.10 lists a range of methods of community engagement identified by the Auckland City Council submission, with Box 11.11 describing the tools used by the Rodney District Council to connect with their communities in the absence of community boards. Appendix 11.2 to this chapter gives examples of what the Commission learnt about consultation and engagement from its overseas travel. The alternative mechanisms identified by Auckland councils, and the different ways in which local government has

14 Marshall, Adam, *Linking Governance and City Performance: A Review of the Evidence Base*, Centre For Cities, 2005, p. 2.

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Box 11.11 Community engagement tools in Rodney District

Rodney District Council has no community boards. It uses other methods of consultation including the following:

- an annual Leaders Forum which brings together community leaders and senior staff of Government agencies and utilities to identify issues and foster collaborative work to address them
- formal arrangements to engage with iwi
- a pioneering technique of recruiting focus groups for facilitator discussion and ongoing dialogue in the development – now the review – of the outcome statements for its long-term council community plan (more than 20 place-based groups have been established)
- recruitment of local groups, which can be established in response to specific issues and tasks that would affect the community's future.

Source: Richardson, Mike, "Setting Community Boards in Context" in Royal Commission on Auckland Governance, Report, Volume 4: Research Papers, Auckland, 2009.

sought to engage with communities in other leading cities may be of interest for the future.

11.39 The Commission observes that the internet provides an avenue for consultation and engagement that is currently underutilised by Auckland's local authorities. It provides a low-cost, wide-reaching and timely mechanism for connecting with people, as discussed in Chapter 27, "Information and Communications Technology".

Community boards

11.40 All councils except Rodney and Papakura District Councils have community boards. A number of submitters expressed confidence in them, arguing that they should be retained and their powers enhanced. Others saw no continuing need for them. Those who supported the retention of community boards often mentioned their value in supporting grass roots democracy by providing a forum for local neighbourhood consultation and representation, and addressing local concerns.

11.41 On the other hand, a number of submitters proposed that community boards be abolished, saying that they were ineffective, and created an additional and unnecessary layer of bureaucracy and costs. Some questioned whether community boards were truly representative, suggesting they are too easily captured by activists or people with special issues to advance. In its submission Auckland City Council included research findings that indicated a low level of public recognition or understanding of community board work.¹⁵ Some submitters distinguished urban community boards, which they felt could

¹⁵ Submission to the Royal Commission on Auckland Governance from Auckland City Council, Appendix 1, p. 2. (All submissions are available at www.royalcommission.govt.nz.)

Box 11.12 Disempowerment of community boards in Auckland City

In 2008, Auckland City Council decided to reduce the delegated powers of its community boards. On a number of topics the community boards' decision-making power was reduced to a right merely for one nominated community board member to be consulted by council staff before a decision was made by council. Community boards retain a power to allocate funds to small local improvement projects ("SLIPS") in accordance with an annual grant from council (currently about \$400,000 in total for all 10 community boards in Auckland City) and in accordance with the council guidelines. The Commission received advice that community board members expressed frustration that the grant was insufficient because of the high cost of implementing projects using council contractors, and the need to use SLIPS funding to "top up" underfunded core council projects.

Source: Richardson, Mike, "Setting Community Boards in context", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 422.

be abolished, from those in remote areas such as rural areas and islands, which served a more useful function and should be kept.

11.42 The Commission's observation, based on submissions and research commissioned by it, is that the performance of community boards has been variable, with some such as Devonport Community Board having demonstrable support from their communities. Others appear to have been less successful. The Commission also observes that a number of councils in the Auckland region confer fewer delegated powers on their boards than is the case in other regions, which may have contributed in part to their relative ineffectiveness.¹⁶ Some councils are further reducing the scope of their boards' delegations (see Box 11.12).

Conclusion

11.43 The consideration of the problems identified in this chapter have informed the Commission's thinking on the type of local government reform required in Auckland, a subject developed in the next chapter. As will emerge, part of the Commission's vision for the future is to retain and build on the strong elements of the current arrangements while addressing the shortcomings discussed above.

¹⁶ Richardson, Mike, "Setting Community Boards in Context", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, Part 9, section 6.

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Appendix 11.1: Regional Cooperation

The following lists were supplied to the Commission by North Shore City Council in an appendix to its submission.

A Council representation on outside organisations	
1.	Auckland Regional Physical Activity & Sports Strategy (ARPASS Strategic Partners Group)
2.	Auckland Regional Transport Authority Appointments Panel
3.	Auckland War Memorial Museum/Museum of Transport and Technology Electoral College
4.	Bruce Mason Centre Trust Board Advisor
5.	Civil Defence Emergency Management Group Committee
6.	Hauraki Gulf Forum
7.	Historic Places Trust (Auckland Branch Committee)
8.	Local Government NZ (Zone 1 Meeting Reps)
9.	Local Government NZ (Metro Sector Group)
10.	Marine Education & Recreation Centre Board (Merc)
11.	NS Centre for Maritime Education (Trustee)
12.	NS Crime Prevention Reference Group
13.	NS Domain and Nth Harbour Stadium Trust Appointments Committee
14.	NS Events Centre Trust Board Advisor
15.	NS Heritage Trust (Trustee)
16.	NZ Local Authority Traffic Institute Inc (Trafinz)
17.	Northern Corridor Steering Group
18.	Regional Land Transport Committee
19.	Regional Sustainable Development Forum
20.	Territorial Authority Economic Political Network
21.	Torbay Historical Society (Vaughan Homestead Mgt Committee)
22.	Tourism Auckland Trust Board
23.	Waitemata Harbour-Cleanup Trust
24.	Watercare Services Ltd Shareholder Representative Group (including voting at AGMs on Council's behalf)
25.	Youth Council Advocate

B National teams, regional teams and working parties	
<i>NSCC note – This list is included for illustrative purposes and is not exhaustive.</i>	
1.	Additional Harbour Crossing
2.	ARC Regional Land Transport Technical Advisory Committee
3.	Auckland Business Care Enviro-Smart Steering Group
4.	Auckland Civil Defence Emergency Management Group (CDEMG)
5.	Auckland Co-ordinating & Executive Group (CEG)

Appendix 11.1, B, *continued*

B	National teams, regional teams and working parties
6.	Auckland Environmental Education Forum
7.	Auckland Lifelines
8.	Auckland Recreational Water Quality Monitoring Group
9.	Auckland Region Chief Executive Officers' Forum
10.	Auckland Region Shared Services – Libraries (Elgar)
11.	Auckland Region Shared Services – Three Northern Councils
12.	Auckland Region Waste Forum
13.	Auckland Regional Contracts – Health and Safety Subgroup
14.	Auckland Regional Contracts Group
15.	Auckland Regional Dog Liaison Committee (Operational)
16.	Auckland Regional Physical Activity and Sport Strategy Implementation Group (ARPASS)
17.	Auckland Regional Road Safety Co-Ordinators Group
18.	Auckland Regional Stormwater Management Group
19.	Auckland Regional VIN (Visitor Information Network)
20.	Auckland Road Managers Forum
21.	Auckland Sustainable Business Forum
22.	Auckland Territorial Authority Officers Building Act Discussion Group
23.	Auckland Traffic Management Liaison Group
24.	Auckland Utility Operators Group – Road Code Group
25.	Auckland Water Industry Operators Performance Reporting Project Team
26.	Be A Tidy Kiwi
27.	Bitumen Contractor Association Forum
28.	Broadband Liaison Group
29.	CDEM Public Education Group
30.	Construction Clients Group
31.	Create Your Own Eden Working Group
32.	Creative Cities Regional Arts Group
33.	Emergency Management Committee (EMC Northern Zone)
34.	EN Health Group
35.	Food Safety Authority Working Group
36.	Hauraki Gulf Forum
37.	Ingenium
38.	Leisure Managers Forum
39.	Liquor Liaison Group
40.	Local Government New Zealand – Packaging Accord Working Party
41.	Local Government NZ (Zone One Meeting Representatives)
42.	Local Network Operators Group (LNOG)
43.	Mayoral Forum

11. Defining the Problems

Appendix 11.1, B, *continued*

B	National teams, regional teams and working parties
44.	Metro Chief Executives Forum
45.	Migrant Settlement/Investing in Children and Youth Development
46.	National Construction and Demolition (C & D) Waste Reduction Steering Group
47.	National Enviroschools Programme
48.	National Envirosmart Steering Group
49.	National Local Government Property Managers Committee
50.	National Road Pricing Study Regional Technical Advisory Group
51.	National Working Group on Recruitment and Branding
52.	North Harbour Physical Activity Strategy – NHPAS
53.	Northern Busway Liaison Executive
54.	Northern Corridor Steering Group
55.	Northern Sector Planning Group (Water/Wastewater)
56.	Northwest Sector CE Forum
57.	North-West Wildlink
58.	Police Liaison Sub Regional Group
59.	Pool Safety Coalition Group
60.	Regional Alcohol Policing Project
61.	Regional By-laws Group
62.	Regional Community Facilities Group
63.	Regional Contaminated Sites Group
64.	Regional Cycleways Group
65.	Regional Development Directors Group
66.	Regional Discharges Criteria Group
67.	Regional Drinking Water Incident Co-Operation Plan (RDWICP)
68.	Regional Enviroschools Programme
69.	Regional Graffiti Working Party
70.	Regional Land Transport Committee
71.	Regional Open Space Forum
72.	Regional Rural Fire Co-ordinating Committee
73.	Regional Transport Executive Group (TLA Transport Directors) (RTEG)
74.	Regional/TLA Hazards Liaison Group
75.	Responsible Auckland Group
76.	Road Controlling Authorities Forum (Transit Sponsored)
77.	Roadsafe Auckland
78.	Safe Summer Campaign
79.	Safer Community Council (Regional/NSCC)
80.	SOLGM Legal Compliance in Rating Module
81.	SOLGM Legal Compliance Working Party

Appendix 11.1, B, *continued*

B National teams, regional teams and working parties	
82.	Sports Field Officers Forum
83.	Stormwater Liaison Group
84.	Strategic Directors Group
85.	Te Ruru Korero
86.	Territorial Authority Cultural Heritage Liaison Group
87.	Three Waters Vision
88.	Toi Whenua
89.	Top Eight (previously Top Five)
90.	Tourism Auckland Board
91.	Traffic Management Unit
92.	Transport/Urban Form
93.	Treatment Plant Managers Forum
94.	Upper Waitemata Harbour Water Quality
95.	Urban Form, Design and Development
96.	Wai Care Regional Steering Group
97.	Waitemata Harbour Clean Up Trust
98.	Watercare – TA Water Demand Management Group
99.	Watercare Services Ltd – Shareholders Representative Group (SRG) (Officers Advisory Group)
100.	Working Group Developing ‘Code of Practice’ for ‘Working in the Road’

Appendix 11.2: Overseas examples of community engagement by local government

Commissioners observed that successful interaction with communities in the international cities they visited was characterised by a commitment from local government to making consultation meaningful and substantive rather than a process imposed upon stakeholders. To create this in Auckland will require a change in both attitude and process for Auckland’s local government. The Commission identified the key factors for successful engagement as having engagement that is ongoing and multilevel.

Engagement must reach the right people, those with a genuine concern and knowledge about a particular issue. Achieving this requires agility, in terms of how, when, and where, local government interacts with its communities. Councils in New Zealand and overseas report that they often found it difficult to reach people beyond the regular participants in consultation processes. Meeting the needs of Auckland’s increasingly diverse population will require tailored approaches. For example, young people may be more responsive to internet-based tools; identifying the needs of minority ethnic groups may require culture-specific mechanisms.

11. Defining the Problems

The process followed by Vancouver in developing its CityPlan is an interesting case-study in how one council managed to achieve broader engagement with its citizens, reaching beyond those who were more regular participants in council consultation processes.¹⁷

In January 1992, Mayor Gordon Campbell announced the city “will commence a new city plan. It must be a plan that reflects the Vancouver of today and, even more importantly, that projects a Vancouver for tomorrow”.¹⁸ Council wanted the plan to address all issues facing the city and to involve a broad range of people including those who do not normally participate in city planning. This became the mandate of CityPlan.

The CityPlan process started in November 1992, with the mayor inviting people from all parts of the city – including members of clubs, business associations, resident groups, and interested members of the community – to meet him in small groups called “city circles”. Their task was to suggest ideas for Vancouver and how to make them happen.

Over 450 city circles involving some 5,000 people were formed. Youth formed 150 of the circles. More than 70 circles involved multicultural groups who participated in languages other than English. The circles worked for three months to prepare ideas. Artists helped the groups display their ideas at a three-day “Ideas Fair”. Over 10,000 people came to the fair. The ideas raised issues and choices for Vancouver. During 1994 thousands of citizens helped make difficult choices for Vancouver’s future. They talked about whether the city should grow or not. They talked about city services and who should pay for them.

During the three-year process, over 20,000 people actively participated in preparing CityPlan and more than 100,000 people said they “felt involved”.¹⁹ In 1995 Vancouver City Council adopted CityPlan as a new vision for Vancouver to guide policy decisions, corporate work priorities, budgets, and capital plans.

Notably, CityPlan also changed the way the city council developed and delivered community services. CityPlan creates “integrated service teams” which link city staff with neighbourhood residents. Community police offices locate staff in the neighbourhood to work with residents and businesses. Citizens participate in defining the services they need and in resolving local problems.

After examining engagement mechanisms across a number of international cities, the Commissioners concluded that a variety of techniques need to be adopted to suit a variety of contexts. It was emphasised to the Commission that the success of these mechanisms depended on variation – changing the format regularly so that citizens remained interested – and on animating the civic debate by engaging beyond “the usual suspects”. The Commission identified a number of ideas that could be applicable in Auckland:

- *Data-based policy debate (used in King County Council in Washington State).* Well-researched data are used to frame the policy debate, providing an objective basis against which to test arguments. This approach reduces the possibility of

17 McAfee, Anne, “City Plan” (available at www.discovervancouver.com/GVB/vancouver-city-plan.asp/).

18 Ibid.

19 Ibid.

uninformed debate and increases the chance of reaching agreed positions based on analysis of the data. It is noted in this regard that the Auckland Council will need the capacity to generate Auckland-specific data to support its consultation processes.

- *Neighbourhood Matching Fund (Seattle City)*. Seattle neighbourhood groups can apply for grants from this community improvement fund, and must match them 1:1 with in-kind services, cash, or volunteer time.²⁰ This is an example of the principle of participation and partnership between local government and communities in action.
- *Metro Summits (Toronto)*. Led by government, but funded by private sector sponsorship, the 2002 Toronto City Summit brought together leaders from government, urban research, business, and not-for-profit social agencies to debate the urban agenda and identify a framework of action. It established three ongoing cross-sectoral alliances, largely led by the private sector, to focus on research and commercialisation, hospitality and tourism, and immigrant integration.²¹
- *London Civic Forum (London)*. This is a network of 1300 private, public and not-for-profit organisations with the objective of increasing civic participation. Activities include advising the mayor and the Greater London Authority, conducting public policy research, hosting conferences and public debates.²²
- *Smaller periodic activities* are used in many cities to clarify the political agenda for communities, to assist people in understanding how to access local government, and to provide new opportunities for citizens to get involved in the political process. Examples include an annual “State of the City” mayoral address; the Greater London Authority’s People’s Question Time, where the public has regular opportunities to question the mayor and London Assembly; and the City of Seattle’s “Early Notification System”, which allows citizens to receive email agendas for local government meetings.²³
- *Mayor and council visibility (Toronto and Brisbane)* is a high priority in some cities, with meetings held outside the council chambers and in conjunction with community organisations.
- *Making space available in council-owned premises* (for example, adjoining a library) where council information can be accessed, and where community members can meet with each other or with council representatives (Brisbane).

20 www.seattle.gov.

21 www.toronto.ca.

22 www.londoncivicforum.org.uk.

23 Governing Toronto Advisory Panel, *Background Paper – Civic Engagement and the City of Toronto: Review and Reflection on Current Practices and Future Approaches*, City of Toronto, November 2005, p. 13 (available at www.toronto.ca/governingtonto/pdf/robinson.pdf).

11. Defining the Problems

- *Innovative methods to engage on particular issues*, for example, council-sponsored meetings in people's homes to discuss neighbourhood plans (Vancouver); meetings called by the mayor to discuss particular issues, with invitees selected randomly and invited personally by the mayor (Toronto); and the convening by the mayor of expert groups on an issue basis (Toronto).

12. Guiding Principles for Shaping Auckland Governance

12.1 In the preceding chapter, the Commission identifies and discusses what it considers to be the problems that need to be addressed in future governance arrangements. This chapter sets out the principles that have guided the Commission in making its recommendations. Chapter 13 describes the alternative models for structural reform considered by the Commission, with subsequent chapters setting out the local government arrangements that the Commission recommends should be adopted for Auckland.

Terms of reference

12.2 As noted in the Introduction to this report, the starting point for the Commission is its terms of reference, and in particular the requirement that the Commission should recommend local government arrangements for the “foreseeable future in order to maximise, in a cost effective manner,—

- (a) the current and future well-being of the region and its communities; and
- (b) the region’s contribution to wider national objectives and outcomes:”¹

12.3 Items (d) and (e) listed under “Relevant matters” in the terms of reference, are the basis for the Commission’s review of Auckland’s governance arrangements. They require the Commission to consider

- (d) what ownership, governance, and institutional arrangements and funding responsibilities are required to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities to support and enhance—
 - (i) the current and future well-being of the Auckland region and its communities; and
 - (ii) the performance of the Auckland region as a growth engine in the New Zealand economy and in its role as a key transport hub for New Zealand and the Pacific region; and
 - (iii) the ability of the Auckland region to compete internationally as a desirable place to live, work, invest, and do business; and
 - (iv) the ability of the Auckland region to respond to economic, environmental, cultural, and social challenges (for example, climate change); and

¹ See Appendix A: Terms of Reference.

12. Guiding Principles for Shaping Auckland Governance

- (e) what governance and representation arrangements will best—
 - (i) enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Auckland region; and
 - (ii) provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes; and

12.4 Items (d) and (e) provide noteworthy guidance to the Commission on the scope of its role, and relevant considerations for it. Item (d), with its focus on current ownership, governance, and institutional arrangements, and funding for public infrastructure, services, and facilities, anticipates that the Commission will understand and consider

- what will ensure the effective, efficient, and sustainable provision of infrastructure, services, and facilities
- how that will fulfil the collective aspirations of Aucklanders – now and for the future – to achieve economic growth and competitiveness in the national benefit.

12.5 Item (e) anticipates that the Commission will need to consider the implications for representation and consultation consequent on governance changes. In doing so, the terms of reference contemplate that the Commission will recommend arrangements that balance the need for Aucklanders and the region’s diverse communities to have a voice, on one hand, with the capacity of representatives to exercise leadership on the other.

The importance of structures

12.6 How local government is structured matters in terms of the well-being of communities and the region. As one report on possible governance reforms in Toronto identified, structures affect the cost and effectiveness of services by enhancing or limiting the ability to introduce cost savings and innovation in delivery.² Structures determine how much access people and communities have to the system and their ability to influence decisions about the services and initiatives they value. Finally, local government structures affect the capacity to plan and make strategic decisions and investments on an integrated, region-wide basis.

12.7 The decision-taking capability of local government is particularly important in Auckland because of the scale of the city-region. The choices to be made often have a high degree of complexity. Aside from the need to balance regional and local interests, council decisions can involve large sums of money and have long-term implications for the region and, given Auckland’s role in the New Zealand economy, for the country as a whole.

12.8 The problems discussed in the preceding chapter highlight the need for a governance structure that facilitates the coordination of a number of key functions

2 Greater Toronto Area Task Force, *Greater Toronto: Report of the GTA Task Force, January 1996*, Ontario, p. 159.

on a region-wide basis. These include regional planning, infrastructure planning and investment (roads, public transport, water, and wastewater), economic and social development, and environmental protection. In addition to the need for new structures that will allow for better coordination of region-wide functions, many submissions to the Commission called for the diversity of the communities of the region and local choice to be respected. The Commission has sought to reflect this dual focus on regional effectiveness and local choice in the principles it has articulated below, and the model it has recommended.

12.9 The Commission was urged by a number of submitters and people with whom it met to be “bold”, and was told that it has been given a “once-in-a-lifetime opportunity” to resolve what are perceived to be major shortcomings in Auckland’s local government arrangements. Others counselled caution, pointing to the uncertainty of outcomes that attends organisational changes.

12.10 As will be clear from chapters which follow, the Commission has considered all aspects of local government in Auckland in detail, and a range of alternative structures, including models proposed to it, and possible models of its own devising. The Commission has sought to be forward-looking, and to recommend arrangements that are capable not just of meeting immediate needs, but also those that are foreseeable over the next 20–25 years, at least, and beyond.

International perspectives

12.11 None of the cities the Commission visited, namely Brisbane, Melbourne, Toronto, Seattle, Vancouver, or London, offered a single system or model that could be applied to achieve improved competitiveness, social cohesion, and environmental sustainability in Auckland. Learning about the strengths and weaknesses of governance arrangements in these cities was, however, instructive for the Commission in developing its own recommendations for Auckland.

12.12 The experience of other major cities suggests that it is rarely possible for a traditional city council (operating at a sub-regional level) to represent the needs of a region. In the cities the Commission visited, it was recognised, and the Commission agrees, that strong governance at a regional and/or national level is desirable to coordinate a number of key functions at a regional level including planning, major roads, public transport, water and wastewater, economic development, and maintaining environmental standards. Strong regional governance was not always present in the cities the Commission visited, for example in Seattle, but was an aspiration.

12.13 Interestingly, even with very convoluted structures, it is possible to make cities work with the right leadership. The visionary leadership of Ron Sims in King County (of which Seattle City is part) was evidence of this. Uniformly, in all cities visited by the Commission the importance was emphasised of having strong, dynamic, outward-looking, and visionary leadership at regional and local levels. At the local level this

12. Guiding Principles for Shaping Auckland Governance

achieves “leadership of place”, as Sir Michael Lyons said.³ In developing its approach the Commission identified the importance of creating the right environment for local government leadership to flourish, in particular by providing appropriate executive powers, and a clear organisational mandate for efficient and effective decision making. The Commission noted also the greater scope for involvement of community leaders and the private and not-for-profit leaders in developing Auckland’s future path, ideas that are explored in more detail in Chapter 19, “Leadership”.

12.14 Also evident in a number of leading cities is an emphasis on long-term vision, with local government leadership and organisation unafraid to consider the big issues including declining resources, globalisation, and climate change, and committing to address the challenges of managing growth and making the transition from liveability to sustainability. In confronting the challenges of the future, cities such as Vancouver are seeking to build on the good decisions of the past, taking their cities on an evolutionary rather than revolutionary path. The Commission saw the need in Auckland to sharpen the focus of planning and growth management, to ensure that the region best positions itself for the future. It also needs to be able to partner with central government to address broader issues of pressing importance, including economic growth, infrastructure development, and social well-being.

12.15 Cities visited by the Commission had adopted a variety of mechanisms to ensure that local input and effective communication with citizens was achieved. Communication and engagement were universally recognised as important, but so too was the need to find new models by which this might be achieved. While there will always be a place for formal consultation mechanisms, many leaders were looking for ways of connecting more broadly with citizens and beyond the usual participants in council-initiated processes. It was also recognised that process is not an end in itself, and that debate must be cut off at some point, and decisions made.

12.16 The Commission mentions specific and very useful findings from its overseas study throughout this report. The overall conclusion reached by the Commission was, however, that the best system for Auckland needs to be designed specifically for Auckland, taking the best of what exists and building on it, and understanding Auckland’s history, its values, and most importantly, the desired future for Auckland. There is no perfect answer. However, good and bad features of existing arrangements, here and overseas have helped the Commission identify where improvements need to be made and a principled basis for making them.

Guiding principles for the Commission’s task

12.17 In approaching its task, the Commission has sought to develop principles to guide its assessment of alternative governance models and to assist it to develop a preferred

3 Lyons, Sir Michael, *Lyons Inquiry into Local Government: Place-shaping: a shared ambition for the future of local government*, Final Report, The Stationery Office, London, March 2007, p. 185.

option which aligns with these principles. The principles identified by the Commission take into account the terms of reference, reflect the findings of the Commission's investigation, including its overseas inquiries, and address the core values and characteristics that the Commission believes should be embodied in new local government arrangements for Auckland. They are as explained below.

Common identity and purpose

12.18 The new structure should encompass the interests of the entire Auckland city-region and foster a common regional identity and purpose. Auckland needs an inspirational leader, inclusive in approach, decisive in taking action, a person able to articulate and deliver on a shared vision, and who can speak for the region. The new structure should support better coordination of key services and infrastructure, and foster integrated planning and decision making. The urban core should be recognised as critical to the economic vitality of the region, and rural values and areas protected.

Effectiveness

12.19 The structure should deliver maximum value within available resources, in terms of cost, quality of service delivery, local democracy, and community engagement. It should allow services to be delivered locally, where appropriate. It should also be more efficient than the current system, and provide improved value for money.

Transparency and accountability

12.20 Roles must be clear, including where decision making should be regional and where local. Appropriate accountability must be achieved for delivering outcomes, use of public funds, and stewardship of public assets. Institutions should work in an open manner and should communicate clearly about their activities, how much they spend, and the results.

Responsiveness

12.21 The structure should respect and accommodate diversity and be responsive to the needs and preferences of different groups and local communities. It should be inclusive and promote meaningful public participation. It must be nimble in responding to change.

12.22 It is important to acknowledge that there are inherent tensions among these principles. Stronger Auckland-wide local governance, for example, can be achieved only at some cost to local responsiveness. Designing a local government structure involves trade-offs, and the optimal balance is ultimately a question of judgment. This tension is implicitly recognised in the terms of reference establishing the Commission, which variously directs the Commission to consider and balance national, regional, and local interests, current and future well-being, and public benefit and cost-effectiveness.

12.23 The preferred structure needs to represent a reasonable and workable balance in terms of the principles articulated by the Commission, and the requirements set out in its terms of reference.

12.24 The Commission's firm view is that a new start is required, with fresh institutions, to signal and deliver a clean break from the past. Aucklanders do not want the same face of local government with a hasty makeover, and the Commission is not recommending

12. Guiding Principles for Shaping Auckland Governance

that. The impression the Commission has formed, from all it has heard and from all those to whom it has spoken, is that Auckland is ready to get behind a fresh new body, with a different vision, mandate, focus, and quality and, the Commission believes, with the possibility of fresh leadership at all levels. The Commission believes it has achieved the right balance and a workable model in its recommendations.

13. Alternative Models for Reform

13.1 In the preceding chapter, the Commission sets out the principles, or the core values and characteristics, that the Commission believes should be embodied in new local government arrangements for Auckland. In this chapter, the Commission briefly describes some of the main proposals made to it, and the Commission's evaluation of them, applying those principles.

13.2 Over 3,500 written and 550 oral submissions were made to the Commission, the majority of which addressed the question of local government arrangements, and proposed change of some form or another.¹ Suggestions were wide-ranging, relating, variously, to the number and sizes of councils, mayoral powers, representation and participation arrangements, council administration, urban design, social and environmental responsibilities, the role of council entities, and the functioning of councils and council entities. When all of the combinations of views on these elements are considered, the evidence presented almost every conceivable shade of opinion for the Commission's consideration.

13.3 It is not practicable to describe in this report every suggestion that was made, and to discuss in detail the Commission's views on each. The approach taken in this chapter is to focus on those alternatives that will assist readers to understand the Commission's preferred option, and the reasoning process followed by the Commission in developing it. This chapter describes the principal alternatives considered by the Commission under three broad headings:

- the structure of local government arrangements, focusing on the form, number, and size of councils
- community boards and their role in any new governance arrangements
- changes to democratic and representational arrangements, including questions of electoral term and ward representation.

13.4 Other proposals made to the Commission in specific areas, for example, relating to Māori and minority representation, and in relation to water, transport, and planning, social, and environmental matters, are discussed in separate chapters.

Options for local government structures

13.5 In broad terms, the submissions made by the existing councils of Auckland represent the range of options presented to the Commission. The council proposals ranged from retaining the status quo with minor amendments, to amalgamating some or

¹ See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009 (available at www.royalcommission.govt.nz).

13. Alternative Models for Reform

all of the existing territorial authorities, through to the creation of a unitary authority with subsidiary community councils. In summary the submissions were as follows:

- Auckland Regional Council (“ARC”) sought to disband all of the existing councils and replace them with a unitary Greater Auckland Authority, supported by “a number” of community councils.²
- Rodney District Council wanted to keep the existing territorial authorities and disband the ARC. It proposed that a regional forum of territorial authorities would deal with general regional matters, and that a new elected agency would deal with the ARC’s specific environmental responsibilities.³
- North Shore City Council sought to retain the status quo, with some changes to the ARC including half of the regional councillors being appointed from territorial authorities and half elected directly on a ward basis, with the mayor/ chair elected by regional councillors. The submission suggested that a significant majority be required in respect of key decisions (of perhaps 66%) to give the mayor/chair a genuine mandate to talk to central government.⁴
- Waitakere City Council proposed a strengthened regional entity and four territorial authorities – Auckland City, North Shore City (including eastern Rodney), Manukau City (including Papakura), and Waitakere City (including Avondale, and Western Ward of Rodney District).⁵
- Auckland City Council sought to disband all the existing councils, and to replace them with a unitary Greater Auckland Council, supported by neighbourhood boards.⁶
- Manukau City Council proposed a regional Greater Auckland Council, and three city councils of approximately equal size and importance – a northern city comprising the current North Shore City and Rodney District, a central city comprising Auckland City and Waitakere City, and a southern city including Manukau City, Papakura District, and Franklin District.⁷
- Papakura District Council called for a strengthened regional council, and smaller autonomous territorial authorities, based on the size and style of Papakura (which would amount to approximately 30 councils). The regional council would have additional roles in delivery of all regional transport infrastructure, economic

2 Submission to the Royal Commission on Auckland Governance from Auckland Regional Council, p. 12. (All submissions are available at www.royalcommission.govt.nz.)

3 Submission to the Royal Commission on Auckland Governance from Rodney District Council, pp. 2–3.

4 Submission to the Royal Commission on Auckland Governance from the North Shore City Council, p. 3.

5 Submission to the Royal Commission on Auckland Governance from Waitakere City Council, pp. 8, 39.

6 Submission to the Royal Commission on Auckland Governance from Auckland City Council, p. 4.

7 Submission to the Royal Commission on Auckland Governance from Manukau City Council, pp. 3–4, 17.

development, promotion and tourism, planning and delivery of water services, and funding of recreational and cultural amenities.⁸

- Franklin District Council suggested that the entire Franklin District should become part of the Waikato region, by moving ARC's boundary north to match Franklin District's northern boundary.⁹

13.6 The Commission evaluated these options taking into account the principles earlier articulated.

Status quo

13.7 The “do nothing” option was clearly not appropriate as it would not address any of the problems with the current arrangements identified in other earlier chapters, including weak regional governance and poor community engagement.

Retaining the existing councils, with amendments to their powers

13.8 The proposals by the Rodney and Papakura District Councils, and North Shore, Waitakere, and Manukau City Councils were rejected as they would not resolve existing tensions and competition between councils, and did not address the need to create a common identity and purpose for the region. The Commission observes that the submissions of the Rodney and Franklin District Councils were directed principally at protecting the existence of those two councils, with limited regard to regional issues. The further reasons for rejecting the proposal of Franklin District Council are explained in Chapter 18, “Boundaries”.

13.9 The Commission considered the possibility of retaining the existing territorial authorities and limiting their powers, by removing from them responsibilities relating to regional infrastructure and assets and development, and requiring councils to share services. The Commission concluded that this approach would be difficult to implement and would not necessarily achieve the organisational and culture change required.

Unitary model

13.10 The model preferred by the Commission, and ultimately adopted by it, proposed a unitary authority. A unitary authority is one in which the roles of a territorial local authority (that is, a district or city council) and a regional council are combined.

13.11 Submissions by the ARC and Auckland City Council, supporting a unitary authority, were echoed by the Employers and Manufacturers Association and the New Zealand Council for Infrastructure Development.¹⁰ All proposed an elected unitary authority that would take an all-of-Auckland role for many functions, supported by a number of

8 Submission to the Royal Commission on Auckland Governance from Papakura District Council, pp. 7, 45.

9 Submission to the Royal Commission on Auckland Governance from the Franklin District Council, p. 6.

10 Submission to the Royal Commission on Auckland Governance from the Employers and Manufacturers Association (Northern), p. 3; and submission to the Royal Commission on Auckland Governance from the New Zealand Council for Infrastructure Development, p. 4. The former submission was supported by the New Zealand Retailers Association and some private individuals but opposed by others.

13. Alternative Models for Reform

Table 13.1 Comparison of unitary models: councils and functions

Employers and Manufacturers Association & NZCID	Auckland Regional Council	Auckland City Council
<p>Greater Auckland Council (“GAC”)</p> <ul style="list-style-type: none"> • regional transport • water services • regional parks and facilities • economic development • regulation and planning (with local councils) • administrative support for local councils • employs all staff for Auckland and local councils 	<p>Greater Auckland Authority (“GAA”)</p> <ul style="list-style-type: none"> • arterial roads • integrated three waters management • economic development • waste management • building control • environmental health • manage regional assets • planning and policies under RMA • employs all staff for Auckland and local councils 	<p>Greater Auckland Council</p> <ul style="list-style-type: none"> • planning, including spatial plan, area, and neighbourhood plans • transport • water supply, wastewater, and stormwater • arts, community, and recreation • investments • customer service • employs all staff for Auckland and local councils
<p>21 local councils</p> <ul style="list-style-type: none"> • allocate funding to community services and amenities, streetscapes, community events, neighbourhood and community support, arts, culture, libraries, local parks, halls, local traffic issues including cycling and walking • submit on the GAC’s plans • advocate for the community • make an annual submission on expenditure 	<p>community councils</p> <ul style="list-style-type: none"> • local roads • local community facilities • local parks and reserves • local urban renewal • community development • community safety • environmental enhancement • other functions delegated by GAA 	<p>21 neighbourhood boards</p> <ul style="list-style-type: none"> • traffic measures, local parking, local place initiatives (such as design of park furniture, play equipment, landscaping) • budget to complement their decision-making functions • contribute to neighbourhood and area plans, and implementing neighbourhood plans

Note: NZCID, New Zealand Council for Infrastructure Development; RMA, Resource Management Act 1991. Source: Submissions to the Royal Commission on Auckland Governance from the Employers and Manufacturers Association (Northern)/NZCID, Auckland Regional Council, and Auckland City Council (available at www.royalcommission.govt.nz).

subsidiary elected bodies to provide local engagement and local services. A comparison of the proposals is contained in Table 13.1.

13.12 Although they varied in their detail, all three models aligned with the principles for reform identified by the Commission, insofar as they sought to achieve both greater regional effectiveness and local connection. The ARC model was the most developed

and was examined in further detail by the Commission. ARC’s “Option 5” included these further elements:

- a Greater Auckland Authority (“GAA”) with unitary authority status, serving the region
- an unspecified number of community councils, in defined areas of the region, using existing community boards as a starting point (additional community councils could be created where there were no existing community boards)
- one integrated administration to support the GAA and community councils and implement their decisions
- GAA to own all assets
- GAA to prepare all plans under the Resource Management Act 1991 and process all development applications.

13.13 Taking the ARC model as a starting point, the Commission examined a number of alternatives based on a unitary council model, but with differing numbers of local entities. The ARC did not specify a number, and the Commission considered that, if there were more than 20 local entities, these would be too small to have the capacity to deliver the necessary services.¹¹ Each version considered by the Commission allocated the same mix of functions to the notional Greater Auckland Authority and the local entities, namely, providing broad policy-making powers and regional service delivery to the regional body, and giving the local entities or councils functions related to local service delivery.

13.14 The variations considered by the Commission were a unitary authority with 20, 11, and six local councils respectively (the ARC referred to local councils as “community councils” but there is no material difference).

13.15 The Commission considered that all three models would deliver common identity and purpose, transparency and accountability, and responsiveness, but cost effectiveness considerations rendered the models with 20 and 11 councils unacceptable.

Twenty-local-council model

13.16 The 20-local-council model was not developed in detail by the Commission, as it concluded early on that the creation of 20 entirely new entities with new territories would, for uncertain gains, impose high transitional costs on the ratepayers of Auckland and cause major disruption to existing staff and services. This conclusion was borne out by the independent cost analysis undertaken by Taylor Duignan Barry.¹²

13.17 The Commission also had concerns that 20 local councils might not have the scale or capacity to deal with some functions; for example planning consents might not be

¹¹ The other submitters mentioned in Table 13.1 suggested 21 local entities.

¹² Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, February 2009 (report appended as Appendix B). See also Chapter 32, “Achieving a High-Performance Auckland Council”.

13. Alternative Models for Reform

able to be delegated to them. There would also be very high ongoing costs involved in arrangements to enable the local councils to interact with each other and the unitary council and a risk that the overarching unitary council could not effectively oversee and monitor 20 local councils. New headquarters and service centres would have to be set up for each entity and there could be significant capital cost involved. It was also anticipated that natural features such as the coastline and Waitakere Ranges would need to be split between local councils in setting boundaries, which, in the Commission's view, would be contentious and undesirable.

Eleven-local-council model

13.18 This model was developed by the Commission as a variation on the 20-local-council model. The Commission gave some thought to the location of boundaries for 11 entities, and also introduced the idea of special management of the Auckland central business district.

13.19 The 11-local-council model considered by the Commission is summarised in Table 13.2.¹³ It will be seen that the local council boundaries to some extent followed existing territorial boundaries. The main variations from current boundaries were as follows:

- The Hibiscus Ward of Rodney District would be amalgamated with the Northern Ward of North Shore City, forming a new entity based at Orewa.
- Auckland City would have been divided into three new local councils under this model.
- A fourth area from Auckland City, the central business district, would also be separately defined but not have its own local council.
- Manukau City would be divided into three, with Howick and Pakuranga combined, Manurewa and Papakura combined, and with the remainder of Manukau City (being Papatoetoe, Otara, and Mangere Wards) forming a third entity.

13.20 The Commission considered that this model would have been easier to implement than the 20-local-council model, as the departure from existing boundaries was not so marked, and natural features such as the coastline and Waitakere Ranges would, potentially, have been better managed within fewer entities. There would also have been fewer new offices and service centres required, and less disruption to existing communities.

13 The population figures in Tables 13.2 and 13.3 are estimates to show the relative size of local councils' populations. These were estimated using available figures for existing councils, wards, and census area units likely to be included in each local council. The estimates count the whole populations of wards and area units under one local council, with no adjustment to take into account changes to territorial boundaries, for example to align boundaries with the metropolitan urban limit. As discussed later, the exact boundaries of the local council areas need to be defined by the Local Government Commission, and accurate population calculations will only then be possible.

Table 13.2 Eleven-local-council model

New local council	Existing territorial authorities and wards	Estimated population
Hibiscus-Albany	Hibiscus Coast Ward (Rodney District Council), 41,000 Northern Ward (North Shore City Council), 77,000	118,000
North Harbour	Remainder of North Shore City Council	143,000
Waitakere	Waitakere City Council, 198,000	198,000
Auckland West	Avondale-Roskill Ward (Auckland City Council), 97,000 Eden-Albert Ward (ACC), 72,000 less Eden Terrace, 2,000	167,000
Auckland North	Hobson Ward (Auckland City Council), 68,000 Western Bays Ward (ACC), 40,000 Eastern Bays Ward (ACC), 49,000 Gulf islands (ACC), 9,000 less city centre, 36,000 ¹	130,000
Auckland East	Tamaki-Maingakiekie Ward (Auckland City Council), 99,000	99,000
Howick-Pakuranga	Howick Ward (Manukau City Council), 42,000 Pakuranga Ward (MCC), 40,000 Botany community (MCC), 37,000	119,000
Manurewa-Papakura	Manurewa Ward (Manukau City Council), 84,000 Papakura (Papakura District Council), 48,000 less rural areas, Ardmore and Drury, 5,000	127,000
Manukau Central	Papatoetoe, Otara, Mangere Wards (Manukau City Council) ²	141,000
North Rural	Rodney District Council <i>minus</i> Hibiscus Coast Ward	54,000
South Rural	Franklin District Council, 62,000 <i>plus</i> Clevedon (Manukau City Council), 10,000 <i>plus</i> Ardmore and Drury (Papakura District Council), 5,000 (Onewhero included)	77,000

Notes: ACC, Auckland City Council; CBD, central business district; MCC, Manukau City Council. *Table footnotes:* ¹ Under this model, the city centre would not have a local council, but would be administered directly by Auckland Council. City centre population taken from 2006 Census figures. ² Existing Manukau City centre is outside this area. *Source:* Statistics New Zealand, estimate of population, 30 June 2007.

13.21 However, the Commission was mindful that there would still be significant start-up costs, complex transitional arrangements, and potential disruption to staff and the public, at least in the short to medium term. It was not clear that the creation of 11 local councils would have more effectively achieved greater community responsiveness than would be the case for the model proposed by the Commission.

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Table 13.3 Proposed model – six local councils

New local council	Existing territorial authorities, population	Approximate population
Rodney	Rodney District Council, 95,000 less Hibiscus Coast Ward (RDC), 41,000	54,000
Waitemata	North Shore City Council, 220,000 plus Hibiscus Coast Ward (RDC), 41,000	261,000
Waitakere	Waitakere City Council, 198,000	198,000
Tāmaki-makau-rau	Auckland City Council, 433,000 less central city and waterfront, 36,000 ¹	397,000
Manukau	Manukau City Council, 354,000 less Clevedon (MCC), 10,000 Papakura District Council, 48,000 less rural areas, Ardmore and Drury (PDC), 5,000	387,000
Hunua	Franklin District Council, 62,000 plus Clevedon (MCC), 10,000 plus Ardmore and Drury (PDC), 5,000 less Onewhero, 4,000 less Kaiaua, 1,000	72,000

Notes: PDC, Papakura District Council; MCC, Manukau City Council; RDC, Rodney District Council. *Table footnote:* ¹ The city centre and waterfront will have a community board with delegated powers from the elected Auckland Council. See Chapter 17, “City Centre and Waterfront”. CBD population taken from 2006 Census figures. *Source:* Statistics New Zealand, estimate of population, 30 June 2007.

The Commission’s proposed model

13.22 The model recommended by the Commission is summarised in Table 13.3. It comprises a unitary authority consisting of an elected Auckland Council (to function as the local authority) and six local councils with specified local functions. The local councils are largely centred on existing territorial authority districts and therefore able to utilise existing infrastructure and service centres. The model follows more closely the New Zealand tradition of evolutionary change, by keeping the best from existing institutions while making the necessary changes.

13.23 The boundary between Auckland and Waikato regions is proposed to be changed as described in Chapter 18. Within the Auckland region, the Commission considers that it is desirable to have a clear definition of the boundaries between the rural and urban local councils. It proposes that, in general terms, the boundary between rural and urban councils will be the metropolitan urban limit.¹⁴ The Commission also proposes that the

¹⁴ Chapter 18, “Boundaries”, p. 410.

opportunity should be taken to provide all local councils with Māori names as described in Chapter 16, “Local Councils”.

13.24 Another significant change is to define a specific central city and waterfront area. This area will have a community board but not a local council, and will be under the direct oversight of the Auckland Council. Other changes include placement of the former Hibiscus Coast Ward of Rodney District in the Waitemata Local Council, combining Papakura with Manukau, and transferring the Onewhero and Kaiaua areas to the Waikato District. The rural areas of Manukau and Papakura will be within the Hunua Local Council. All these changes are described in more detail in Chapter 18.

13.25 The Commission tested its preferred option against the other alternatives identified above. In particular, as mentioned in paragraph 13.16, it obtained expert advice in regard to the relative financial costs and benefits of the 20 local council models and the proposed model.¹⁵ The results of this analysis clearly favoured the proposed model.

13.26 The other considerations that influenced the Commission to prefer this model for the second tier of local government are as follows:

- (a) The Commission saw benefits in retaining a connection to existing territorial authorities, thus easing the transition for the public and council staff. Many existing council buildings will be able to continue to be used. The public will go to the same place for local services. A proportion of staff will be able to continue doing the same or a similar job in the same location. This will minimise the impacts of reorganisation, reduce start-up costs, and support continuity in service provision.
- (b) The Commission was concerned that division of existing larger councils into a number of smaller ones would impact adversely on the excellent work being done by councils such as Waitakere with its eco-city programme, and Manukau with its work with ethnic minorities. The six local councils will have sufficient scale, and provide for continuity.
- (c) It is essential that the energies of the regional body be focused on resolving issues of regional importance. Significant change at the second-tier level to create a large number of community councils would have involved considerable cost, and a significant and ongoing oversight role for the Auckland Council.
- (d) As a result of its research and enquiries, the Commission was satisfied that local councils will be able to provide the connection with communities which is their essential role.

Community boards

13.27 In Chapter 11, “Defining the Problems”, the Commission briefly describes the role currently played by community boards in promoting community engagement. In

¹⁵ See Appendix B, Taylor Duignan Barry report.

13. Alternative Models for Reform

considering their potential future role, the Commission drew on expert advice¹⁶ and the many submissions on community boards made to the Commission.¹⁷

13.28 After careful consideration of all the evidence, the Commission concluded that it should not make general provision for community boards in its proposed new governance arrangements. The primary reason is that the establishment of local councils will make community boards unnecessary. In contrast to the boards, local councils will have clearly defined statutory powers and responsibilities, including a requirement to focus on local matters and to have effective community engagement mechanisms. The proposed ward system, which will achieve a ratio of one councillor to a maximum of 20,000 people, will help to ensure a close connection between councillors and communities. As discussed in Chapter 11, it is also expected that local councils will draw on a variety of methods to ensure genuine and meaningful engagement with their communities.

13.29 The general abolition of community boards will be subject to certain exceptions, however. For example, the Commission accepts that there are important differences between island communities in the Hauraki Gulf, and the urban communities that make up the bulk of the Tāmaki-makau-rau Local Council. They have special and distinct characteristics. For this reason, the Commission recommends that the Waiheke and Great Barrier Island Community Boards be retained, with wider decision-making powers than is currently the case under existing delegations from Auckland City Council. In particular, they should have delegated powers to decide how to deliver some local services, including powers to run community halls and reserves, and have a discretionary budget for this purpose. The budget will be fixed under the local council’s community action plan. The Commission anticipates that the community boards for Waiheke and Great Barrier Islands will provide a channel of communication for the islands to the Tāmaki-makau-rau Local Council table, and will provide these communities with a level of local autonomy.

13.30 As discussed in Chapter 17, “City Centre and Waterfront”, the Commission also recommends a community board for the city centre and waterfront area. The City Centre and Waterfront Community Board will draw its delegated powers directly from the elected Auckland Council. These powers will centre on local service delivery, with planning and consenting decisions for this area being made directly by the elected Auckland Council.

13.31 Changes to the Local Government Act 2002 or provision in the proposed Auckland Act¹⁸ may be required to provide for the delegated powers of community boards, as well as to provide for the supervision of a community board by a local council rather than a territorial authority.

13.32 The Commission also notes that the Auckland Council will continue to have the power to establish any additional community boards it considers necessary.

16 Richardson, Mike, “Setting Community Boards in Context”, and Richardson, Mary, “Auckland Community Boards”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Parts 9 and 10.

17 See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Chapters 7 and 8.

18 See Chapter 31, “Statutory Reform”.

Changes to democratic and representation arrangements

13.33 Many submitters suggested improvements to the democratic process, including changes to the voting system (currently “first past the post” for all Auckland councils), changes to the electoral term, and to election and representation arrangements.

Voting systems

13.34 Based on the evidence it has heard, the Commission does not consider there to be any fundamental problems with the local electoral system. This is consistent with the findings of the Local Government Commission review in 2008, which concluded that generally the Local Electoral Act 2001 is achieving its statutory purpose of providing flexibility and uniformity, and allowing for diversity.¹⁹

13.35 A number of submitters proposed that in future, councils should adopt single transferable voting. The Commission makes no recommendation on this, because it was not persuaded that the adoption of this voting system would assist in solving Auckland’s problems. It proposes that the 2010 local body elections in Auckland be held under the first-past-the-post system. The Auckland Council would not be precluded from changing to an alternative voting system in future, in accordance with the provisions of the Local Electoral Act.

Four-year term

13.36 A number of submitters proposed that councils in Auckland should be elected for a four-year term. At present the Local Electoral Act requires local elections at three-yearly intervals. Accordingly, council elections were held in October 2001, 2004, and 2007, and the next will be in 2010.²⁰ This timing means that local elections do not clash with parliamentary elections, which are also on a three-yearly cycle, having been held in 2002, 2005, and 2008.

13.37 The Royal Commission on the Electoral System in 1986 traversed the arguments for and against a four-year parliamentary term.²¹ Some of those arguments are relevant to local government elections, in particular, two arguments based on effective government: first, that a four-year term would allow more time to develop, introduce, and implement policies; and secondly, that it would reduce undesirable election year influences.²² The Royal Commission on the Electoral System supported a four-year parliamentary electoral

19 Local Government Commission, *Review of the Local Government Act 2002 and Local Electoral Act 2001*, Summary Report, Wellington, July 2008, p. 22. Section 3 of the Local Electoral Act sets out its purpose.

20 Local Electoral Act 2001, section 10. Although the current Act dates from 2001, the three-yearly council electoral cycle was carried forward from previous legislation (See Local Elections and Polls Act 1976, section 4).

21 Royal Commission on the Electoral System, *Report: Towards a Better Democracy*, 1986, (J.H. Wallace, chair), AJHR H.3, pp. 155–166.

22 *Ibid.*, pp. 158–159.

13. Alternative Models for Reform

term on the basis of these arguments, albeit with some reservations arising in the central government context that are not relevant here.²³

13.38 This Commission considers that introduction of a four-year electoral term would produce more effective local governance. It would potentially enable difficult long-term decisions to be addressed more effectively by providing a better opportunity to develop, implement, and judge policies. A four-year term would also provide greater certainty (owing to less frequent policy changes) and more time for councils to deliver on their electoral mandates.

13.39 The Commission agrees that holding elections less frequently would have the additional effect of reducing undesirable election-year influences, which include the possibility of councillors making decisions for short-term political advantage, and avoiding important decisions that are controversial or will offend some sections of the electorate. A longer term would also enable individual councillors to become more effective. They would have more time to build specialised knowledge and good working relationships with the various sectional interests in the community.

13.40 Despite these advantages the Commission has concluded that it would be inappropriate to recommend a four-year term for the Auckland Council without wider consideration being given to this issue by the Government. However, in light of its view that a four-year term would benefit Auckland governance, the Commission does recommend that the Government should again consider generally the question of whether the local government electoral term and, if appropriate, the parliamentary term, should be extended to four years.

Ward representation and election at large

13.41 Several submitters referred to the ward system currently used by all councils. Some wanted wards to be retained, but others thought that councillors would have more accountability to Auckland if they were elected at large. There was some support for a mixture of wards and at-large elections. Most support for the ward system came from Hauraki Gulf submitters, who felt that a councillor elected on a ward basis could best represent the unique character of the gulf, and make the best decisions for them.²⁴

13.42 Under existing legislation, councillors may be elected either in at-large elections, or in wards, or by a mixture of the two. The election of all councillors at large means all councillors are elected by all voters across the city as a whole. Under a ward system, the city is divided into areas (or wards), and candidates are elected by the voters in each area (or ward). With a mixture of at-large voting and wards, some councillors are elected by the city as a whole, and others in wards. The Local Electoral Act requires a six-yearly

23 Ibid., pp. 164–165. The Royal Commission on the Electoral System saw a need for restraints on governmental powers to precede introduction of a four-year term. This does not arise in the context of local authorities, which have much narrower powers than central government.

24 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Chapter 7, p. 87.

review of the basis of the voting system by each territorial authority, and where wards exist, a review of the ward boundaries.²⁵

13.43 The main advantages of an at-large system of election are said to be, first, that at-large elections attract better candidates because successful candidates must appeal to a wide range of people; and secondly, that the councillors so elected make decisions for the good of the entire city or region, not just one geographic or social segment of it.²⁶

13.44 The principal benefit of election by wards is said to be that it produces a council that is more representative of different groups or at least geographical areas within the city. Wards can ensure that the council is not dominated by a single group of people who are interested in only one area of the city. A ward system may result in more candidates from ethnic or other minorities being elected, if those minorities are more concentrated in particular areas.²⁷

13.45 The Commission proposes that councillors on the Auckland Council should be elected by a mixture of ward and at-large representation, in order to deliver the advantages of both systems. Local councils should be elected on the basis of wards, reflecting the community focus of those bodies.

Recommendation

13A The Government should give consideration to the introduction of a four-year electoral term for local authorities in New Zealand.

25 Local Electoral Act 2001, section 19H.

26 Engstrom, R.L. and McDonald, M.D., "The Effect of At-large Versus District Elections on Racial Representation in US Municipalities", in Grofman, B. and Lijphart, A., eds, *Electoral Laws and Their Political Consequences*, New York, Algora Publishing, 2003, pp. 203–225, p. 203.

27 *Ibid.*, p. 204.

14. The Auckland Council: Key Features

14.1 The purpose of this chapter is to describe the primary characteristics of the proposed Auckland Council. The Commission envisages that its proposal to establish a district and a region called Auckland and an Auckland Council will be enacted in a separate piece of legislation to be called the Auckland Act, which will sit alongside the Local Government Act 2002 (“LGA 2002”). This legislation, and more detailed design features for the Auckland Council, are described in subsequent chapters.

Establishment of Auckland Council

14.2 The Commission proposes the dissolution of the Auckland Regional Council (“ARC”) and all seven territorial authorities existing in Auckland, and the creation of a new entity called the Auckland Council. The Auckland Council will be a local authority under the LGA 2002. It will also be a unitary authority under that Act, the Resource Management Act, and the Land Transport Management Act.

14.3 In practical terms, the establishment of a single unitary authority will bring about two changes. First, the Auckland Council will constitute a single territorial authority, replacing the existing city and district councils in the region. Second, the regional council responsibilities currently exercised by the ARC will be exercised by the Auckland Council in combination with its territorial authority functions.

14.4 In other words, the Auckland Council will have all the responsibilities, duties, and powers of both a regional council and of a territorial authority over the whole of the Auckland region. Despite the single organisational structure of the Auckland Council, its statutory responsibilities, duties, and powers in its capacity as a regional council will be quite separate and discrete from its statutory responsibilities, duties, and powers in its capacity as a territorial authority.

14.5 Unitary authorities are not a new concept. Gisborne, Marlborough, Nelson, and Tasman regions have unitary authorities.

14.6 The Commission is not proposing to strengthen any existing entity, such as the ARC, to form the Auckland Council, but recommends instead the creation of an entirely new entity. The Commission considers that the ARC’s history as a regulatory, rather than an operational and service-delivery organisation, would not equip it well to assume new responsibilities for the region, particularly in relation to pursuing economic growth.

14.7 The establishment of a unitary authority is intended to address problems of fragmented regional governance identified in Chapter 11, “Defining the Problems”, and to provide the capacity for improved coordination with central government. A new Auckland-wide entity will provide for much more decisive and visible leadership, and allow for long-term planning and more efficient use of public resources and infrastructure investment.

14. The Auckland Council: Key Features

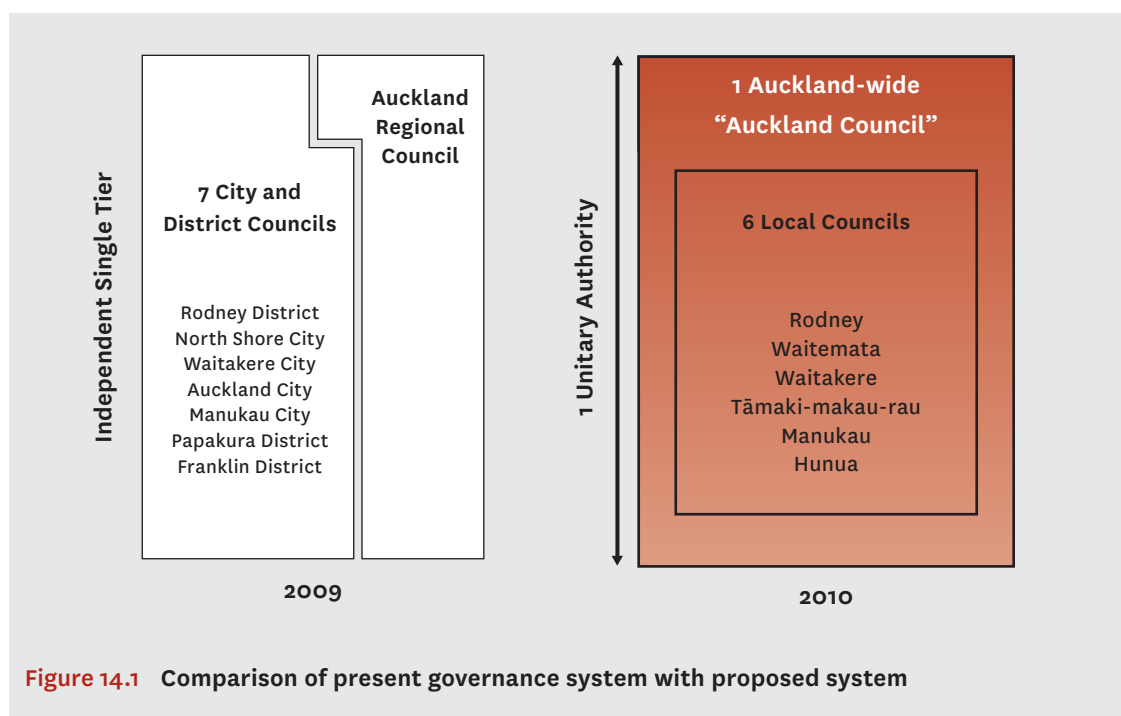


Figure 14.1 Comparison of present governance system with proposed system

A subsidiary benefit will be some savings in operating and capital costs as set out in Chapter 32, “Achieving a High-Performance Auckland Council”.

14.8 Figure 14.1 shows the changes from the current state which will result from the establishment of the Auckland Council.

14.9 The boundaries of the Auckland Council are discussed in Chapter 18, “Boundaries”. In brief, the boundaries of the Auckland Council will be largely the same as those of the current ARC, with the exception of some significant changes to the southern boundary.¹

Governance structure of the Auckland Council

14.10 While being a single local authority under the LGA 2002, the Commission proposes that, politically, the Auckland Council will have representation at two levels – Auckland-wide and local. It proposes that there will be an Auckland Council, elected on an Auckland-wide basis, and six local councils, elected locally.

14.11 Local councils will share the governance of Auckland with the elected Auckland Council but will be subsidiary to it. They will not be separate local authorities under the LGA 2002 and, as such, will not have their own power of competence. Their powers and functions will be limited to those specified in legislation or delegated by the elected Auckland Council. They will have no ability to set rates or to hold assets, and all their

¹ As explained in Chapter 18, “Boundaries”, the Auckland Council will in fact have two slightly different sets of boundaries in its capacities as a regional council and a territorial authority respectively. Regional council boundaries extend beyond the coast to the 12-nautical-mile limit, while territorial boundaries follow the coastline (but include some bays and harbours).

staff will be employed by the Auckland Council. They will have a broader role and wider responsibilities than community boards but will retain a strong focus on community engagement.

14.12 The provision made by the Commission for representation and delivery at regional and local levels (within a single overall structure) is consistent with principles articulated by the Commission relating to cost effectiveness, transparency and accountability, and responsiveness.

Elected Auckland Council

14.13 The name Auckland Council is used in this report in two senses: “Auckland Council” is the name of the unitary authority described above, which is the “body corporate with perpetual succession” in terms of the LGA 2002, section 12. It will be the legal entity through which local government in Auckland is carried out. For example, all property will be held in the name of the Auckland Council. “Auckland Council” is also the name of the elected body that governs the Auckland Council.

14.14 The use of the same name for both the body corporate and the elected assembly that governs the body corporate has been a feature of local government in New Zealand since 1974. It causes no practical problems, but can occasionally be confusing in descriptive reports such as this. To help readers, this report makes reference to the elected body as the “elected Auckland Council”, where there is a need to distinguish it from the body corporate.

14.15 The elected Auckland Council will comprise 23 councillors and a mayor. Councillors will be elected partly at large and partly on the basis of wards. Māori will have safeguarded representation, in order to provide for Māori input to decision making consistent with the relevant principle of the LGA 2002.² As noted in Chapter 22, “Māori”, there will be two Māori councillors elected by voters on the Māori electoral roll. A third Māori councillor, who will be a representative of mana whenua in Auckland, will be appointed by the Mana Whenua Forum.

14.16 The Mayor of Auckland will be the sole mayor in the Auckland region. The Mayor of Auckland will be elected at large, and will have additional powers, so that he or she can exercise strong but accountable leadership. As discussed in Chapter 19, “Leadership”, these powers will include the ability to appoint the deputy mayor and committee chairs, to propose the budget, and to establish and maintain an appropriately staffed Mayoral office.

14.17 The elected Auckland Council will undertake much of its work in committees, as described in Chapter 15, “The Elected Auckland Council”. It will be assisted by a number of panels of experts, including Pacific, ethnic, and other advisory panels.

² LGA 2002, section 14(1)(d).

14. The Auckland Council: Key Features

Local councils

14.18 All of the Auckland region will be in the territory of one or another of the six local councils with the exception of the central city and waterfront area, which will have a direct governance relationship with the Auckland Council, as described below. Local councils will vary in size, from seven councillors in Hunua and Rodney to 22 in Tāmaki-makau-rau, reflecting the size of the population served by those councils.

14.19 The boundaries of the new local councils will be centred (with some important boundary adjustments) on the existing council territories of Rodney and Franklin Districts and North Shore, Waitakere, Auckland, and Manukau Cities, thus enabling new local councils to utilise existing infrastructure and service centres.

14.20 In setting proposed sizes for urban local councils, the Commission has sought to achieve a representation ratio of at least one councillor for every 20,000 people, to assist in achieving improved local engagement. It is expected that as the population grows, the number of councillors (and wards) will grow in order to ensure that an appropriate ratio between councillors and population represented is maintained. Depending on the pattern of growth in Auckland, it may be necessary in future to create additional local councils.

14.21 Local councillors will be elected on a ward basis and will appoint a chair from amongst their number in the manner described in Chapter 16, “Local Councils”.

Community boards

14.22 For the reasons set out in Chapter 13, “Alternative Models for Reform”, the Commission is not recommending the continuation of community boards other than those for Waiheke and Great Barrier Islands, and for the city centre and waterfront area.

14.23 The Auckland Council will not be precluded from deciding in future to create additional community boards in accordance with the procedures under the LGA 2002.

Allocation of roles

14.24 The detailed allocation of Auckland Council responsibilities, duties, and powers between the elected Auckland Council and local councils is addressed in subsequent chapters³ and in the draft Auckland Act in Chapter 31, “Statutory Reform”.

14.25 The functions of the elected Auckland Council will include

- regional and district planning
- infrastructure planning and investment (public transport, roads, water, and wastewater)
- economic and social development

3 See Chapter 15, “The Elected Auckland Council” and Chapter 16, “Local Councils”.

- environmental protection.

14.26 Some of these functions will be carried out via council-controlled organisations (“CCOs”) and some may be delegated to local councils.

14.27 Local councils’ role will centre on service delivery at the local level and local engagement and place-shaping. Local council functions will include

- active engagement with their communities
- identifying local preferences and service levels
- advocating for their communities within the Auckland Council
- the specific functions mentioned in Chapter 16, “Local Councils”.

14.28 Local councils will also have input into decisions of the elected Auckland Council on region-wide plans, policies, and service standards.

14.29 Both the elected Auckland Council and the local councils will have responsibility for public engagement on matters within their jurisdiction. Communication of the decisions they have made and consultation on future plans will be important for both tiers, although they will address different matters. Each council will conduct its public engagement in ways appropriate to its role.

Governance of the city centre and waterfront

14.30 Particular governance arrangements will apply to the city centre and waterfront area (defined in Chapter 18), reflecting the importance of this area. There is to be a committee of the Auckland Council, chaired by the mayor, which will make policy regarding the city centre and waterfront area. It will co-opt to its membership representatives of business, education, cultural, and not-for-profit sectors.

14.31 There will also be a community board for the city centre and waterfront area. The community board will have powers delegated to it by the Auckland Council. It will be responsible for the provision of local services including road maintenance, waste collection, and parks. The chair of the community board will be a voting member of the Auckland Council committee referred to above.

14.32 Any future development of the waterfront area should be carried out by a stand-alone development agency with the capacity to implement a “master plan” for the area and its interface with the city centre. The structure and functions of this agency will be determined in consultation between the Auckland Council and the Government. One option could be a CCO of the Auckland Council; another may be a joint venture between Auckland Council and Government.

14.33 These matters are discussed further in Chapter 17, “City Centre and Waterfront”.

14. The Auckland Council: Key Features

The organisational structure of Auckland Council

14.34 The Auckland Council will comprise a single organisational structure, with a single staffing and management structure. All staff will be employed by the Auckland Council, although staffing and management structures will need to be created to provide dedicated support at both the regional and local levels of the Auckland Council.

14.35 The Auckland Council will employ one chief executive officer, who will in turn employ all of the other council staff at both the regional and local level, including a local council manager for each local council.

14.36 The benefits of establishing a single employer for all local government staff in Auckland include

- creating a single career service for local government workers, which will make local government service more attractive as a career option
- changing the culture to remove organisational “silos” and ensure all staff understand they are working to achieve common objectives.

14.37 Even though staff might work for a particular local council or for the elected Auckland Council, there should be opportunities to move between roles in a career service. The Commission also envisages that staff will be provided with training, mentoring, and opportunities for progression to assist them to build careers.

Council offices

14.38 The Commission anticipates that the elected Auckland Council will have a symbolic presence at the Auckland Town Hall. This might be the venue for meetings of the elected Auckland Council and may house at least some Auckland Council staff.

14.39 The Commission expects that there will be at least one service centre for each local council, which will be the venue for local council meetings and the office for staff exclusively assigned to the local council. The Establishment Board will need to identify appropriate locations and offices to meet the needs of the Auckland Council, including local council offices and service centres.

14.40 The local council service centres will also accommodate some staff performing functions not delegated to the local council, especially those who spend part or all of their working day in the field. It will often be efficient for them to be decentralised so as to reduce travel time and cost. For example, the Commission suggests that staff working on contract management of arterial roads, regional pest management, regional parks, and property might work efficiently from the local service centres. This will also assist staff to have good local knowledge and be more directly accessible to the local public.

Council-controlled organisations

14.41 There are currently over 40 CCOs and other special-purpose bodies created by the eight Auckland councils, operating at arm’s length. These will be transferred to the

Auckland Council on establishment. An important first task for the Auckland Council will be to decide on the future of the existing council organisations, CCOs, and council-controlled trading organisations, drawing on analysis and advice to be prepared for it by an Establishment Board which will work to prepare for the Auckland Council.

14.42 Chapter 21, “Council Organisations and Council-Controlled Organisations”, identifies the need for at least five Auckland Council infrastructure CCOs, responsible for managing water and wastewater services, transportation services, and solid waste, and in due course, urban development, and the city centre and waterfront development. It is also expected that some CCOs, for example Auckland Regional Holdings, will be retained (it is anticipated that Auckland Regional Holdings will be the primary investment vehicle for the Auckland Council, with a commercial board).

14.43 Consistent with existing law and governance practice, CCOs will have their own staff, rather than being staffed by Auckland Council personnel. Each CCO board will appoint a chief executive, who will in turn appoint the CCO’s staff.

Impact of the proposal

14.44 The Commission considers that the proposed model represents a reasonable and workable balance in terms of the principles articulated in Chapter 12, “Guiding Principles for Shaping Auckland Governance”. It will produce the following main advantages:

- a strong voice for Auckland, with a powerful mandate for strategic leadership
- a good base for partnership with the private sector and central government
- simplification, by having one district plan, one rating system, one long-term council community plan, and one budget
- a clear division of Auckland-wide and local responsibilities
- a local tier of governance refocused on local service delivery and local engagement
- cost effectiveness due to unified services and streamlining
- improved partnership with Māori
- one employer – a unified career service.

14.45 Overall, the proposed new structure will result in significant streamlining of existing systems. The changes from the current state are summarised in Table 14.1.

14. The Auckland Council: Key Features

Table 14.1 Changes from the current state through formation of a single unitary council

Current state	Future state
7 territorial authorities 1 regional council	1 unitary council with 6 local councils
1 chair elected by (regional) council	1 Mayor of Auckland elected at large
7 mayors elected at large, within cities and districts	6 local council chairs elected by local councils
13 regional councillors	23 Auckland councillors (including Māori)
No guaranteed Māori representation	1 Auckland councillor appointed by mana whenua, 2 councillors elected by voters on the Māori electoral roll
96 territorial authority councillors	77 local councillors ¹
30 community boards 145 members	3 community boards 16 members
8 LTCCPs	1 LTCCP
7 district plans	1 district plan
2 rates bills	1 rates bill
8 rating authorities	1 rating authority
9 data (IT) centres	1 data centre
8 local transport entities	1 transport agency
5 water and wastewater operators	1 water and wastewater operator (with Papakura operating under contract on an interim basis)

Notes: ¹ See Table 16.1 for full details (77 members plus chairs). IT, information technology; LTCCP, long-term council community plan.

Recommendations

- 14A** A unitary authority, to be called the “Auckland Council”, should be formed to assume all local government responsibilities in the Auckland region.
- 14B** When the Auckland Council is established, the following existing local authorities should be abolished:
- Rodney District Council
 - North Shore City Council
 - Waitakere City Council
 - Auckland City Council
 - Manukau City Council
 - Papakura District Council
 - Franklin District Council
 - Auckland Regional Council.
- 14C** The Auckland Council should operate and have representation at two levels: the elected Auckland Council, and six local councils.
- 14D** All local councils should be given Māori names. These should be determined by the Local Government Commission after consultation with mana whenua, with the new Māori names used by the Commission being the suggested starting point for consideration. The interim names of the six local councils should be
- Rodney Local Council
 - Waitemata Local Council
 - Waitakere Local Council
 - Tāmaki-makau-rau Local Council
 - Manukau Local Council
 - Hunua Local Council.

14. The Auckland Council: Key Features

- 14E** The Auckland Council should comprise a single organisation, with a single staffing and management structure. The Auckland Council should employ one chief executive officer, who will employ all other council staff (but not staff of council-controlled organisations) at both Auckland and local levels, including local council managers for each local council.
- 14F** Staff from the eight abolished councils should be transferred to the Auckland Council, at least initially.
- 14G** Local councils should share the governance of their areas with the Auckland Council but will be subsidiary to it.
- 14H** The Mayor of Auckland should preside over the Auckland Council. The Mayor should be elected at large by the electors of Auckland.
- 14I** The Auckland Town Hall should be the symbolic centre for the Auckland Council.
- 14J** When the Auckland Council is established, all existing community boards within the territories of the abolished local authorities, except for the Waiheke and Great Barrier Island Community Boards, should be abolished. A new City Centre and Waterfront Community Board should be established.
- 14K** The assets and liabilities of abolished territorial authorities and of the Auckland Regional Council should be transferred to Auckland Council. However, a fair apportionment of the assets and liabilities of the Franklin District Council and Auckland Regional Council should be made between the Auckland Council, the Waikato District Council, and the Waikato Regional Council, to reflect the boundary changes proposed by the Commission; such apportionment to be made in accordance with the Local Government Act 2002, Schedule 3, clause 69.
- 14L** All existing interests in council organisations, council-controlled organisations, and exempt organisations held by current councils should be transferred to the Auckland Council on the establishment date.

Transition

- 14M** The Establishment Board should develop the proposed structure of the elected Auckland Council and local councils (including the committee structure and advisory panels and groups).
- 14N** The Establishment Board should develop the proposed organisational structure of the Auckland Council. This will include defining the key roles and positions

for council administration, staffing levels, staff locations, and the systems necessary for the Auckland Council to operate on the establishment date.

- 14O The Establishment Board should review the functions and activities currently carried out by the Auckland Regional Council and seven territorial authorities, identifying those that will continue to be carried out by local councils, and those relevant functions and activities to be undertaken directly by the Auckland Council.
- 14P The Establishment Board should determine the location of council offices (particularly Auckland Council, and Tāmaki-makau-rau and Rodney Local Councils) and service centres.

15. The Elected Auckland Council

15.1 This chapter examines in detail the role and structure of the elected Auckland Council, and the responsibilities and duties it will discharge. It also discusses the important role of the chief executive officer and other staff who provide services to the Auckland Council. Local councils are the subject of the next chapter.

15.2 As noted in the previous chapter, both the elected Auckland Council and the local councils will form part of a single body corporate (“the Auckland Council”) but will have distinct functions.

15.3 The elected Auckland Council will operate at a strategic, Auckland-wide level. The local councils will be responsible for local place-shaping and local service delivery. The local councils will have functions specified in legislation and such additional responsibilities as may be delegated by the elected Auckland Council.

15.4 Achieving a clear definition of the roles of the elected Auckland Council and local councils is necessary to achieve the Commission’s reform objectives, including greater transparency and accountability. It is intended to ensure that the elected Auckland Council remains focused on matters of regional importance and is able to provide strategic governance, while local councils focus on matters of local importance.

15.5 The elected Auckland Council will manage issues that are uniform across the whole region. It will also lead and speak for Auckland, both in discussions with central government, and internationally. The Auckland Council will command attention not only because of its scale but also because it will speak with authority as the single voice of Auckland, and will have the power to implement its undertakings and agreements with other parties. It will be credible because it will be seen to be well organised, and because of the actions it takes, the precedents it sets, and the financial, economic, social, and political impact that it carries.

Council membership and group structure

15.6 As noted in the previous chapter, the elected Auckland Council will comprise the mayor and 23 councillors, to be elected or appointed as follows:

- 10 councillors elected at large
- eight councillors elected in four urban wards (two councillors per ward)
- two councillors elected in two rural wards
- two councillors elected at large by voters on the Māori electoral roll
- one councillor appointed by mana whenua¹.

¹ Manu whenua – local Māori with ancestral ties to the land.

15. The Elected Auckland Council

15.7 Arrangements for Māori representation are discussed in Chapter 22, “Māori”. The comparative merits of ward-based and at-large representation are discussed in Chapter 13, “Alternative Models for Reform”, with the Commission proposing a mix, as outlined above. It is anticipated that the ward boundaries for the Auckland Council will be defined by the Local Government Commission in accordance with the Local Electoral Act 2001. Chapter 18, “Boundaries”, provides further guidance on how these ward boundaries might be set, consistent with the objectives stated in that Act of securing fair representation.²

15.8 The Mayor of Auckland will lead the elected Auckland Council. The Mayor of Auckland will be the sole mayor in the Auckland region, and will speak for Auckland both nationally and internationally. The Mayor will be directly elected and will have the additional powers outlined in Chapter 19, “Leadership”.

Council committees

15.9 It will be a matter for the Auckland Council to decide finally what committees it needs in order to work efficiently, and how frequently each of those committees need to meet. As a starting point, the Commission envisages that the elected Auckland Council will have standing committees to address the following areas of responsibility:

- finance
- audit and risk management
- infrastructure (including transport and water)
- planning, urban design, and heritage
- economic development and tourism
- social issues
- arts, recreation, and parks
- rural and islands
- city centre and waterfront
- regulatory and environment
- civil defence (including rural fire).

15.10 The proposed committee structure, and terms of reference and delegations for each committee, will need to be considered by the Auckland Council soon after its commencement. In order to position the Auckland Council to take early decisions in relation to these matters, it is proposed that the Establishment Board prepare for the council a draft committee structure, draft terms of reference for each committee, and a shortlist of potential non-councillor members who might be co-opted to serve on relevant committees, as discussed below.

² Local Electoral Act 2001, section 4(a).

15.11 It is expected that some committees – the city centre and rural committees are examples – will co-opt non-voting members to ensure particular skill and knowledge is brought to the council table.³ It is anticipated, for example, that the City Centre and Waterfront Committee will include representatives from business, educational, and not-for-profit sectors (see Chapter 17, “City Centre and Waterfront”). In the case of the Rural Committee, representatives of relevant interests such as farming, conservation, and the rural local councils might be co-opted.

Advisory groups

15.12 The Commission proposes that various other groups will assist the Auckland Council in an advisory capacity. These include panels to advise the council on appointments (for example directorships), Pacific Island issues, ethnic issues, economic development, urban design, heritage, arts, and recreation. The Commission is also proposing an officials’ Social Issues Advisory Group to support the Social Issues Board. These advisory groups are described below and in Chapters 23 (“Representation and Participation by Minority and Other Groups”), 7 (“Economic Development”), 8 (“Environment, Urban Design, and Heritage”), 10 (“Culture, Recreation, and Diversity”), and 9 (“Promoting Social Wellbeing”), respectively. The Auckland Council may wish to establish other advisory panels in the future, for example, a group representing the interests of older people.

15.13 It is proposed that the Appointments Advisory Panel will assist the Auckland Council with the recruitment of directors and representatives to serve on council organisations, and with other appointments to outside external bodies, such as the governing bodies of museums and trust boards. It is expected that these positions will generally be advertised in accordance with the requirements of the Local Government Act 2002 (“LGA 2002”).⁴ The panel will also assist with the appointment by the council of co-opted members of council committees, advisory panels, groups, and boards. The Appointments Advisory Panel will be composed of a range of prominent and able people, from sectors including business professions, education, and not-for-profit, who will be able to provide independent advice to assist in the identification and recruitment of professionally qualified directors and advisers.

15.14 As outlined in Chapter 33, “Managing the Transition”, the Establishment Board will appoint an interim Appointments Advisory Panel. The interim panel will assist the Establishment Board to review current council advisory panels and groups in order to advise the Auckland Council on which should be continued. It is anticipated that the interim panel will also assist with the preparation of draft terms of reference for new and continuing advisory panels, and the identification of potential candidates for membership of the advisory panels and groups, relevant council committees, and boards identified in this report.

3 Local Government Act 2002 (“LGA 2002”), Schedule 7, clause 31, provides for appointment of non-elected members to committees.

4 LGA 2002, section 57.

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Forums

15.15 The Commission also proposes that the Auckland Council participate in decision-making forums, including the Social Issues Board, Hauraki Gulf Forum, the joint co-management regime for the Kaipara Harbour, and inter-regional cooperation mechanisms.⁵

15.16 The Mana Whenua Forum is an existing group described in Chapter 22, “Māori”. The Commission expects it will have a role in relation to guardianship of land and the environment. The Mana Whenua Forum will not have a direct relationship with the council but will exercise its role through its representative on the Auckland Council who will participate directly in Auckland Council decision-making. The forum will appoint one representative of mana whenua to serve as a councillor on Auckland Council. It will also appoint the members of Watercare’s Māori Advisory Group. These roles are discussed in more detail in Chapter 22, “Māori”, and Chapter 26, “The Three Waters”.

Council organisations

15.17 It is expected that a number of the service delivery functions of the Auckland Council will be carried out by council-controlled organisations (“CCOs”).

15.18 As discussed in Chapter 21, “Council Organisations and Council-Controlled Organisations”, the Commission has identified six potential CCOs to provide services in relation to water, transportation, solid waste, arts and recreation facilities, and, as required, urban development and waterfront development.

15.19 It is also expected that Auckland Regional Holdings will be retained as a CCO, as discussed in Chapter 21.

15.20 The Commission expects that council organisations will generally report to the Auckland Council through standing committees. The Infrastructure Committee, for example, will have a close working relationship with the Regional Transport Authority (the proposed successor to the Auckland Regional Transport Authority), as explained in Chapter 25, “Transport”.

15.21 An overview of the Auckland Council group structure is illustrated in Figure 15.1. It shows the following:

- proposed committees of the elected Auckland Council
- proposed advisory panels and groups
- proposed joint decision-making and management forums
- the organisational (administrative) structure that will support the Auckland Council.

⁵ For further discussion of these topics, see Chapter 8 for the Kaipara Harbour and Hauraki Gulf, Chapter 9 for the Social Issues Board, and this chapter for regional cooperation.

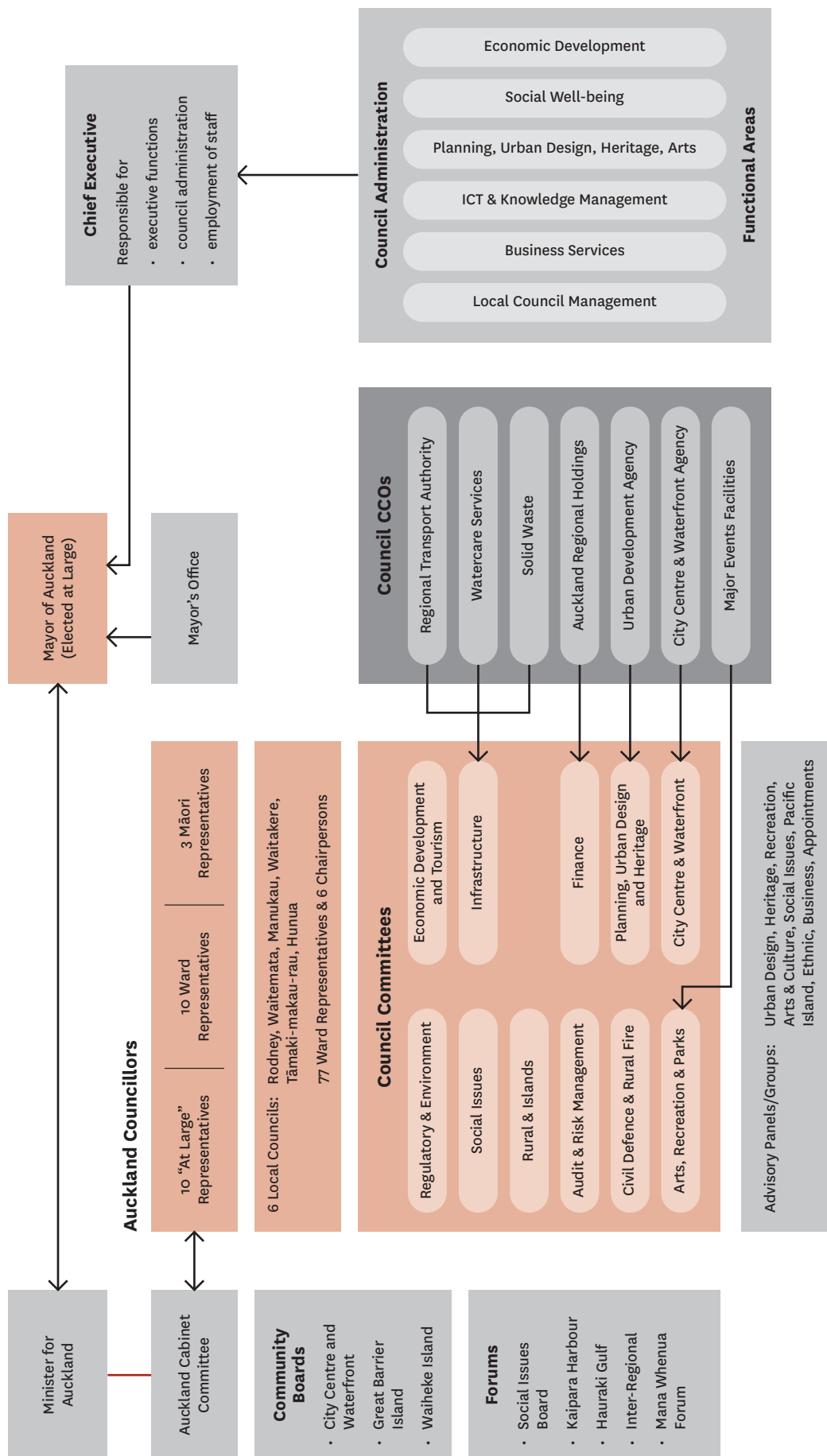


Figure 15.1: Proposed structure of Auckland Council

15. The Elected Auckland Council

Box 15.1 Auckland Council functions

Regional policy-making functions	Regional network/service delivery functions	Administrative services
1 Transport planning <ul style="list-style-type: none"> includes public transport, road and rail planning, RTA 	14 Planning applications and consents outside MUL, except for consents delegated to local councils	33 Consult with local councils about budgets, receive funding recommendations from local councils, undertake financial management services
2 Metropolitan planning <ul style="list-style-type: none"> regional growth, spatial planning, MUL coordinate with other regions 	15 Civil defence emergency management, rural fire	34 Prepare LTCCP and annual plans and administer associated statutory processes
3 Economic development <ul style="list-style-type: none"> infrastructure development tourist promotion, branding, broadband, business, and film support 	16 Regional promotion of sport and physical activity	35 Make and administer rates for Auckland Council and local councils
4 Environmental planning <ul style="list-style-type: none"> regional policy statement coastal, air, and water controls, pollution, soil conservation, climate change hazards management urban design heritage conservation (natural and cultural) 	17 Biosecurity	36 Provide shared service centres and administration for regional and local councils
5 District plan making under RMA	18 Harbourmaster	37 Asset and liability management
6 Energy advocacy, security of supply	19 Arterial road construction and maintenance	38 ARH, investment management
7 Participation in the Social Issues Board and the Social Issues Advisory Group	20 Water, wastewater, stormwater, and rural drainage	39 Public information services
8 Education advocacy <ul style="list-style-type: none"> tertiary education and skills needs 	21 Solid waste management	40 Oversee local councils, set performance criteria, monitor performance, issue policy directions
9 Arts and culture advocacy and funding	22 Urban redevelopment	41 Direct local councils on matters affecting regional functions
10 Recreational planning	23 Zoo	42 Monitor local councils' performance of delegated functions.
11 Regional parks	24 Regional parks	
12 Hauraki Gulf Forum	25 Regional facilities for sports, culture, entertainment: art galleries, museums, theatres, stadiums, arena	
13 Other regulatory matters.	26 City centre and waterfront	
	27 Monitoring, data collection and analysis, reporting on all functions	
	28 Libraries	
	29 Swimming pools	
	30 Housing (interim arrangements subject to decisions by the Social Issues Board)	
	31 Cemeteries and crematoria	
	32 Discharge of regulatory functions.	
	Delegation of functions to local councils	
	The Auckland Council may delegate any of its functions except <ul style="list-style-type: none"> regional policy-making functions power to make or levy rates power to make a by-law power to make a regional or district plan or make plan changes. 	ARH, Auckland Regional Holdings; RTA, Regional Transport Authority; LTCCP, long-term council community plan; MUL, metropolitan urban limit; RMA, Resource Management Act.

Council functions

15.22 The elected Auckland Council will be the governing body of the Auckland Council under the LGA 2002, and will exercise all the duties and powers of the Auckland Council in its capacity as a local authority under that Act and other applicable legislation.⁶ For this reason, in contrast to local councils, the Commission does not consider it necessary to specify the functions of the elected Auckland Council in legislation beyond the broad mandate stated for local authorities generally in the LGA 2002.

15.23 An illustrative, non-exhaustive list of the responsibilities to be exercised by the elected Auckland Council is set out in Box 15.1. The Commission envisages that some of those responsibilities could be carried out via council organisations and council-controlled organisations, but that would be a matter for the elected Auckland Council to determine.

15.24 The three categories of functions in Box 15.1 are briefly described below, and in more detail in chapters relating to social issues, shared services, transport, planning, water, solid waste, and civil defence emergency management.

Regional policy and plan making

15.25 The elected Auckland Council will set policy for all aspects of local government in Auckland.⁷ For the first time in Auckland, related functions will be brought together. For example, the Auckland Council will be able to develop both transport and land use strategies. These functions are related and interdependent, and there will be significant benefits to the citizens of Auckland in bringing them together.

15.26 The elected Auckland Council will also have an advocacy function for Auckland that extends beyond issues where it has direct powers, for example it will be an advocate in relation to social well-being, security of electricity supply, and installation of broadband.

15.27 As emphasised elsewhere in this report, an integrated approach to Auckland's governance is essential. The Commission recommends that this should be achieved through a hierarchical system of plans, which are few in number and closely interlinked. There will be a single long-term council community plan ("LTCCP") for all activities of the Auckland Council and local councils, and an overarching spatial plan that coordinates plans for growth, economic development, and social well-being. This is described further in Chapter 24, "Planning for Auckland". Local councils will have input into the content of policies and plans, but the elected Auckland Council will make the final decisions.

15.28 The spatial plan and infrastructure investment plan should inform Auckland's social and economic strategies, the regional policy statement and district plan developed under the Resource Management Act 1991, and specific service delivery strategies. The relationships between these plans is summarised in Figure 15.2. The Auckland Council

6 Many Acts confer functions on local authorities. A selection is listed in Chapter 3, "Auckland's Existing Local Government Arrangements".

7 In relation to social issues, this will be carried out by the Social Issues Board, as described in Chapter 9.

15. The Elected Auckland Council

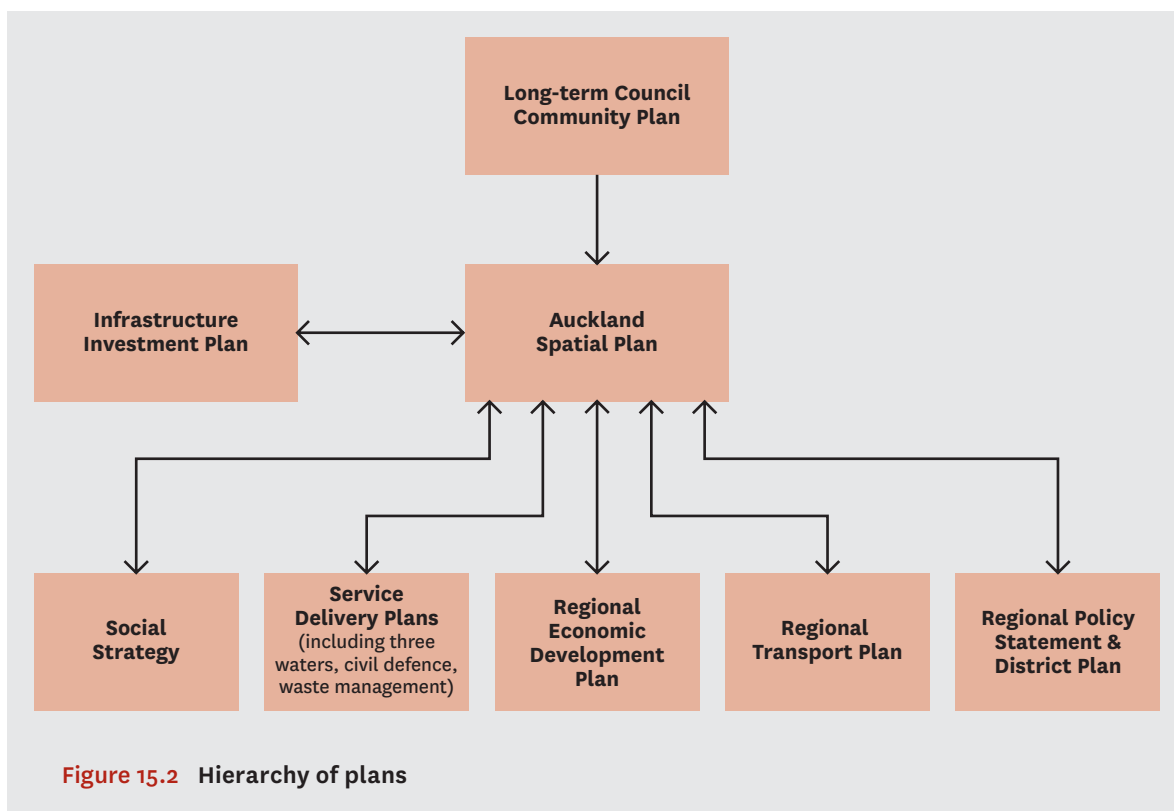


Figure 15.2 Hierarchy of plans

should move swiftly to develop these plans, using as a basis existing work including One Plan, the Auckland Regional Economic Development Strategy, and work under way on the new regional policy statement, regional land transport strategy, Auckland Transport Plan, and existing district plans.

Regional network and service delivery

15.29 The elected Auckland Council will be responsible for region-wide network services, including the arterial road network, water collection and supply, wastewater treatment, and solid waste management. As noted above, some networks might be managed by council-controlled organisations or council organisations, but the elected Auckland Council will be responsible for strategic direction.

15.30 Local service delivery will be primarily a function of local councils. Some local services may require a high degree of local differentiation. It will be important to ensure that there is no overlap of service provision functions between the elected Auckland Council and local councils.

Administrative services

15.31 The Auckland Council will provide administrative services for itself and local councils for all back office functions including setting and collecting rates, accounting, treasury, asset management and other financial functions, human resources, payroll, and computer systems. These will all be overseen by the elected Auckland Council. Administrative arrangements are discussed further in Chapter 32, “Achieving a High-Performance Auckland Council”.

Delegations

15.32 The elected Auckland Council will have power to delegate some of its duties and powers to local councils. The elected Auckland Council will be prohibited by existing law from delegating certain functions to local councils, namely

- regional policy-making functions
- power to make or levy rates
- power to make a by-law
- power to make a regional or district plan or to make plan changes.

15.33 These exclusions reinforce the status of the elected Auckland Council as the only body that can make regional policy,⁸ rates, by-laws, and district plans. This ensures that there is no competition between elected bodies on these important matters.

15.34 Apart from the excluded matters, the elected Auckland Council will have wide discretion to delegate powers to local councils, and the Commission anticipates that local councils will often take responsibility for regulatory enforcement.

Chief executive officer

15.35 The role of the chief executive officer of the Auckland Council will be of the utmost importance. That person will be responsible for the day-to-day running of the entire Auckland Council including local councils. He or she will have responsibility for employing all council staff at both the regional and local level, and for ensuring that council policy is implemented effectively.⁹ This will be a position comparable to that of the chief executive of the largest Government departments and the largest New Zealand private corporations. Attracting and recruiting the right person for the role is crucial.

15.36 The first chief executive must be a person with experience in running a large organisation, as well as having skills and experience in restructuring and establishing new organisations, and developing a new culture. He or she will be an experienced change manager who has the skills to build a culture to fit the new focus of the Auckland Council.

15.37 As noted in Chapter 33, the Establishment Board will appoint an interim chief executive for the Auckland Council. The Commission recommends that the State Services Commissioner should also be involved in this appointment process and also in any subsequent appointments of chief executive officers. In the case of subsequent appointments to the role of chief executive officer, a panel consisting of the Mayor of the Auckland, the deputy mayor, and the State Services Commissioner should recommend a shortlist of candidates for consideration by the council.

8 “Regional policy” cannot be exhaustively defined but includes the matters referred to in the left hand column of Box 15.1.

9 This excludes CCO staff, who will be appointed by the chief executives of CCOs.

15. The Elected Auckland Council

15.38 For both the interim and later appointments the State Services Commission could also assist with

- developing the job description of the chief executive’s position
- managing the candidate search services
- designing a robust performance management framework for the chief executive.

Relationship between elected members and management

15.39 This is an issue that affects both the regional and local levels of the Auckland Council.

15.40 Section 39 of the LGA 2002 articulates a number of governance and management principles, including a requirement that a local authority must ensure that the relationship between elected members and management of the local authority is effective and understood.

15.41 The exact nature of the relationship is a common point of contention on which there are differing points of view. For example, in his background paper for the Commission, Professor Robin Hambleton noted that the interplay between leadership and management is vital in local government. He says that it is misguided to assert that “politicians lead” and “officers manage”. In fact, he states, both have roles to play in leadership and management.¹⁰

15.42 *The Knowhow Guide to Governance*, which is produced jointly by Local Government New Zealand, the Department of Internal Affairs, and the New Zealand Society of Local Government Managers, acknowledges this tension:¹¹

The rule of thumb is the elected members decide what the local authority should be doing, staff provide policy advice on issues and carry out the decisions, and the elected members review the performance of the organisation in achieving the objectives. Of course, things are never that simple. Citizens hold “their” elected member responsible not only for the “what” but the “how”. In practice there is no clear demarcation between what is “governance” and what is “management”.

15.43 The Commission considers that this ongoing tension and debate is healthy. It confirms that, to the extent applicable, the principles in section 39 of the LGA 2002 should continue to apply to councillors both within the elected Auckland Council and at the local council level.

10 Hambleton, Robin, “Civic leadership for Auckland: An international perspective”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 530–531.

11 Local Government New Zealand, the Department of Internal Affairs and the New Zealand Society of Local Government Managers, *The Knowhow Guide to Governance Under the Local Government Act 2002*, p. 25.

Relationship with local councils

15.44 The governance of Auckland will be shared between the elected Auckland Council and the local councils. Each will have an important role to play and it will be crucial that each respects the role of the other. The success of the relationship between the two levels of the Auckland Council will depend in part on

- the cultures of each elected body (in particular whether the members of elected Auckland Council and the local councils take on board the fact that they are all part of the same organisation and act accordingly)
- the extent to which the members of the elected Auckland Council understand that in order for the organisation as a whole to function effectively, a local voice and influence is essential.

15.45 Within those general parameters, the elected Auckland Council will have a supervisory role over local councils, with an obligation to set frameworks and standards, including performance targets for service delivery. Auckland Council will monitor and oversee local councils' financial performance of local functions, make regional policy within which local councils must work, direct local councils on matters affecting Auckland Council functions, and monitor local councils' performance of delegated functions.¹²

15.46 The local councils will have specific functions under statute, and functions delegated to them by the elected Auckland Council. The local councils will be expected to undertake their statutory responsibilities in accordance with the plans and policies of the elected Auckland Council, including the provisions of the LTCCP and any delegation. Provided local councils are doing so, there would be no justification, nor any legal basis, for the elected Auckland Council to modify or rescind a local council decision. The elected Auckland Council will need to maintain close control over any delegated functions, however, to ensure that the details of the delegation are being observed.

15.47 It is anticipated that the relationship between local councils and the elected Auckland Council will be defined in a three-yearly governance agreement, whose purpose will be to ensure effective shared governance, and cooperation, coordination, and communication between the Auckland Council and each local council. The contents of this agreement are detailed in the next chapter.

15.48 To ensure that information about community needs reaches the regional level, a strong and formal feedback loop from local councils to the elected Auckland Council must be established. The draft Auckland Act prepared by the Commission provides for a number of further interface mechanisms.¹³ These include

- a requirement that the mayor convene meetings with the chairpersons of each local council no less often than monthly

¹² In relation to social issues, strategy development, outcome and target setting, and monitoring will be the responsibility of the Social Issues Board, as described in Chapter 9.

¹³ Chapter 31, "Statutory Reform" contains a draft Auckland Act.

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- provision for the mayor and Auckland Council members to attend and speak (but not to vote) at meetings of each local council (it is expected that Auckland Council councillors would organise to do this on a rotational basis, to ensure a member of the Auckland Council is always present at each local council meeting)
- provision for the chairs of local councils to attend and speak (but not to vote) at meetings of the Auckland Council
- a requirement for the mayor to convene, at least quarterly, plenary meetings of the Auckland Council, every local council, and community board members. Auckland electorate members of Parliament and Minister will also be invited to attend and speak.

15.49 On a day-to-day basis it is essential that there be good information flows between the elected Auckland Council and local councils and a collaborative approach. Local councils will be able to submit on any draft region-wide plans, policies, and service standards of the Auckland Council, advising it of relevant community needs and views.¹⁴ It is also expected that officers will work together on a day-to-day basis.

15.50 In the long term, the credibility of the Auckland Council will depend on the quality of its region-wide policies and implementation. In the short term, however, it will substantially depend on public perceptions of the effectiveness of its local service delivery. If the Auckland Council is not seen to be effective locally, this will not only result in poorer outcomes at the community level but will also undermine its ability to influence and lead on the bigger picture issues. Clearly, the local councils must be seen to be effective at the local level from the outset.

Relationship with central government

15.51 It will be important for the Auckland Council to develop and maintain a strong partnership with central government. This will recognise the central importance of Auckland to New Zealand, and New Zealand to Auckland. Central government needs to have Auckland's priorities presented to it in an accurate and consistent way, and it needs to have confidence in the ability of the Auckland Council to make good decisions and to deliver in an effective and efficient way. Having created an effective Auckland Council as the Commission proposes, central government should then allow the Auckland Council to influence Government decision making, working in partnership for the greater good of Auckland and New Zealand.

15.52 Enhanced Auckland governance will enable an improved and better coordinated interface between Auckland and central government. To make the most of these new opportunities, Auckland needs to have a clear channel of communication to the Government. The Commission envisages that there will be a Minister for Auckland who

¹⁴ In relation to social issues, the Social Issues Advisory Group will also provide information (data, social mapping, and the like) to support local initiatives, as described in Chapter 9.

will be a senior Cabinet Minister. Just as the Mayor of Auckland would be the voice of Auckland in dealing with the Government, the Minister would be the Government's voice on Auckland issues. The Minister for Auckland should attend meetings of the Auckland Council, and meet regularly with the Mayor of Auckland and Auckland councillors to discuss matters of mutual interest.

15.53 The Minister for Auckland would report to a Cabinet Committee for Auckland made up of the Ministers holding budgets for significant expenditure in Auckland. It would include for example the Ministers of Infrastructure, Transport, Social Development, Economic Development, Local Government, Health, and Education, and the Rugby World Cup (at least for the next few years). The Cabinet committee will meet as a whole at least every six months, but more frequently in part, with relevant Ministers meeting on particular issues as required. A key role of the committee will be to set priorities for Government spending in Auckland and to decide the allocation of discretionary funding.¹⁵ The Cabinet committee would also keep oversight of events of international significance affecting Auckland, such as the Rugby World Cup.

15.54 The Cabinet Committee for Auckland should be supported by an officials committee made up of the chief executives of relevant Government departments. The Government might consider presenting a notional "budget for Auckland" that brings together all Government revenue and expenditure from Auckland. This could assist the Government in ensuring that Government and Auckland policies are properly aligned. Improved coordination between Government departments and Auckland local government will make policy more sensitive to regional realities and imperatives, and ensure more efficient public investment.

15.55 The Commission expects that this model will be supported by close working relationships between Government agencies and Auckland Council agencies (for example the Regional Transport Authority will work closely with the New Zealand Transport Agency). There will be considerable bilateral officer-to-officer contact at many levels. The Commission recommends that joint decision-making boards be established to set strategy and guide spending in the areas of social development and transport as described in Chapter 9 and Chapter 25 respectively. It is anticipated that current Government department initiatives to coordinate with local authorities in Auckland, such as the Government Urban and Economic Development Office and the Social Policy Evaluation and Research Committee, will continue.

15.56 In relation to social well-being, the Commission is proposing that local and central government work together through a Social Issues Board. This board will be the core governance body for social issues, binding local and central government together in a shared decision-making and accountability structure. The board will be supported by a Social Issues Advisory Group made up of officials. The Social Issues Board will make decisions on a regional strategy, and will present joint recommendations to the Cabinet

¹⁵ In relation to social issues, the Cabinet Committee for Auckland will receive recommendations from the Social Issues Board about resource allocations to support implementation of the Social Issues Strategy.

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Committee for Auckland and the Auckland Council for decisions on resource allocation. The decisions will then be implemented by the appropriate Government department and/or Auckland Council team. The Social Issues Board will also be responsible for setting outcomes and targets, and monitoring progress.

15.57 Some submitters suggested that a strong Auckland Council could be seen as a potential rival to central government. The Commission does not accept that this would be so. The relationship between Auckland Council and the Government will be one of interdependence and partnership, centred around shared decision making and accountability. The Auckland Council will not have any power under the Commission's model to commit Government expenditure in any particular way and the Government will not have the power to commit council's expenditure. It is proposed, however, that the joint decision-making bodies for social well-being and transport should allow for alignment and integration, and be binding on both where agreement has been reached.

15.58 More generally, the Commission believes that as long as there are regular meetings and protocols to formulate the relationship and responsibilities, the inevitable occasional tensions should be manageable.

15.59 The Commission believes that it is important to have prior agreement between the parties on the objectives and scope of the partnership. Waitakere City Council commissioned a report which identified matters that might be included in any agreement, namely "Protocols or high level Principles between the parties outlining the scope of the relationship; the visions, strategies, significant investments and initiatives; respective funding allocation; the joint work programme; the level of political engagement; the level and type of stakeholder and community engagement; and provision for debate and disagreement".¹⁶

15.60 The Commission notes that a range of models for formal arrangements between central and local government are in use internationally, many with a statutory basis.¹⁷ These range from specific bodies with joint central and local government membership such as the Welsh Partnership Council established under the Government of Wales Act 1998 (UK), to protocols or memoranda of understanding such as the South Australian State-Local Government Relations Agreement 2004. The latter contains a set of objectives and shared understandings for the relationship, agreed principles (on mutual recognition, communication, and consultation, financial relations, and shared strategic directions) and agreed processes.

16 Brookfields Consultants Ltd, *Effective Relationships and Collaborative Arrangements between Central and Local Government, A Report prepared for the Waitakere City Council*, April 2008, p. 2.

17 *Ibid.*, p. 3.

Inter-regional cooperation

15.61 As discussed in Chapter 1, “Why Auckland Matters”, New Zealand’s economy consists of specialist economic activity taking place in different parts of the country. Decisions made and events that occur in Auckland affect other parts of the country and vice versa. Obvious examples include cross-border effects resulting from variations in water and air quality, or decisions about infrastructure that influence economic activity such as commuting between regions.

15.62 These impacts are felt most immediately between neighbouring regions – in Auckland’s case, Northland, Bay of Plenty, and Waikato – requiring regular contact and cooperation to address problems and capitalise on synergies. While it is anticipated that existing cooperative mechanisms will continue on specific issues, the Commission considers that there is scope for a broader-based consultative forum involving the four regions of the upper North Island, namely Northland, Auckland, Waikato, and Bay of Plenty, given the strong interconnections and dependencies between the regions. For example, construction of a fast rail link to Hamilton would require significant inter-regional cooperation.

15.63 Accordingly, the Commission recommends the convening of an annual forum comprising the Auckland Council and relevant interest groups (including regional and territorial councils and business groups) from the Northland, Waikato, and Bay of Plenty regions on matters of mutual and topical interest. This might include discussion of economic development initiatives, infrastructure, growth management issues, environmental issues, and tourism. The Commission sees the value of this forum to be in promoting, and responding to in a coordinated way, the high growth in these four neighbouring regions. It is proposed that the Minister for Auckland might convene and chair this forum.

15.64 It is also important for Auckland and for New Zealand that sound relationships should exist between the main centres of Auckland, Wellington, Christchurch, and Dunedin. It is essential that the leadership of these four cities should cooperate with each other to ensure the best results for New Zealand. The Commission anticipates that the current intercity forum will continue, but the Auckland Council will need to make special efforts to establish good relationships with other parts of New Zealand.

Performance oversight

15.65 The Auckland Council will be subject to the ordinary checks and balances contained in current local government legislation, including

- electoral and political processes
- planning and budgeting through the LTCCP system
- use of the special consultative process for other important proposals
- annual reporting

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- audit by the Auditor-General (including performance audit) under the Public Audit Act 2001
- codes of conduct for elected members, under the LGA 2002, and application of the Local Authorities (Members' Interests) Act 1968 in respect of financial interests of members (these to apply to the elected Auckland Council and local councils)
- local Government Official Information and Meetings Act 1987, including documents and meetings of Auckland Council and local councils and their committees
- the jurisdiction of the Ombudsmen to investigate administrative complaints.

15.66 In addition, some other checks and balances might be appropriate to ensure that the Auckland Council delivers value for money, given the large size and scope of the council. The Commission expects that the Establishment Board will consider this when it designs the internal monitoring and internal audit functions. The Commission envisages that the role of the proposed Audit and Risk Management Committee of the council would include monitoring and reporting on internal financial control, effectiveness and efficiency, deterring fraud and corruption, and legal compliance. Auckland Council will be required to appoint a services performance auditor.¹⁸

Public involvement

15.67 The Auckland Council will have many opportunities to engage with, and receive input from, the public as follows:

- The election of Auckland councillors will provide the usual democratic avenues to the public.
- As is the case now, there will be formal opportunities for people to provide input into proposed new policies and plans. For example, the public will retain their rights to submit on major documents such as the LTCCP, plans under the Resource Management Act 1991, and the regional transport plan. The Commission's unitary authority structure, however, will reduce the number of formal consultations. The Auckland Council will produce and consult on just one LTCCP and one district plan, instead of eight of each as is currently the case.
- The Commission envisages that the elected Auckland Council, particularly the Mayor of Auckland, will be highly visible and actively involved in targeted and proactive discussions on issues of strategic importance to the region. The Commission recommends that the Mayor hold a minimum of four "Mayor's Days"

¹⁸ Provided for in the draft Auckland Act in Chapter 31.

in different parts of Auckland, to meet the public and receive their feedback and input on Auckland's direction.¹⁹

15.68 It is also anticipated that the Auckland Council will take a fresh approach to engagement, streamlining formal processes and developing innovative new ways to connect with its communities, in order to overcome the disconnection and dissatisfaction with current processes identified as a core problem of Auckland's current local governance in Chapter 11, "Defining the Problems". A key consideration in relation to improving social well-being outcomes will be effective engagement with priority populations such as Māori, Pacific, other ethnic groups, young people, and people on low incomes.

15.69 The Commission also anticipates that the Auckland Council will wish to encourage wider collaboration between Auckland local government and interested parties in the public, private, and non-profit sectors. One aspect of this will be to gain access to additional sources of revenue and capital investment. The coordination of strategic planning and investment by Auckland Council will provide opportunities to generate investment by other parties in Auckland.

15.70 Commissioners were impressed by the contribution made to city governance by well-informed interest groups in North America and London. "Civic thought leaders" are people instrumental in fostering public debate and developing fresh approaches to issues facing a city. In the course of its inquiry, the Commission met with a number of such organisations and individuals, passionate about Auckland, and its success. Often these groups can mobilise responses to urban problems without direct local government involvement. The Tindall Foundation's Omega Project in Auckland (described in Chapter 10) for facilitating migrant employment is one example. In the case of the central business district, the Heart of the City business group has lobbied and worked with the Auckland City Council to improve the image of the central city, building on its heritage and upgrading amenities and services. The Committee for Auckland works on a variety of projects to improve Auckland. The Commission would encourage the Auckland Council to consider how best to facilitate more input and involvement from such groups in Auckland's governance.

15.71 It is also expected that the Auckland Council at Auckland and local levels will wish to partner with business, education, not-for-profit groups, and other agencies to address shared objectives. Examples of entities in which the Auckland Council is expected to have a continuing interest include the New Zealand Innovation Centre, which fosters commercialisation of research (Manukau City Council and the University of Auckland currently partner in this arrangement), and the Tamaki Transformation Programme, which brings together communities, central government agencies (including Housing New Zealand Corporation, Ministry of Social Development, and health agencies) and local government (Auckland City and Regional Councils) to redevelop and increase housing, upgrade infrastructure, enhance social services, and increase economic performance.

¹⁹ The role of the Mayor of Auckland is discussed in more detail in Chapter 19.

Recommendations

Composition, role, and functions

- 15A** The Auckland Council should comprise 23 councillors elected or appointed as follows:
- 10 councillors elected at large
 - eight councillors elected in four urban wards
 - two councillors elected in two rural wards
 - two councillors elected at large by voters on the Māori electoral roll
 - one councillor appointed by the Mana Whenua Forum.²⁰
- 15B** The role and functions of the Auckland Council should be as prescribed for unitary authorities under the Local Government Act 2002 and other legislation, and as may be additionally prescribed in any future legislation referring specifically to the Auckland Council or any of the abolished local authorities.
- 15C** The Auckland Council should be responsible for all asset management, debt management, and revenue raising. It will also develop one set of financial plans and policies for Auckland. There will be one rating system for Auckland and ratepayers will receive one rates bill.
- 15D** The Auckland Council should operate a hierarchical and integrated planning framework as outlined in Chapter 15. There will be a new regional spatial plan and one district plan for Auckland.
- 15E** The Auckland Council should be responsible for the production of the long-term council community plan and annual plans as required by the Local Government Act 2002, for its own operations and the operations of local councils. There will be one long-term plan and annual plan for Auckland.

Advisory panels

- 15F** The Auckland Council should establish advisory panels and groups as necessary to ensure appropriate expertise is available to it.
- 15G** The Auckland Council will appoint an Appointments Advisory Panel which will assist the Auckland Council to recruit directors or representatives to serve on

²⁰ See Recommendations 22B and 22C.

boards of council-controlled organisations, external entities (for example the Auckland Museum Trust Board), advisory panels, and forums.

Relationship with local councils

- 15H** The relationship between Auckland Council and each local council should be governed by a three-yearly governance agreement negotiated in the year following each local body election.
- 15I** The Auckland Council's annual report under the Local Government Act 2002 should include separate sections on the operations of the elected Auckland Council and each local council.

Chief executive

- 15J** The State Services Commissioner should be asked to assist in developing the job description and design of the performance management framework, and in conducting the initial screening and short-listing for the chief executive.

Relationship with central government

- 15K** The Government should enter into a partnership agreement with the Auckland Council and appoint a senior Government minister as Minister for Auckland; in addition it should appoint a Cabinet Committee for Auckland comprising Ministers with portfolios of significance to Auckland. The Cabinet Committee should be supported by an officials committee.
- 15L** The functions of the Cabinet Committee for Auckland should include
- a) consulting with the Auckland Council through the Minister for Auckland
 - b) setting priorities for Government spending in Auckland and deciding on the allocation of discretionary funding
 - c) overseeing events of international significance affecting Auckland.

Relationship with other regions

- 15M** The Auckland Council should meet regularly with representatives of the neighbouring regions of Northland, Waikato, and Bay of Plenty to consider issues of mutual interest.
- 15N** The Minister for Auckland should consider convening an annual forum comprising the Auckland Council and relevant interest groups (including regional and territorial councils and business groups) from the Northland, Waikato, and Bay of Plenty regions to discuss matters of mutual and topical interest.

15. The Elected Auckland Council

Transition

- 15O** The Establishment Board should review all current council advisory panels and groups and report to the Auckland Council on which current advisory groups should be continued by the Auckland Council.
- 15P** The Establishment Board should appoint an interim Appointments Advisory Panel. It will assist the Establishment Board to
- a) undertake the review of existing advisory panels described above
 - b) prepare draft terms of reference for new and continuing advisory panels
 - c) identify potential candidates for such panels
 - d) recruit interim directors for council-controlled organisations, as necessary.

16. Local Councils

16.1 This chapter describes the structure and role of the four urban and two rural local councils which the Commission proposes be established.

Status of local councils

16.2 The Commission proposes that there should be four urban and two rural local councils in the Auckland region. The Commission recommends that each of the six local councils should have Māori names to recognise the Māori heritage in the region and the kaitiakitanga¹ responsibilities of Māori. The Commission has been unable to identify a suitable Māori name for Rodney Local Council but recommends that one be identified after consultation with mana whenua². The provisional names of the local councils will be

- Rodney Local Council
- Waitemata Local Council (formerly North Shore)
- Waitakere Local Council
- Tāmaki-makau-rau Local Council (formerly Auckland)
- Manukau Local Council
- Hunua Local Council (formerly Franklin).

16.3 These new names will need to be confirmed by the Local Government Commission when it finalises local council boundaries. As noted above, there should be consultation with mana whenua before final adoption.

16.4 Local councils will be a new form of local government for New Zealand. Special legislation will be required to constitute them, and to describe their functions.

16.5 The Auckland Council and the local councils will share the governance of Auckland. Local councils will not be autonomous bodies and so will not be able to exercise the open-ended power of competence provided to local authorities under section 12 of the Local Government Act 2002 (“LGA 2002”). Their functions will be those set out in a schedule to the proposed Auckland Act (detailed in Chapter 31, “Statutory Reform”), together with such additional functions as are delegated to them by the elected Auckland Council. The elected Auckland Council will be the only one of the elected bodies capable of exercising the duties and powers of a local authority under the LGA 2002.

¹ Kaitiakitanga – guardianship.

² Mana whenua – local Māori with ancestral ties to the land.

Proposed boundaries and composition of local councils

16.6 The areas within the proposed jurisdictions of the six local councils will correspond to some extent with the jurisdictions of the seven existing territorial authorities, and where practicable, will utilise existing premises and service centres.

16.7 There will be four urban councils and two rural councils. The four urban councils will have the following features:

Waitemata Local Council will serve most of the area currently comprising North Shore City together with the Hibiscus Coast Ward of Rodney District. It will service a total population of approximately 260,000 people. The Waitemata Local Council will have 15 councillors, two for each of seven wards, and in addition, a local council chair appointed by councillors.

Waitakere Local Council will serve substantially the same area as the present Waitakere City. As is currently the case, the estimated population served by the council will be 198,000. Waitakere Local Council will have 11 councillors, two elected from each of five wards, and a local council chair.

Tāmaki-makau-rau Local Council will serve the area of the current Auckland City (including the islands of the Hauraki Gulf), but without the city centre and waterfront. The estimated population served by the council will be 397,000. The council will comprise 22 councillors, two elected from each of 10 wards, one elected from a Hauraki Gulf ward, and a local council chair.

Manukau Local Council will serve the area of the current Manukau City, together with the urban area of Papakura District (excluding the rural areas of both former councils which are to be included in Hunua Local Council). Manukau Local Council will have an estimated population of 387,000. It will be served by a council of 21 councillors, with 20 councillors from 10 wards, and a local council chair.

16.8 The two rural local councils will be constituted as follows:

Rodney Local Council will serve the area currently included in the Rodney District, excluding the Hibiscus Coast but including small areas outside the metropolitan urban limits presently within North Shore and Waitakere Cities. The estimated population will be 54,000. It will be served by a council of seven councillors, six elected from three wards, and a local council chair.

Hunua Local Council will serve the area of the current Franklin District, with the exception of Onewhero and Kaiaua, which will be transferred to Waikato District. The Hunua Local Council will also include the rural areas of Clevedon, Ardmore, and Drury, which are rural areas currently included in Manukau City and Papakura District. The estimated population of Hunua will be 73,000. It will be served by a council of seven councillors, six elected from three wards, and a local council chair.

Table 16.1 Proposed model – six local councils

New local council/ Offices	Members/Wards	Existing territorial authority, population	Population
Rodney To be chosen	6 members and chair 3 × 2-person wards	Rodney District Council, 94,660 <i>less</i> Hibiscus Coast Ward (RDC), 41,000	54,000
Waitemata Takapuna, Orewa	14 members and chair 7 × 2-person wards	North Shore City Council, 220,000 <i>plus</i> Hibiscus Coast Ward (RDC), 41,000	260,000
Waitakere Henderson	10 members and chair 5 × 2-person wards	Waitakere City Council, 198,000	198,000
Tāmaki-makau-rau To be chosen	21 members and chair 10 × 2-person wards 1 × 1-person island ward	Auckland City Council, 433,000 <i>less</i> City Centre ¹ , 36,000	397,000
Manukau Manukau	20 members and chair 10 × 2-person wards	Manukau City Council, 354,000 <i>less</i> Clevedon (MCC), 10,000 Papakura District Council, 48,000 <i>less</i> rural areas, Ardmore and Drury, 5,000	387,000
Hunua Pukekohe	6 members and chair 3 × 2-person wards	Franklin District Council, 62,000 <i>plus</i> Clevedon (MCC), 10,000 <i>plus</i> Ardmore and Drury (PDC), 5,000 <i>less</i> Onewhero, 4,000	73,000

Source: Statistics New Zealand, estimate of population, 30 June 2007. *Table footnote:* ¹The City Centre and Waterfront will have a community board with functions delegated by Auckland Council. (See Chapter 17, “City Centre and Waterfront”.) City Centre population taken from 2006 Census figures. *Notes:* MCC, Manukau City Council; PDC, Papakura District Council; RDC, Rodney District Council.

16.9 Local councillors will be elected in two-member wards, each with a population (in the urban councils) of around 40,000 people (see Tables 16.1 and 16.2).³ However, there will only be one ward member for the Hauraki Gulf given the small total population of this area.

16.10 Final definition of wards and their boundaries will need to be undertaken by the Local Government Commission.

16.11 The Commission considers that the success of these structural arrangements should be reviewed after a suitable period of time. Once the Auckland Council has been established, further adjustments to the local council tier might be justified, and may be easier to implement as a separate stage of reorganisation. In particular, the

³ The electoral processes for multi-member wards are set out in the Local Electoral Act 2001. The Act provides, for example, that in a two-councillor ward each voter would have the ability to vote for two candidates, and the two highest polling candidates in the ward would be elected to council. Both councillors would have equal status.

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Table 16.2 Proposed local council wards

Rodney Local Council	Waitemata Local Council	Waitakere Local Council
3 wards	7 wards	5 wards
<ul style="list-style-type: none"> • North • Central • West 	<ul style="list-style-type: none"> • Hibiscus Coast • East Coast Bays • Albany • Takapuna • North Western Area • South Western Area • Central Western Area 	<ul style="list-style-type: none"> • Glen Eden-New Lynn • Te Atatu-Glendene • Henderson • Waitakere-Titirangi • Massey
Tāmaki-makau-rau Local Council	Manukau Local Council	Hunua Local Council
11 wards	10 wards	3 wards
<ul style="list-style-type: none"> • Onehunga • Remuera • Meadowbank • Eastern Bays • Tamaki • Western Bays • Avondale • Mt Eden • Mt Roskill • Mt Albert • Hauraki Gulf 	<ul style="list-style-type: none"> • Mangere • Papatoetoe • Manurewa • Otahuhu • Botany • Pakuranga • Howick • Otara • Clendon • Papakura 	<ul style="list-style-type: none"> • East • Pukekohe • Waiuku

Auckland Council might consider further dividing the Manukau and Tāmaki-makau-rau local councils. The Commission does not recommend such steps at this stage, in part because of the short time frames envisaged for the implementation of the Commission's recommendations (in time for the 2010 council elections), and because of the potential cost burden of undertaking additional reform during a period of economic downturn. In addition, Auckland Council will be in the best position to judge whether in the future the delivery of local services and engagement would be best met by additional local councils. One of the factors to be considered in the future creation of new local councils is whether the number of wards and the number of council representatives exceed a manageable total. The Commission anticipates that it would be undesirable for local councils to have substantially more than 10 wards or 20 councillors.

Role and functions of local councils

16.12 The Commission’s intention is that the local councils will focus on local engagement and the delivery of quality local services. Strategic issues will be determined by the Auckland Council, and in the case of social well-being, in partnership with central government. However, within their mandate the local councils described in this chapter will have a degree of independence and discretion in the way they deliver services and “place shaping”. This will enable them to respond to local needs and preferences. They will be an important part of the governance arrangements for Auckland and it is intended that they will determine most local issues. The results of the engagement by local councils with their community will feed back into their decision making on matters within their powers, and into Auckland Council processes where local preferences impact on Auckland-wide matters.

Place-shaping

16.13 The primary purpose of local councils will be to make their districts great places in which to live and work. A primary objective of local councils will be to achieve better engagement with communities, using new ways to connect with people, simplifying consultation and making it more purposeful. It is also expected that there will be improved community access to councils, including better online information using self-service and information technologies.

16.14 In their local service delivery role, local councils will benefit from the unified service delivery model proposed for the Auckland Council, which will provide for consolidation and sharing of back-office functions, more efficient purchase and supply management, and stronger financial, human resource, and information management systems.

16.15 The Lyons Inquiry into Local Government in the United Kingdom coined the term “place-shaping”, which it saw as a strategic role for local government. Place-shaping was defined as including the following components:

- building and shaping local identity
- representing the community
- regulating harmful and disruptive behaviours
- maintaining the cohesiveness of the community and supporting debate within it, ensuring smaller voices are heard
- helping to resolve disagreements
- working to make the local economy more successful while being sensitive to pressures on the environment
- understanding local needs and preferences and making sure that the right services are provided to local people

16. Local Councils

- working with other bodies in response to complex challenges such as natural disasters and other emergencies.⁴

16.16 The role that the Commission envisages for local councils includes all of the above. The Commission would add two more components of place-shaping:

- promoting and ensuring a high quality of urban design
- promoting acceptance of diversity and encouraging celebration of that diversity.

Legislative definition of functions, duties, and responsibilities

16.17 The Commission proposes that the functions, powers, and duties of local councils should be specified in legislation (see Chapter 31, “Statutory Reform”). The legislation will require a local council to

- focus on local amenity and the quality of the local environment
- liaise with local organisations on behalf of the Auckland Council
- prepare budget requests to the elected Auckland Council to provide local works and services, and manage the application of funds allocated to it
- work collaboratively with the elected Auckland Council to achieve effective local government in Auckland, by
 - establishing and maintaining effective mechanisms for engagement with its communities
 - assisting the elected Auckland Council in its decision making on region-wide issues by advising it of relevant community needs and views
 - under delegation, implementing regional projects or programmes locally
 - considering and reporting on all matters referred to it by the elected Auckland Council, or any matters of interest or concern to the local council
 - maintaining an overview of all services provided by the elected Auckland Council within the community in order to contribute a local perspective on their effective operation
 - preparing a community action plan once every three years and reviewing it annually, as described below
 - preparing an annual submission to the elected Auckland Council for expenditure within the area

4 Lyons, Sir Michael, *Lyons Inquiry into Local Government: Place-shaping: a shared ambition for the future of local government*, Final Report, The Stationery Office, London, March 2007, p. 3.

- recommending, as part of its annual submission to the elected Auckland Council, any special community rates to fund services or projects over and above those provided by the elected Auckland Council on a region-wide basis
- undertaking any other responsibilities that are delegated to it by the elected Auckland Council.

16.18 These broad roles are expressed as a list of potential functions, as set out in Box 16.1. This list will form a schedule to the relevant legislation. Local councils will also exercise the functions of territorial authorities in relation to community boards within their areas.

16.19 The functions noted in Box 16.1 are described in further detail below.

Regional policy

16.20 Local councils will provide input to regional policies but their key role will be implementing regional policies at a local level. In giving effect to Auckland Council policies and priorities, local councils might, for example, identify specific environmental or social problems and opportunities in their areas. Box 16.2 sets out an example of how a local council might do this.

Local operational policy

16.21 Local councils will have some autonomy in relation to local operational policy. This will include developing the local detail for implementation of wider regional policies made by the Auckland Council. Local councils will also have a policy-making role in relation to their functions and where statute requires, such as in relation to dog control or gaming machines. This policy role will be exercised within any general framework affecting such matters set by the elected Auckland Council.

Local service delivery

16.22 The most important role of local councils will be to deliver local services in a way that meets the needs and preferences of their communities and gives effect to regional policies.

16.23 The Commission proposes that a wide range of local functions as set out in Box 16.1 be undertaken by the local councils using their own discretion and judgment. It is important to ensure that local matters are addressed locally and the elected Auckland Council is able to focus on regional issues.

16.24 The common element of the delivery functions to be undertaken by local councils is that they will be important locally, but will have limited or no regional significance. For example, local roads (as distinct from arterial roads) make a significant contribution to local amenities, including as they do, street furniture, footpaths, street lights, street trees, lawns, and sometimes garden beds. The quality of these elements and changes to them are matters of importance to local residents, and the local council will be better placed than the elected Auckland Council to respond to local preferences. It should be noted that any direct delivery of social services by local councils should not duplicate central government responsibilities and should be part of the regional social well-being

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Box 16.1 Local council functions

Regional policy

- input into regional policy making
- input into district plan making¹
- implementation.

Local operational policies

In carrying out their role, local councils may make local operational policies within the scope of their statutory and delegated functions, such as—

- 1 Dog control policy (Dog Control Act 1996, section 10)
- 2 Gambling and gaming machine policy (Gambling Act 2003, section 101)
- 3 Liquor licensing
- 4 Brothels – control of location and signage (Prostitution Reform Act 2003)
- 5 District promotion, town centre promotion

Local service delivery functions

- 6 Road construction & maintenance (local roads – other than arterial), incl. parking, footpaths, street furniture and trees, naming, stopping, temporary closure
- 7 Street lighting, policy, location, style, under-grounding priorities
- 8 Footpaths, cycleways, and walkways, locations/priorities
- 9 Beautification, graffiti removal
- 10 Public information signage
- 11 Within MUL: administer district plan, hear and decide resource consents, monitor and enforce, except as called in by Auckland Council
- 12 Outside MUL: administer district plan, hear and decide resource consents, monitor and enforce, to extent delegated by Auckland Council
- 13 Building consents processing
- 14 Environmental health control (incl. food premises licensing)

Local service delivery (contd)

- 15 Animal control, impounding, welfare, incl. dog registration, microchipping
- 16 Local parks (as defined by Auckland Council)– maintain, develop, allocate space, hire, create new parks, concessions, including making reserves management plans (Reserves Act, section 41)
- 17 Recreation centres, local sports facilities
- 18 Promotion of sport & physical activity
- 19 Community centres, halls, & facilities
- 20 Entertainment and cultural venues (local)
- 21 Litter control, by-law enforcement
- 22 Road and public place safety
- 23 Public toilets – locations, maintenance, and cleaning
- 24 Beach control (use, cleaning, sand), shoreline development for public use
- 25 Events promotion (memorials, celebrations, entertainment, fireworks, markets)
- 26 Camping grounds
- 27 Crime prevention
- 28 Leadership & facilitation on social issues
- 29 Artworks – location, development, and approval
- 30 Minor safety works, set priority of projects
- 31 Citizens Advice Bureaux
- 32 Local art galleries and museums
- 33 Anything else delegated by Auckland Council, such as—
 - libraries
 - swimming pools
 - housing
 - cemeteries and crematoria
 - specific local economic development roles.

Administrative functions

In carrying out their role, local councils must—

- 34 Monitor and report on their performance in implementing regional policies
- 35 Prepare community action plans – submit these to Auckland Council, implement, and monitor.²

Community engagement functions

In carrying out their role, local councils must—

- 36 Identify the needs and preferences of their communities, and articulate them to the Auckland Council, and other public and private sector entities (place-shaping)
- 37 Adopt methods such as consulting, arranging polls, meetings, and surveys to identify community needs and preferences on any matter, and submit such findings to Auckland Council
- 38 Support local charities, sporting, recreational, and cultural groups, including, where appropriate, by grants of money
- 39 Consider what form of community engagement is appropriate
- 40 Consider what form of service delivery is appropriate, whether directly, by joint ventures with other councils, through special-purpose agencies, CCOs, or otherwise.

Table footnotes: ¹ See Chapter 24. ² See text (16.41–16.43). CCO, council-controlled organisation; MUL, metropolitan urban limit.

Box 16.2 Waitakere City twin streams project

Waitakere City Council's Project Twin Streams is an example of "place-shaping" as it is envisaged by the Commission. It is an example of leadership by a council to mobilise a broad community in support of a particular goal, benefiting the environment as well as strengthening communities and social networks. The council describes the project as follows:

The focus of the project is on restoring 56km of stream banks but the vision is wider. The council works with local communities that live alongside the stream, who carry out planting and maintenance – either at community planting days or via local organisations and businesses which adopt specific areas. The project looks at how land within the catchment, [and] how households can become more sustainable, and how cycle and walkways along streams can reconnect communities while providing opportunities for recreation. The project's main objective is to improve the streams and waterways within its area. The project is doing this in a number of ways: such as replanting 56 kilometres of stream banks and purchasing some properties which are situated within the stream's natural route. The stream bank plantings will improve stormwater (the rainwater that runs off land into our drain system firstly and then into our rivers and streams) by creating buffer zones along the stream banks. These plantings will also help create the environment and habitat which encourages an increase in the number of native fish, birds, bats, lizards, geckos and insects in and around the streams.¹

Between 2003 and 2008, 372,877 plants were planted as part of the project. The council predicts that these trees will absorb the annual emissions from 15,000 cars travelling 15,000 km per annum.

¹ Extracts from www.waitakere.govt.nz/AbtCit/ne/twinstreams.asp, accessed March 2009.

strategy and funding/implementation plan (described in Chapter 9, "Promoting Social Well-Being").

16.25 It is anticipated that legislation establishing local councils will recognise the independence and discretion of local councils acting within their mandate and defined scope of functions. The Commission proposes that legislation provide that

- functions, powers, and duties exercised by local councils must comply with all adopted plans and policies of the elected Auckland Council
- the elected Auckland Council may not modify or rescind a decision taken by a local council where that local council was acting in accordance with a delegation from the Auckland Council or under statutory authority.

16.26 Local councils should not be given responsibility for planning decisions that could compromise the regional growth strategy. Box 16.1 distinguishes resource consents in the rural area beyond the metropolitan urban limit ("MUL") from those within the MUL. Planning decisions affecting the regional growth strategy should be made by the elected Auckland Council.

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16.27 The Commission envisages that additional functions will be delegated to local councils by the elected Auckland Council and will be specified in the three-yearly governance agreements between the elected Auckland Council and the local councils. The three-yearly governance agreements are discussed further below.

Community engagement functions

16.28 Community engagement will not be a stand-alone function, but will be a way to ensure the effectiveness of the delivery of the local councils' specific functions, especially by ensuring that place-shaping is effective, and that the right services are delivered to the right people. As indicated in Box 16.1, the Commission anticipates that local councils will actively seek to identify the needs and preferences of their communities, using a variety of engagement techniques, and will be an advocate for their communities.

16.29 In making their areas good places to live, local councils will also be required to look beyond the services and functions they themselves are delivering, and to engage with others working in the community – including central government agencies such as the police and health (for example, district health boards), the education sector, business groups, volunteers, and not-for-profit groups. Local councils might, where appropriate, exercise a positive facilitating role in helping these entities work together for the good of the community, for example, by highlighting particular needs, and providing leadership where appropriate. In some instances it may be as simple as providing people in the community with places where they can meet. This outward-looking leadership role was evident in the London Borough of Lewisham, which the Commission visited, where the council has taken an active role in advancing the social needs of the communities the council serves.

16.30 As noted in Box 16.1, it is also anticipated that local councils will support local charities, and sporting, recreation, and cultural groups. Potentially, they will provide such groups with funding or other resources where this is appropriate and within budgeted resources.

16.31 The importance and benefits of promoting cultural diversity are discussed in detail in Chapter 10, "Culture, Recreation, and Diversity". Local councils will have an important role to play in responding positively to diversity through the services they provide and the character of the community they seek to build. An example is promoting festivals that celebrate the communities within their areas. In this respect local councils will be able to build on the work already done by their predecessors such as Manukau City Council in recognising and celebrating Pacific cultures. The elected Auckland Council is expected to make broad regional policy in relation to these issues, to which local councils will give effect through local policies they will develop and implement.

Elected members

16.32 Local councils will not have a mayor. The chair of each local council will be a councillor who is elected to the chair by a vote of councillors in accordance with the

LGA 2002.⁵ Upon appointment, the chair of a local council will cease to have any formal role as a representative of the ward from which he or she was elected; the next highest polling candidate in the same ward will be deemed to be elected as one of that ward's representatives in place of the chair.

16.33 The chair of a local council will be the first among equals, essentially having the same role as other councillors, with limited additional powers: to chair the meetings, to exercise a casting vote, to be the council's spokesperson, and to attend Auckland Council meetings (of the full council, not committees) with speaking, but not voting, rights.

16.34 As mentioned earlier, it is proposed that local councillors will be elected in two-member wards. Urban wards will each have a population of around 40,000 people. Providing for a representation ratio of one councillor to every 20,000 electors will enable councillors to engage closely with the people they represent. Multi-member wards are favoured by the Commission in order to encourage ward councillors to work together on matters of local interest, and to provide greater depth in the perspectives drawn from individual wards.

16.35 Councillors in each ward will share ward offices located in service centres, libraries, or other existing community facilities, or with citizens' advice bureaux or community groups. These locations will help councillors to carry out their responsibilities to consult with local people and organisations. The method of consultation will be set by the local council, with consideration for the special needs and characteristics of particular areas.

16.36 It is expected that the commitments of a local councillor will be able to be met on a part-time basis in order to encourage a broader pool of candidates to serve. Council business will need to be tailored to recognise that councillors' time is limited, and needs to be put to optimum use. There should be reduced paperwork, and mechanisms to improve efficiency might be considered, for example, setting maximum lengths for council and committee meetings and using technology such as teleconferencing to reduce the need for physical attendance at some meetings. The time commitment of the local council chair will be greater than for councillors. As with elected members of the Auckland Council, local councillors' remuneration will be set by the Remuneration Authority within the criteria under the existing legislation.⁶

16.37 There will be a number of legislative requirements designed to ensure close cooperation between the members of the elected Auckland Council and the six local councils respectively:

- Councillors from the elected Auckland Council and all local councils will meet together several times each year in a plenary conference to discuss current issues and to help formulate pan-Auckland strategies.

5 Local Government Act 2002, Schedule 7, Part 1, clause 25.

6 To give the Remuneration Authority jurisdiction, references to local council members and chairs should be added to LGA 2002, Schedule 7, clause 6.

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- Members of the elected Auckland Council will attend local council meetings, with a speaking but not a voting role.
- The chairs of local councils will attend elected Auckland Council meetings, with a speaking but not a voting role.
- There will be a three-yearly governance agreement between the elected Auckland Council and each of the six local councils (see below).

16.38 Unlike the elected Auckland Council, local councils will not have a regular relationship with central government. It is recognised local councils may need to interact with staff of Government departments on a regular basis on operational matters.

Three-yearly governance agreement

16.39 The relationship between the elected Auckland Council and each of the local councils will be subject to a three-yearly governance agreement, required by statute. The purpose of the governance agreement will be to ensure effective cooperation, coordination and communication. Each governance agreement must include the following:

- the process for determining the powers, functions, and duties to be delegated by the Auckland Council to the local council
- ensuring sufficient staff to support the local council and adequate access to specialist staff
- monitoring and review of the adequacy of staff support
- the outcomes to be achieved by the local council in developing and maintaining networks and processes for community engagement and consultation
- methods for identifying matters other than local matters on which the Auckland Council must consult a local council, and the processes and timing for doing so
- the process by which the Auckland Council will collaborate with the local council in the event of decisions of regional significance being made related to facilities located within the local council area
- coordination of the preparation, consultation on, and adoption of the long-term council community plan or annual plan and the community action plans
- managing the preparation of district and regional plans as they affect the local council area and the processing and determination of applications for resource consents and plan changes in relation to matters of local significance
- resolution of disputes, including disputes between or among local councils
- protocols for communication with third parties in relation to matters that are the responsibility of either the Auckland Council or the local council

- regular monitoring and review of the provisions in the governance agreement
- such other matters as the Auckland Council and the local council may agree.⁷

16.40 Many of the points covered in the three-yearly governance agreement will need to be matched to budgets allocated in the long-term council community plan (“LTCCP”) and community action plans, referred to below.

Community action plan

16.41 The local council will, once every three years, prepare a community action plan. The plan will be prepared by the local council in coordination with the elected Auckland Council’s LTCCP or annual plan. The community action plan will cover a period of at least six financial years. The plan will, to the extent determined by the local council, describe

- outcomes for the social, economic, environmental, and cultural well-being of the community
- how these outcomes have been identified
- how the elected Auckland Council and the local council will contribute to furthering these outcomes
- the specific activities and the programmes and projects comprising them that will, as their main purpose, contribute to these outcomes
- budget allocations requested by the local council and any related proposals
- alignment with regional strategies.

16.42 The local council will recommend a final community action plan to the elected Auckland Council for adoption before the commencement of the first financial year to which it relates. The three-yearly governance agreement will contain details of timelines for making the community action plan, and integrating the community action plan process into the process for making the LTCCP and annual plans by the elected Auckland Council.

16.43 In the years when an annual plan is produced, each local council will make a submission to the Auckland Council in regard to its programmes and budgets for the year.

Staff support for local councils – community offices

16.44 All council staff will be formally employed by the Chief Executive of Auckland Council. In practice, however, the Commission expects that delegated authority for local council staff employment will be conferred on local council managers.

⁷ See Schedule 2 clause 3 of the draft Auckland Act, Chapter 31, “Statutory Reform”.

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16.45 Each local council will have a dedicated “Local Council Manager” based in the local council office. The key roles for this person will be

- to manage the local office
- to manage staff assigned to the local council (subject to delegation from the chief executive)
- to ensure implementation of decisions made by the local council
- to ensure monitoring of the implementation of projects and programmes within the community
- to manage the development of community action plans
- to advise and support the elected local council
- to ensure the local council has access to appropriate specialist reports and advice
- to ensure the local council is advised as to its roles and responsibilities, and is resourced to achieve them
- to maintain an overview of Auckland Council services within the community on behalf of the local council and the community.

16.46 The local council manager will be the key individual to whom the elected local council will look for organisation and support. There will also be a range of specialist staff based in each local council office. These staff will be a part of the elected Auckland Council activity units (such as planning consents, roads, or parks) but on a day-to-day basis will form part of the local council office team led by the local council manager.

Financial arrangements

16.47 Only the elected Auckland Council will be empowered to set a rate or set other charges. Local councils will have no borrowing powers, or other financial powers such as powers to enter into public-private partnerships. All assets will be owned by the Auckland Council.

16.48 Although local councils will not be able to set rates, they will be able to request the elected Auckland Council to set rates for specific purposes identified in the community action plan, such rates to be levied within their particular community. Local councils may also request that the Auckland Council levy a community rate on its behalf for specified additional or enhanced services or projects (subject to a special consultative procedure).

16.49 The Commission’s reasons for recommending the use of community rates are several:

- The communities served by local councils will be diverse in nature. This diversity will include widely varying property values and incomes, widely varying

perceptions in terms of standards of urban amenity, and widely varying history, cultural values, and environments. It is the essence of local government to be able to reflect such differences.

- If significant local variation is not accommodated, it will result in antagonism between local councils and the elected Auckland Council, especially in those communities that aspire to higher standards.
- The need to justify funding levels to electors is a powerful accountability discipline for local councillors. The fact that local councils will have significant delegations and will be able to influence local rates means that they must also be responsible for managing community expectations and must at times make hard choices.

The rural areas of Rodney and Hunua

16.50 Many submitters urged the Commission to take into account special considerations applying to rural areas. The Commission agrees that these particular considerations are valid and important. It has identified a number of values that are important to protect in relation to the region's rural areas. These include

- amenities and open space for all people of the region
- the need to prevent undesirable urban sprawl – this has important implications for the development of economic transport modes and infrastructure in urban areas
- food production
- ecological, landscape, and coastal values
- governance and local democracy for residents of rural areas, to ensure that rural voices are heard
- service delivery to residents of rural areas.

16.51 The values listed above fall into two main categories: the needs of rural Auckland, and the needs of urban Auckland. There will inevitably be tension between those who want to preserve the rural open space, and those who want to subdivide and develop, and it will be the responsibility of the elected Auckland Council, in partnership with local councils, to find common ground.

16.52 To ensure that there is adequate representation over the large geographical areas of Rodney and Hunua, the Commission proposes six councillors and a chair for each rural local council. The level of representation in relation to population will substantially exceed that of the four urban authorities. Special statutory provision will need to be made to ensure that this continues.

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16.53 In general, the Rodney and Hunua Local Councils will have the same structure and constitution as the urban local councils. However, resource consent delegations to those two local councils will be less extensive to ensure protection of the MUL. Local council administration of the district plan and consideration of resource consent applications will be constrained. Urban councils will have a broad power to deal with all consents, subject to an Auckland Council power to call in consents with regional implications; rural councils will have more limited consenting powers as delegated by the elected Auckland Council. The Commission proposes that rural local councils should have no responsibilities for determining applications for subdivision that would create urban densities or patterns of land use that might be a precursor to urban density or private plan changes directed to these ends.

16.54 Delegations for the development of infrastructure, including wastewater, water supply, and rural drainage, might be made to rural local councils. These might be limited to the works necessary to service rural density and rural activities.

Hauraki Gulf islands

16.55 The Commission proposes that the Hauraki Gulf islands will be in the Tāmaki-makau-rau Local Council area. Of the proposed local councils, Tāmaki-makau-rau Local Council has the closest connection to the islands. It is the successor to the Auckland City Council, and is the most appropriate local council to manage Waiheke Island and the other islands currently within Auckland City Council's jurisdiction.

16.56 The Commission received many submissions that were critical of Auckland City Council's management of the islands. Submitters said that the unique character of the islands was not recognised or understood by Auckland City Council.

16.57 Submitters from Waiheke Island were particularly trenchant in their criticisms. Many submitters believed that their ward councillor has insufficient power to influence the decisions of Auckland City Council in relation to matters affecting Waiheke. In addition, many submitters considered that the Waiheke Community Board has no real authority to manage the affairs of the island and that Auckland City Council ignores community board recommendations and input. An example cited to the Commission was that it was only after a council standing committee had set in place a course of action that would see large "wheelie bins" used for a kerbside domestic refuse collection on Waiheke that the Waiheke Community Board had the opportunity to comment on the scheme. In the view of the community board, the scheme was inappropriate for Waiheke conditions as it failed to take into account factors such as the number of steep driveways, narrow winding roads, and lack of footpaths on the Island.

16.58 The Commission accepts that the relationship of the Auckland City Council with many Waiheke residents has not always functioned well. The main problem seems to be that most decisions are made in downtown Auckland. The Commission experienced a small example of lack of local delegated authority on Waiheke Island when it visited the island to hear submissions; see Box 16.3.

Box 16.3 Democracy in action: six hours to borrow 20 chairs

New Zealand Herald, 11 July 2008, by Bernard Orsman

It took four levels of bureaucracy the best part of six hours to get 20 plastic chairs for yesterday's [Royal Commission] public hearing on Waiheke Island. What began as a straightforward request turned into a "bizarre" ordeal for Pita Rikys, a local who helped organise the hearing.

"What would you normally do to get some chairs? You go to the Ostend service centre and say, 'Hi Eric, can I get some chairs from the hall?'"

Instead of a simple 'help yourself', ... a local Auckland City Council officer, said "No" and referred Mr Rikys to the council's headquarters in central Auckland. Mr Rikys said he spoke to a young man, who said he would have to speak to his manager and would ring back.

"He rang back and said his manager would have to get authority from another manager."

The next call Mr Rikys received was to tell him he could not borrow the chairs. After much toing and froing stressing the importance of the meeting, the council bigwigs in town relented and allowed Mr Rikys to borrow the chairs.

"It's totally bizarre, isn't it?" Mr Rikys said.

16.59 Unlike most Waiheke submitters, many submitters from Great Barrier Island asked for representation to continue through the ward councillor and community board as part of a "greater Auckland" city. They were content to remain part of the current Auckland City Council, as long as representation was assured, and the community board was more empowered and better funded.

16.60 The Commission believes that a better governance relationship can be established between the islands' communities and the Tāmaki-makau-rau Local Council than exists with the current Auckland City Council. In part, this is because the local council will have community engagement as its main focus.

16.61 To further ensure that the distinctive needs of Waiheke and Great Barrier Islands are taken into account by the Tāmaki-makau-rau Local Council, the Commission recommends the retention of the Waiheke and Great Barrier Island community boards. For the reasons set out in Chapter 13, "Alternative Models for Reform", the Commission has not recommended the general continuation of community boards, but it considers that exceptions are justified in relation to these two small island communities. Given the unique characteristics of the islands, and their physical distance from the Town Hall, the Commission agrees that more decisions should be made locally.

16.62 In particular, they should have delegated to them the power to decide how to deliver some local services, and have a discretionary budget for this purpose. The budget will be fixed under the local council's community action plan. Powers to run

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community halls and reserves should be included. The Commission anticipates that the community boards for Waiheke and Great Barrier Islands will provide a special channel of communication for the islands to the Tāmaki-makau-rau Local Council table, and will provide them with a level of local autonomy.

Recommendations

- 16A** The membership of local councils (including chairs) should be as follows:
- Rodney Local Council – 7 members
 - Waitemata Local Council – 15 members
 - Waitakere Local Council – 11 members
 - Tāmaki-makau-rau Local Council – 22 members
 - Manukau Local Council – 21 members
 - Hunua Local Council – 7 members.
- 16B** Local councils should be elected by wards, with generally two members per ward.
- 16C** The chair of each local council should be appointed by councillors. Upon appointment, the chair will cease to have any formal role as a representative of the ward from which he or she was elected; the next highest polling candidate in the same ward will be deemed to be elected as one of the ward's representatives in place of the chair.
- 16D** The role and functions of local councils should be as described in Chapter 16 and set out in the draft Auckland Act prepared by the Commission. Additional functions, beyond those specified in legislation, may be delegated by the elected Auckland Council.
- 16E** Local councils should be subject to a statutory requirement to engage with their local communities, and should be innovative in the way that they consult.
- 16F** Each local council should be responsible for producing a draft community action plan as part of the Auckland Council's long-term council community plan.

- 16G** Waiheke and Great Barrier Island Community Boards should have greater delegated powers than at present, including the management of community halls and reserves, and powers to decide on some local services covered by a budget allocation.

Transition

- 16H** The Establishment Board should prepare draft delegations of authority for the Waiheke and Great Barrier Island Community Boards for the consideration of the Auckland Council.

17. City Centre and Waterfront

17.1 The management of Auckland’s city centre and waterfront area is not just a local issue but one of regional and national importance. As indicated in previous chapters, the Commission considers that the proposed Auckland Council should have a special governance responsibility for the Auckland city centre and the waterfront area (comprising the area shown in Figure 17.1 and described in Chapter 18, “Boundaries”),¹ to reflect its regional and national significance.

17.2 Specifically, the Commission considers that the Auckland Council should establish a committee to make policy regarding the city centre and waterfront area, particularly in relation to development, urban design, urban management, and planning.

17.3 The Commission recommends that there be a community board for the city centre and waterfront, with powers delegated to it by the Auckland Council.

17.4 The Commission also recommends that any future development of the waterfront area and its interface with the city centre be carried out by a city centre and waterfront development agency with the capacity to design and implement a “master plan” for the area, as opposed to the piecemeal approach taken to date, and to foster collaboration between multiple stakeholders in the area.

17.5 In this chapter, the Commission discusses the above arrangements for the city centre and waterfront area, and sets out the reasons why the Commission believes that they are desirable.

Importance of city centre and waterfront area

17.6 Over the past 20 years, city centres have been a major focus of cities seeking to improve their international competitiveness and attractiveness, as the role of dense and successful city centres in wider regional and national growth has become clear.

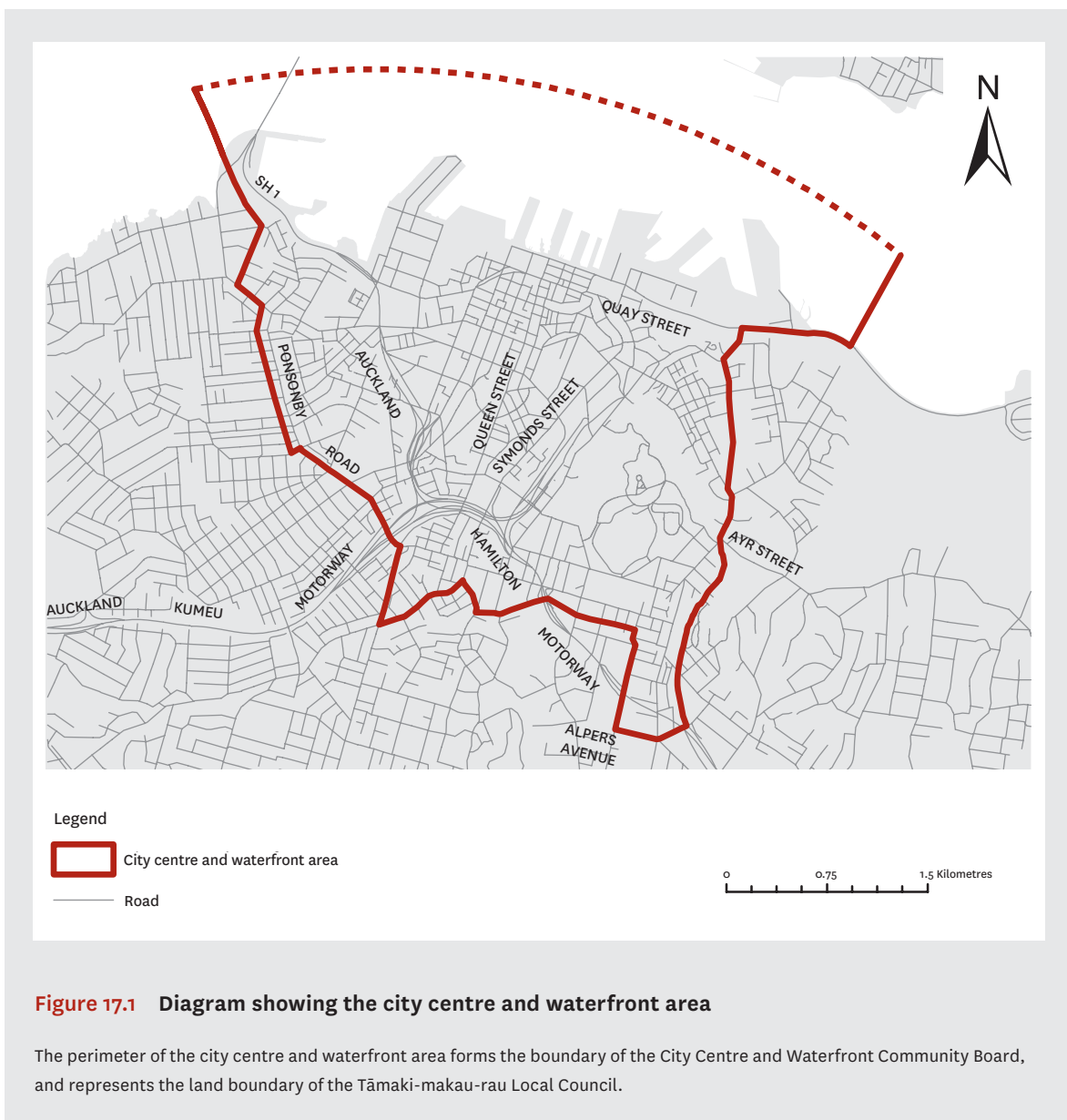
17.7 In most developed countries of the world, Governments have realised that the era of “out of town” retail centres and office parks to support sprawling populations and car dependency is an unsatisfactory model for long-term economic, social, and environmental success. It has tended to undermine city centres, directly reducing the value of existing assets and sunk investments².

17.8 Thus, wherever major cities have gone through successful governance reform, close attention has been paid to the role of city centres. Examples include Johannesburg and Cape Town, which moved to larger metropolitan unitary authorities and immediately

¹ The area includes the central business district, parts of Parnell and Ponsonby, and Newmarket.

² In economic terms, “sunk investments” are those which cannot be recouped or sold. In this context, it means investments in infrastructure such as roads, electricity, and water supply, and development of urban centres.

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started to implement better city-centre management activities, including safety and sanitation, urban regeneration, improved marketing, and enhanced visitor experiences. Similar changes can also be seen in London as a result of governance reform (these changes have encouraged new business improvement districts in the city centre), in Melbourne as a result of new regional strategy, and in New York as a result of concern about business flight and disinvestment. In Toronto, the failure to address city-centre management effectively has been a weakness of reforms undertaken in 1998, and is only now being addressed over 10 years later.

17.9 In the cities visited by the Commission (that is, Brisbane, Melbourne, Vancouver, Seattle, Toronto, and London), the dominance of the city centres was very apparent. Although the Commission did not visit Sydney, the members of the Commission (and no

doubt many readers of this report) are familiar with that city. Again, there is no question that the centre of Sydney is the dominant part of the greater metropolitan area.

17.10 In many respects Auckland’s city centre and waterfront area is also the dominant part of the region, despite Auckland’s more polycentric structure. It is the focus of its education sector, and of its professional, financial, business, entertainment, and creative activities.³ Many of the region’s key institutions, such as libraries, universities, galleries, courts, theatres, hospitals, hotels, and large businesses, are concentrated in this area.⁴ Increasingly, it is also being recognised as a desirable location in which to live, if the quality of city centre life can be enhanced.

17.11 Importantly, Auckland’s city centre and waterfront area is the focus for visitors to the region. Typically, it is one of visitors’ first impressions of the city (and, for international visitors, of New Zealand) and it has an important role to play as Auckland’s “shop window” and the source of enduring memories of New Zealand.

17.12 The significant sunk investments in a wide range of infrastructures, amenities, and facilities that the city centre houses means that there is a financial incentive for government and the private sector to support the city centre to make use of existing investments, and where possible to enhance and augment them.

17.13 The importance of Auckland’s city centre is widely recognised. In the *International Review of Auckland Metro-Region* prepared for the Metro Auckland Project Team in 2006, the city centre was described as the essential core or heart of any city region.⁵ The report had this to say:

“Places have an impact on our sense of self, our sense of safety, the kind of work we get done, the ways we interact with other people, and even our ability to function as citizens in a democracy. In short, the places where we spend time affect the people we are and can become.”

There are five ‘senses’ that have been identified over the past decade as having a considerable impact on place and thus on the economic health of cities. Put differently, “making a space great is a pre-requisite to the economics of the area!”

3 Auckland City Council, *Blueprint: Growing Auckland’s creative industries*, May 2007, p. 23 (available at www.aucklandcity.govt.nz/council/documents/blueprint, accessed February 2009). Three-quarters of Auckland city’s creative sector employment is located in the city centre and fringe areas including Ponsonby, Newton, Grafton, Newmarket, and Parnell.

Auckland City Council, *Snapshot: Auckland’s creative industries*, November 2005, p. 35 (available at www.aucklandcity.govt.nz/council/documents/snapshot, accessed February 2009). Auckland’s city centre alone has the same level of creative employment as the whole of Wellington City and 25% more than Christchurch City.

4 The number of people using the city centre each day is 260,000. Of these, 7% are city centre residents, 30% are students, and 5% are overseas tourists. Thirteen per cent of the employment in the Auckland region is in the city centre.

5 *International Review of Auckland Metro-Region*, prepared for Metro Auckland Project Team, July 2006, p. 34 (available at www.arc.govt.nz/economy, accessed February 2009).

17. City Centre and Waterfront

- A sense of place – the need to differentiate and express the particularity of one’s city
- A sense of identity – cultural and physical attributes are critical to differentiation
- A sense of evolution – the physical fabric of a city must reflect its functional, cultural aesthetic and historical evolution
- A sense of ownership – a good city is one that teaches citizenship in the deepest sense of the word, and such cities are not only teachers but are themselves always learning how to be better places
- A sense of community – an acknowledgement of the obligations to and interconnectedness with all the residents

Inner Cities or CBDs have the ability to capture all of these senses while ensuring that the ‘sense of place’ which is created remains unique and rooted in the local culture. Auckland’s City Centre must seek to foster these senses through the creation of ‘place’ within the Region.⁶

17.14 It has been said that if New Zealand is to prosper Auckland must prosper. The Commission believes it is equally true that if Auckland is to prosper, the city centre and waterfront area must prosper.

Relationship between city centre and waterfront

17.15 The fact that Auckland’s city centre has developed around a beautiful harbour gives it an immediate advantage, but the potential to showcase the harbour’s natural beauty, and the functional and amenity values it offers, has not yet been realised fully.

17.16 The Commission believes that the interface between the city centre and the waterfront is one of the most important issues facing Auckland, and it has been emphasised in other parts of this report (for example Chapter 8, “Environment, Urban Design, and Heritage”).

17.17 It is essential that any development of the city centre and the waterfront be carried out in an integrated, joint manner. The international review referred to above observed,

The CBD and Waterfront are critical to the success of New Zealand and the whole Auckland region. Existing efforts and interventions aimed at revitalisation should be redoubled and the scope of support should be enlarged to make this an important national and regional project. The progress of the CBD and the Waterfront should be undertaken in tandem as a single project.⁷

17.18 In particular, it will be important to maximise the linkages between the two areas, to ensure better connectivity and complementarity, and to avoid potential competition between them. At present, pedestrians in Auckland’s city centre are cut

6 Ibid., p. 34.

7 Ibid., p. 6.

off from the waterfront both physically and visually. Integrated “master planning” for the waterfront and its relationship with the city centre has proved difficult as a result of the different ownership and other interests involved, and the competing priorities of different stakeholders. The waterfront’s largest landowner is the Auckland Regional Council, through its ownership interest in Auckland Regional Holdings and Ports of Auckland. Auckland City Council owns Westhaven Marina (which it acquired with central government assistance), and it also owns or leases other smaller areas along the water’s edge. Auckland City Council also controls most of the land-based access points to the waterfront. Private entities have ownership interests in key areas of land adjacent to Fanshawe Street stretching down to Britomart.

17.19 There is no overarching governance model for the waterfront, no “master plan”, and no combined delivery model. Voluntary cooperation has resulted in some progress (for example, the America’s Cup Village and planning for the Wynyard Quarter), but voluntary arrangements are subject to obvious limitations and may prove unworkable in the long term. They are also not up to the scale of the task required in terms of urban redevelopment and urban management.

17.20 In more general terms, it is appropriate to stress the importance of the linkages between the city centre and waterfront to the rest of Auckland and indeed New Zealand. The linkages to the airport between the port and the rail and highway system, and the linkages between the city centre and the rest of Auckland, are all vitally important if the area is to thrive. These connections and linkages are essential for an effective commercial platform, for better commuter experiences, and for productive supply chains. Better connectivity will reduce congestion as Auckland grows and allow city centre living to continue to develop.

17.21 As noted in Chapter 8, the Commission believes that it is not going too far to say that a successful master plan approach to the waterfront and city centre, and the linkages with the city as a whole, is crucial to the success of the Government’s objectives for Auckland and to the success of the city itself. A master plan should be the framework for enhanced public and private investment and better management of existing amenities and assets.

City Centre and Waterfront Committee

17.22 The Commission recommends that there be a committee of the Auckland Council to be known as the City Centre and Waterfront Committee. The Commission envisages that in order to signal the strategic importance of this committee, it will be chaired by the Mayor and will have as one of its voting members the Chair of the City Centre and Waterfront Community Board (see below). It will co-opt to its membership representatives of the business, education, cultural, and not-for-profit sectors.

17.23 The Commission recommends that the Establishment Board for the Auckland Council prepare draft terms of reference for the City Centre and Waterfront Committee for early consideration and adoption by the Auckland Council. The functions of the City Centre and Waterfront Committee will include the development of policy in relation to the city centre and waterfront, particularly in relation to development, urban design,

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and planning, and the oversight of a city centre and waterfront development agency (see below). Any policy developed by the City Centre and Waterfront Committee would be subject to approval from the full Auckland Council.

17.24 The cities visited by the Commission and the advice that it has received from international experts (in particular Greg Clark, the leader of the international review referred to earlier⁸) suggest it is essential that Auckland's city centre should have a broad mixture of uses and a balanced community. It must be a place that is attractive for families to live in and will therefore need to provide a full range of facilities for all sections of the community. To some extent these facilities already exist. There are primary and secondary schools either within, or just outside, the defined central city area and there is a wide range of shopping opportunities. The area must be made attractive for pedestrians. Ongoing attention will need to be given to parks, even if they are relatively small areas. Open space is essential for sustainable urban life, and can compensate for other factors such as traffic congestion, noise, and pollution, which detract from liveability.⁹ The open space of the harbour is a valuable asset for the future development of the city centre, but it is not enough. The creation and development of other open spaces is of vital importance as the population of the city increases. Much excellent work on the urban design of the city centre has already been undertaken by the Auckland City Council, and this can be adopted and built on by the committee.

17.25 Auckland's population is predicted to rise substantially in the coming decades,¹⁰ and the Commission anticipates that the City Centre and Waterfront Committee will have as a priority the intensification of the population of the whole city centre area. This process, referred to as "densification", and can be carried out in a sustainable, planned manner. It includes building high-rise buildings such as apartment blocks, as well as low-rise buildings that are more compact than houses and built closer together. Such planned development achieves the goals of being socially and environmentally sustainable, as well as preserving communities and public spaces. All these are issues that the Commission would expect to be reflected in the policy developed by the committee.

17.26 The City Centre and Waterfront Committee may also wish to consider investment mechanisms for the city centre area. These could include joint ventures with the business community, a city improvement district for rating purposes, or an additional rate levied on a negotiated basis for particular parts of the area and met, dollar for dollar, by the ratepayers in that area, to be used for agreed improvement purposes. Such mechanisms have proved to be very important in raising the investment rate in, and performance of, city centres across the world.

17.27 The likely functions of the City Centre and Waterfront Committee are set out in Box 17.1.

8 Greg Clark is an international expert on the growth, development, and planning of cities, to ensure they attract and keep high-value businesses and people. See www.gregclark.net.

9 See information on sustainable cities at www.sacities.net.

10 McDermott, Philip, "Auckland's Population", in Royal Commission on Auckland Governance, Report, *Volume 4: Research Papers*, Auckland, 2009, pp. 39–66 (available at www.royalcommission.govt.nz).

Box 17.1 Functions of City Centre and Waterfront Committee

The City Centre and Waterfront Committee would undertake the following functions:

- development of a vision and strategic direction for the city and waterfront for approval by Auckland Council
- development of policy in relation to the city centre and waterfront, subject to approval from Auckland Council (it is expected that the policy developed for this area will be considerably more detailed than that developed for urban areas generally)
- oversight of a city centre and waterfront development agency
- articulating city centre and waterfront interests and perspectives to Auckland Council
- making the city centre and waterfront area a good place to do business (activities include liaison with business and coordination of council development with business development)
- liaison with tertiary education sector, and coordination of council and education development
- liaison with the not-for-profit sector and other social agencies
- ensuring that the area is a great place in which to live, work, and play.

City Centre and Waterfront Community Board

17.28 The Commission also recommends that there be a community board with specific responsibility for undertaking the day-to-day management of the city centre and waterfront area in the same way as local councils do in other areas. More than 35,000 people live in the city centre,¹¹ and the number of city centre residents has increased exponentially.¹² Those residents will require the full range of services expected in urban areas.

17.29 According to a policy document prepared by the present Auckland City Council,

The CBD needs to provide sufficient social and community infrastructure to meet the needs of the changing resident population, which includes the increasing number of families with preschool and school-aged children.¹³

11 This is the estimated population of the area defined by the Commission as the city centre and waterfront area. For further details, see Chapter 18, “Boundaries”.

12 Over the five years to 2008, the city centre experienced 18% growth per year in the number of residents. Auckland City Council, *Auckland’s CBD Into the Future: CBD Action plan 2008–2011*, February 2008, p. 4 (available at www.aucklandcity.govt.nz, accessed February 2009).

13 *Ibid.*, p. 5.

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17.30 The Auckland City Centre and Waterfront Community Board should have a strong focus on delivering local municipal services and solving local problems, including monitoring and addressing small-scale “nuisance factors” such as petty crime, inadequate street lighting, inefficient waste collection, street cleaning, and noise issues.

17.31 The City Centre and Waterfront Community Board will also make recommendations on policy matters to the City Centre and Waterfront Committee of the Auckland Council, and will act as an advocate for the interests of the area.

17.32 Because of the importance of the city centre and waterfront area to the whole of Auckland, however, the Commission recommends that it be subject to much greater oversight by the Auckland Council than is proposed for the local councils. The Commission recommends, therefore, that all the powers of the community board should be delegated to it by the Auckland Council. The City Centre and Waterfront Community Board will not have the statutory powers that are proposed for the other local councils. However, the Commission expects that the Auckland Council would use those statutory powers as a starting point when considering the powers that should be delegated to the City Centre and Waterfront Community Board. It is important, as is emphasised elsewhere in this report, that the Auckland Council does not become involved in issues that are best handled at the local level. This principle applies as much to the community board as to the local councils, subject only to the need to ensure that what happens in the area is in complete accord with the policies developed by the City Centre and Waterfront Committee. In particular, the Commission would expect that the latter committee would retain a detailed oversight of resource management planning decisions.

17.33 The likely functions of the City Centre and Waterfront Community Board are set out in Box 17.2.

17.34 The Commission recommends that members of the City Centre and Waterfront Community Board should be elected at large. If election at large results in sections of the community not achieving representation, consideration could be given to dividing the area into wards at some future date. The area is, however, quite small in geographical terms and has a current population of under 40,000, so at this stage election at large would seem appropriate. The Commission recommends that there be six members of the board who will, after the election, appoint one of their number as chair.

17.35 As noted in paragraph 17.22, the chair of this community board would also be a voting member of the City Centre and Waterfront Committee. On a population basis, the area will have considerably greater representation than the rest of urban Auckland. The justification for this is

- the special importance of the city centre and waterfront area to Auckland, and indeed to the whole of New Zealand
- the diversity of functions concentrated in this area – particularly business, education, and residential functions
- the potential of this area for extensive redevelopment and intensification of population.

Box 17.2 Functions of City Centre and Waterfront Community Board

Within the terms of the policy set by City Centre and Waterfront Committee, the functions of the City Centre and Waterfront Community Board would be

- the provision of local services to residents and businesses, including local road maintenance, local parks and open spaces, recreation facilities, street furniture, building and environmental health regulation, street cleaning, litter, dog control, safety, streetlighting, waste collection, noise control, and car parking
- enhancing streetscapes, facilitation of special events (e.g. capping parades), arranging Christmas decorations
- engagement with residents and communities.

City Centre and Waterfront Development Agency

17.36 Many harbour cities around the world have recognised that their city centre and waterfront areas are strategic assets which are at the core of shaping and demonstrating quality urban design. Some cities have formed dedicated organisations to provide urban design and development leadership for waterfront revitalisation. For example, Melbourne has a regional urban development authority called VicUrban, which has undertaken the Docklands redevelopment, among other projects. The functions of VicUrban are very wide, and it has the power to

- purchase land for development for urban purposes
- develop land alone or in partnership
- develop land in Victoria for residential and other urban purposes
- provide a competitive market for land in Victoria
- promote best practice in urban and community design and development, having regard to links to transport services and innovations in sustainable development
- assist in the implementation of government urban development policies and strategies and to contribute to improvements in housing affordability
- undertake and manage projects on behalf of the Crown.¹⁴

17.37 Similarly, in Chapter 8, reference is made to the joint venture company formed to undertake the redevelopment of the waterfront in Toronto. That joint venture consists of the Government of Canada, the Province of Ontario, and the City of Toronto, which have joined forces to fund and manage an integrated master plan approach for the renewal of that city's waterfront.

14 Victorian Urban Development Authority Act 2003, section 7.

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17.38 The Commission recommends the establishment of a stand-alone development agency for the Auckland waterfront and its interface with the city centre.

17.39 The way in which this agency is to be governed and managed will be influenced by the nature of the parties involved. For example, it may comprise a joint venture between central government and Auckland Council. Alternatively, it could be operated as a council organisation managed by Auckland Council through the City Centre and Waterfront Committee. Whatever its constitution, it will be essential that it works with the proposed regional economic development agency to ensure common objectives.

17.40 Whichever model is adopted, the key issue is the establishment of a comprehensive development plan for the whole of the waterfront (even if as a matter of practical necessity actual development will be carried out location by location). The Commission recommends that the city centre and waterfront development agency take over the work currently undertaken by Sea + City Projects Limited, which has been set up to supervise development in the Wynyard Quarter. Its brief should encompass the whole of the waterfront area from Fergusson Wharf to the Westhaven Marina including redevelopment of the Wynyard Quarter.

17.41 In Chapter 8 the Commission recommends the formation of an Urban Design Panel to review all major development throughout the Auckland region. It will have a major part to play in reviewing the work undertaken by the development agency.

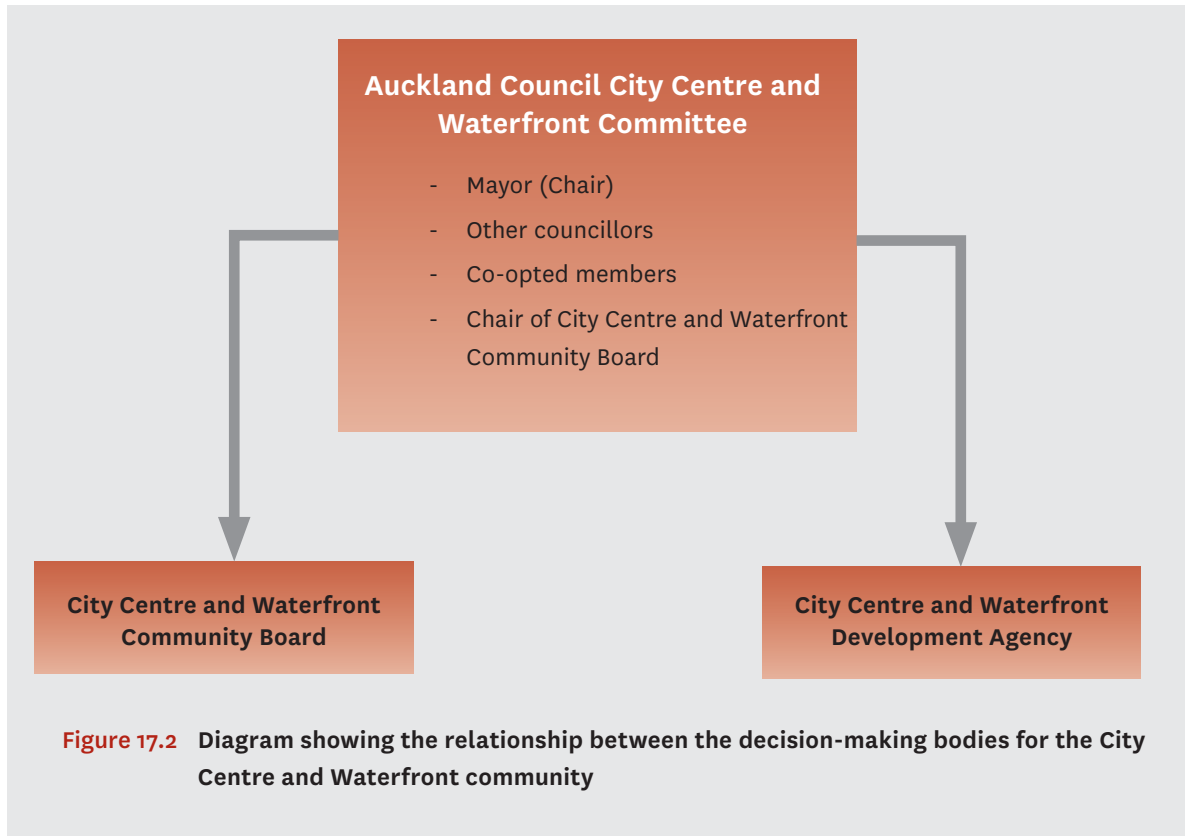
17.42 The international review referred to previously in this chapter emphasised the importance of ensuring that waterfront development is not carried out in isolation from the city centre, airport, and transport links and all other infrastructure and economic developments.¹⁵ It will be important that the composition of the agency reflects such concerns.

17.43 The same review also provided guidance regarding the nature of the development itself:

Waterfront developments have proved to have major economic benefits for many cities and the further development of the Auckland waterfront is strongly supported. However, a few words of caution:

- Firstly, more attention must be paid to integrating the waterfront development with the city.
- Secondly, the waterfront mustn't be allowed to become divisive in that it is perceived to only be catering for high-income residents and visitors. It can be a strong social integrator and provide employment opportunities for all levels.
- Thirdly, there appears to be very little commercial/retail activity within the waterfront development other than restaurants. Really successful waterfronts – Sydney, Cape Town, Baltimore, Vancouver – are characterised by a great deal of seven-day a week activity that comes from a balance and blend of cultural,

15 *International Review of Auckland Metro-Region*, p. 36.



sporting, residential and commercial activities as well as the fact that they are in themselves working harbours.¹⁶

17.44 The achievement of the above objectives will be a joint enterprise between the Auckland Council, the local council, and the development agency.

17.45 Figure 17.2 shows the relationship between the Auckland Council City Centre and Waterfront Committee, the City Centre and Waterfront Community Board, and the City Centre and Waterfront Development Agency.

¹⁶ Ibid., p. 35.

Recommendations

- 17A** The boundary of the city centre and waterfront area should be defined as shown in Figures 17.1 and 18.7, and as described in Chapter 18.
- 17B** This area should have the following governance arrangements to ensure that it is managed to achieve maximum benefit to the region:
- a) a City Centre and Waterfront Committee of the Auckland Council to execute the functions set out in Chapter 17, chaired by the Mayor of Auckland, with non-voting members co-opted from the business, education, cultural, and not-for-profit sectors.
 - b) a City Centre and Waterfront Community Board to execute functions and responsibilities delegated to it by the Auckland Council. It will comprise six members elected at large who will appoint one of their number as chair. The chair should be a voting member of the City Centre and Waterfront Committee.
- 17C** There should be a City Centre and Waterfront Development Agency to undertake planning and any further development of the waterfront area. This agency is to be established by the Auckland Council and/or central government.

Transition

- 17D** The Establishment Board should prepare draft delegations for the City Centre and Waterfront Community Board for the consideration of the Auckland Council.

18. Boundaries

18.1 This chapter describes the proposed boundaries of Auckland Council and its wards, and the local council areas and their wards. The chapter also describes the proposed boundaries of the City Centre and Waterfront Community Board area. The starting point for the Commission was its terms of reference, which provide for the Commission to investigate

what changes to the boundary of the Auckland region, or to the collaborative arrangements or mechanisms involving other regions across New Zealand, are considered desirable to achieve or support the achievement of the inquiry’s objectives;¹

18.2 The Commission’s proposals for the creation of the Auckland Council and local councils are set out in previous chapters. In considering boundaries for the Auckland Council and local councils, it was the Commission’s preference (for the reasons given in this chapter and Chapter 16, “Local Councils”) to utilise existing boundaries as far as possible. The existing Auckland Regional Council boundary, and existing territorial authority boundaries are shown in Figure 18.1. Submitters proposed numerous boundary changes, but the only changes recommended by the Commission are those considered necessary to support the proposed new local government arrangements.

18.3 The Commission has described the new boundary lines in detail sufficient to indicate general outcomes, but recommends that the precise determination of boundary lines be undertaken by the Local Government Commission. This point is discussed further at the end of this chapter.

Principles for fixing boundaries

18.4 The Local Government Act 2002 gives some guidance for the fixing of local authority boundaries. Salient points in the current context include the following:

- The boundaries of regions should conform with catchment boundaries if practicable; and the boundaries of regions and districts should conform with the boundaries of statistical meshblock areas determined by Statistics New Zealand.²
- If a territorial authority is a unitary authority (one that has the responsibilities, duties, and powers of a regional council), the boundaries of the district of the

¹ See Appendix A: Terms of Reference.

² Local Government Act 2002, Schedule 3, clause 4. A “meshblock” is the smallest statistical area used by Statistics New Zealand.

18. Boundaries

territorial authority and those of the region over which it has control, except the seaward boundaries, are the same.³

- Any reorganisation of a region or district should ensure that it contains sufficiently distinct communities of interest.⁴

18.5 With reference to the last item, “community of interest” has been defined as

a group of people in the residential locality and having one or more of the following three dimensions:

1. Perceptual: a sense of belonging to an area or locality which can be clearly defined.
2. Functional: the ability to meet with reasonable economy the community’s requirements for comprehensive physical and human services.
3. Political: the ability of the elected body to represent the interests and reconcile the conflicts of all its members.⁵

18.6 Additional factors identified by the Commission affecting the Auckland Council boundaries include the following:

- The boundary should facilitate implementation of the regional growth strategy, which requires management of urban sprawl by various policies affecting development in urban areas and surrounding rural areas.⁶ The Auckland Council must have jurisdiction in all relevant areas for any such strategy to be effective.
- The boundary should facilitate implementation of the regional transport plan, to achieve affordable, integrated, safe, responsive, and sustainable transport networks. It is desirable that the Auckland Council, which makes the strategy, has jurisdiction over most of the areas served by the urban transport networks.

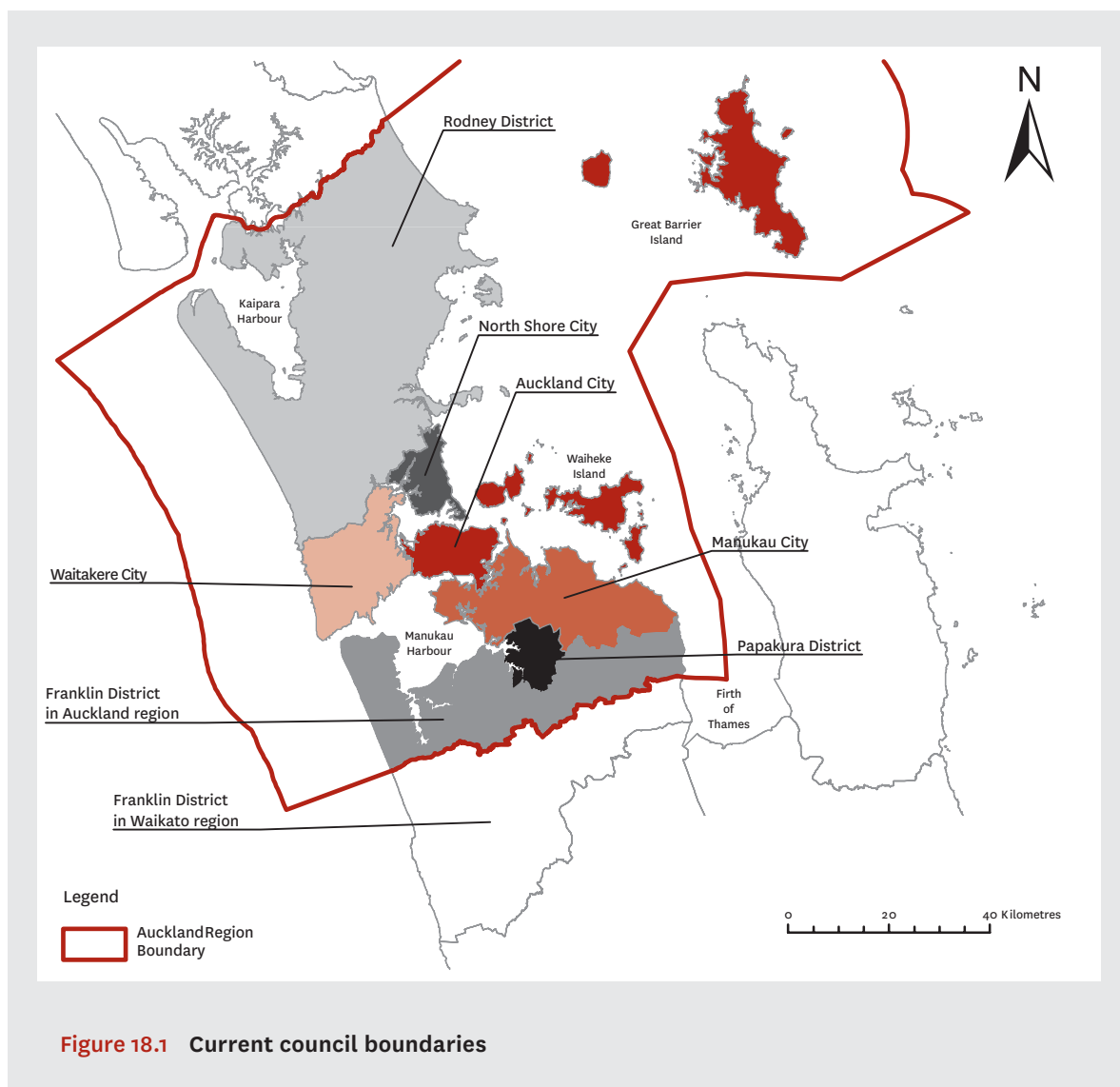
18.7 There are interconnections between growth and transport strategies, as discussed in Chapters 24, “Planning for Auckland” and 25, “Transport”. Transport networks, especially public transport, are least efficient where there is low-density and sprawling urban form. The creation of new roads and services can encourage sprawl that increases the difficulty of providing adequate public transport. It is important for the Auckland Council to have jurisdiction over transport networks, as well as development location, and density, in rural areas surrounding the current urban areas.

3 Local Government Act 2002, Schedule 2, Part 3.

4 Local Government Act 2002, Schedule 3, clause 3.

5 Fulcher, Helen, “The Concept Of Community Of Interest”, discussion paper prepared for the South Australia Department of Local Government, 1989 (available at www.dlg.nsw.gov.au/Files/CommissionsTribunals/bconcept.pdf, accessed January 2009).

6 Auckland Regional Growth Forum, *Auckland Regional Growth Strategy: 2050*, Auckland, 1999 (available at www.arc.govt.nz).



18.8 The regional growth strategy⁷ prescribes the metropolitan urban limit (“MUL”),⁸ as shown in Figure 18.2. Under the strategy, development controls facilitate increased development density within the MUL, supported by measures to control urban sprawl outside the MUL. This approach to managing the effects of growth is very common internationally, and the Commission believes that the Auckland Council must have a large enough regional area to effectively implement this kind of policy.

18.9 The Commission does not accept that the Auckland region needs to extend only to the MUL, as suggested by some submitters. The Auckland Council must retain control over development of rural land outside the MUL to ensure that the timing, placement, and design of the development conforms to the regional growth strategy, and must have

7 Ibid.

8 The metropolitan urban limit, MUL, is defined and mapped in the Auckland Regional Policy Statement (available at www.arc.govt.nz).

18. Boundaries

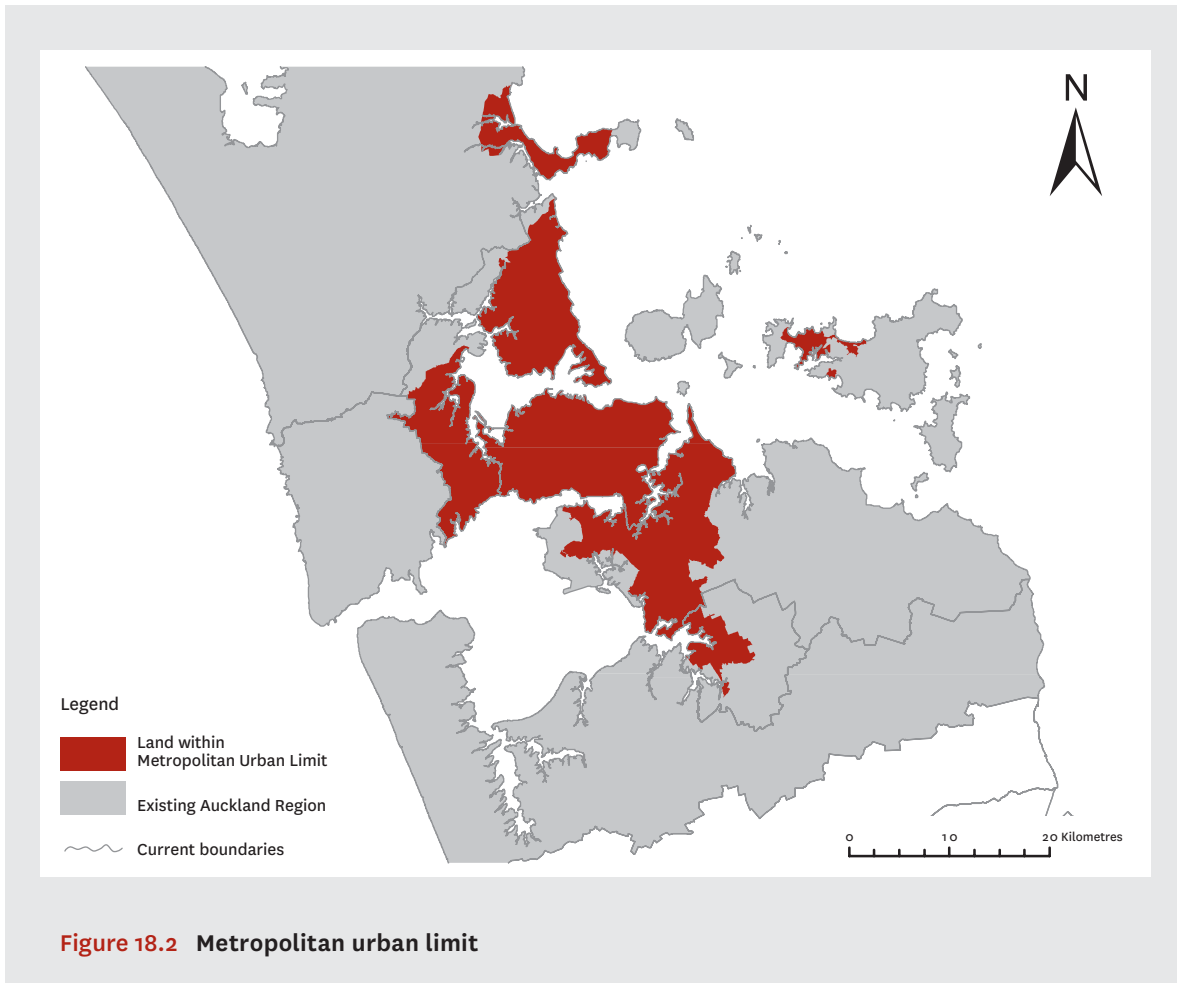


Figure 18.2 Metropolitan urban limit

sufficient “levers” to implement the regional transport plan. The regional boundary must be far enough from the MUL to ensure that non-conforming development does not simply “leapfrog” to an area beyond the planning restrictions, and defeat the MUL objective.

18.10 The Auckland Council should also retain control of areas outside the MUL

- to protect the amenity of rural and urban dwellers (including by the retention of open space)
- to protect landscape, coastal, and ecological values
- to protect water quality
- to retain productive land for food production.

18.11 The regional boundaries are discussed below in three sections: the northern boundary, the Hauraki Gulf boundary, and the southern boundary along the Waikato River and around the Bombay Hills, where the existing regional boundary does not coincide with the existing territorial authority (Franklin District) boundary.

Northern boundary

18.12 The northern Auckland regional boundary is far enough from the MUL for the Auckland Council to be able to protect the values mentioned above, and the Commission recommends that this boundary be retained.

18.13 The Kaipara Harbour is currently under the management and control of the Auckland and Northland regions, the Kaipara and Rodney District Councils, and two Department of Conservation conservancies. There were submissions seeking a rationalisation of this arrangement and in particular seeking that there be one regional authority with responsibility for the whole of the Kaipara Harbour. The Commission agrees that the current fragmentation is undesirable, but to have the whole of the Kaipara catchment under one regional authority would be impracticable. To include the whole Kaipara catchment in the jurisdiction of the Northland Regional Council would defeat the protection of the values referred to above (especially the growth and transport strategies) because it would have the effect of removing a considerable area of the land to the north of the Auckland urban area from the jurisdiction of the Auckland region. To extend the boundaries of the Auckland region to encompass the northern part of the catchment of the Kaipara is equally impracticable as the catchment extends many kilometres north of Dargaville. The current boundaries, although no doubt fragmenting the management of the Kaipara Harbour, represent a better compromise than the alternatives suggested. Retaining the current boundaries will also avoid the fragmentation of communities of interest that would result if either of the above changes were made.

18.14 In some respects the position of the Kaipara Harbour is similar to the Hauraki Gulf. The Hauraki Gulf Marine Park Act 2000 gave statutory recognition and special management arrangements to the gulf, and something similar could be considered for the Kaipara Harbour.⁹ In the absence of that kind of arrangement, the Auckland Council should enter a formal joint management agreement with the Northland Regional Council for the Kaipara Harbour. The Kaipara Harbour is discussed further, with a recommendation, in Chapter 8, “Environment, Urban Design, and Heritage”.

Hauraki Gulf boundary

18.15 Auckland region includes the Hauraki Gulf islands as well as the sea around them out to the 12-nautical-mile territorial limit (see Figure 18.1). The significant area of sea that is included does not present significant problems. Of more importance is whether the land comprising the islands, and the island communities, ought to be included in Auckland region.

18.16 There are two groups of Hauraki Gulf islands, “inner” and “outer” islands, centred on Waiheke Island and Great Barrier Island respectively. Waiheke and the other inner

⁹ Section 16 of the Hauraki Gulf Marine Park Act creates a Hauraki Gulf Forum comprising relevant central government and local government agencies.

18. Boundaries

Table 18.1 Council revenue and expenditure at Waiheke and Great Barrier Islands, 2007/08 financial year (\$)

	Waiheke Island	Great Barrier Island
Direct expenditures	-15,905,522	-7,214,685
Overhead	-10,590,012	-2,115,167
Miscellaneous revenue	7,029,989	1,691,937
Rates revenue	9,781,643	1,055,895
Net expense for island	-9,683,902	-6,582,020

Source: Auckland City Council.

islands are clearly part of, and should remain in, Auckland region. Their proximity to the Auckland central business district, to which many residents commute daily by ferry, is reason enough for this.

18.17 A few submitters have argued that Great Barrier and the outer islands should be regarded as a logical part of the Waikato region, given their proximity to the Coromandel Peninsula.¹⁰ However, the Commission understands that there is limited social and economic connection between Great Barrier and the peninsula, and no regular public transport between them. The principal connections are with Auckland, which provides a reason for Great Barrier Island remaining in Auckland region.

18.18 There is another practical reason for retaining the islands in Auckland region. Auckland City ratepayers subsidise the islands, to the extent that expenditure exceeds the rates and other revenue levied there. Figures supplied by Auckland City Council indicate that in the 2007/08 financial year the subsidy amounted to about \$16 million (see Table 18.1). Submitters told the Commission that ratepayers' money was being wasted, owing to unnecessary use of consultants by the council, and there will no doubt be some people who would question the need for such a subsidy. While the Commission accepts that some savings might be available, in broad terms it is clear that the islands are not able to pay their own way, and will need continuing support from other ratepayers in the region.

18.19 In November 2008, a petition of Waiheke and Great Barrier Islands residents was presented to the Auckland Regional Council, Auckland City Council, Environment Waikato, and Thames-Coromandel District Council asking for amalgamation with Thames-Coromandel, and transfer to the Waikato region. The petition was intended to initiate the Local Government Act boundary change processes and has been referred to the Local Government Commission, which is calling for submissions on the proposal.¹¹ No decision had been made at the date of this report.

¹⁰ Submission to the Royal Commission on Auckland Governance from Nobilangelo Charison Ceramalus. (All submissions are available at www.royalcommission.govt.nz.)

¹¹ Local Government Commission, "Commission Consults on Hauraki Gulf Proposal", media release, 16 February 2009 (available at www.lgc.govt.nz, accessed February 2009).

18.20 Similar suggestions were made in submissions to the Commission, along with proposals to form a separate territorial authority for some or all of the islands.¹² Some submitters suggested that Great Barrier Island be given its own council, funded like the Chatham Islands Council from dues levied on exports and imports, as well as central government funding. The Commission did not investigate the viability of the Chatham Islands model, as it considered that it was outside the Commission’s brief, and that funding proposals (for example for wharf levies) would need to be agreed between islanders and the Government to advance this.

18.21 The Commission considers that it would not be feasible to form a separate council, noting that the total population of all the islands is less than 10,000.¹³ Such a small body would not have the financial capacity to deliver adequate services to residents.

18.22 The Commission recommends that Waiheke Island and Great Barrier Island remain part of Auckland region, because of the transport and social connections. In the case of Waiheke, its proximity translates into very close ties with Auckland in such matters as work, education, and recreation. In the case of Great Barrier, there is a general local acceptance of the current arrangements.¹⁴ None of the islands can stand alone financially. They are currently supported by Auckland City ratepayers, and under the Commission’s proposals would be supported by Auckland Council ratepayers (meaning the whole region). This would be a relatively light burden, when spread so widely. The option of attaching Waiheke and Great Barrier to Thames-Coromandel District and Waikato region will be tested by the petition process, but seems less satisfactory from either point of view, as the external support would be carried by fewer ratepayers, and the links are not as many or as strong.

18.23 On balance, for these reasons, especially the need for financial support to the islands which can be funded only by a large group of ratepayers, the Commission has concluded that all of the Hauraki Gulf islands should remain in the Auckland region.

Southern boundary

18.24 The southern regional boundary follows the boundary of the Waikato River catchment, through Bombay and just south of Pukekohe and Waiuku. Franklin District straddles this boundary so the district is partly in Auckland region and partly in Waikato region. The southern boundary of Franklin District is considerably further south and includes a significant area south of the Waikato River, as shown later in this chapter in Figure 18.4 (labelled “Onewhero”).

12 See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, pp. 247–251 (available at www.royalcommission.govt.nz).

13 Statistics New Zealand, “2006 Census of Population and Dwellings” – the usually resident population of Waiheke Island was 7,689; Great Barrier Island was 852.

14 Unlike Waiheke submitters, those from Great Barrier Island were generally happy with the status quo, subject to their community board having more power. (See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Chapter 23.)

18. Boundaries

18.25 The regional and territorial authority boundaries were established in 1989 during the local government reorganisation. The Local Government Commission said at the time that it would have preferred to make the regional and district boundaries coterminous [the same] but the statutory importance given to water catchments in determining regional boundaries required a practical solution to the need to recognise the territorial community of interest. The Local Government Commission in 1989 preferred that the territorial authority straddle the regional boundary rather than create out-districts¹⁵, in order to recognise the territorial community of interest. This was described as a practical solution in situations where the water catchment did not correspond with the identified community of interest.¹⁶

18.26 The same considerations confronted the present Commission. The water catchments remain important and communities of interest still cross the regional boundary. But there is now the need, not present in 1989, to set a single regional and district boundary for the new unitary authority (Auckland Council) proposed by the Commission.

18.27 The river catchment is now more important than in 1989. Special management arrangements are proposed for the Waikato River, in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Bill currently before Parliament.¹⁷ New agencies proposed in the bill will have important roles in Waikato River management, together with Environment Waikato. The Commission considered that it would be preferable for Auckland Council not to have jurisdiction over water issues in the Waikato River catchment, because this role could further complicate the management of the river.

18.28 The Local Government (Auckland) Amendment Act 2004 (“LGAAA”) effectively extended the powers of the Auckland Regional Council and Auckland Regional Transport Authority for transport purposes and the Auckland regional growth strategy, into areas of Waikato region within Franklin District. Although the boundaries were not altered, the LGAAA conferred power on Auckland Regional Council to act on transport and regional growth matters in the southern part of Franklin District.¹⁸ Environment Waikato retained all its other regional powers in the area. These statutory amendments confirm the Commission’s view that at least part of Franklin District outside the existing regional boundary is, functionally, part of Auckland region. The continuation of these extra-regional powers, with or without boundary changes, was included in the options considered by the Commission.

18.29 A starting point for the Commission was to consider whether the current southern boundary could be left unchanged. However, a mix of considerations led to the conclusion

15 “Out-districts” were historically provided for in the Local Government Act 1974 as an area outside a region where a regional council (or a united council) could exercise a particular function even though that area was not in its region. The provision for out-districts was not re-enacted in the amendments to the Local Government Act that came into force on 1 November 1989.

16 Local Government Commission, “Final Reorganisation Scheme for the Auckland Region”, Wellington, 1989, pp. 9–10.

17 See www.parliament.nz.

18 The Local Government (Auckland) Amendment Act 2004, section 4 (definition of Auckland Region), section 39, section 46, and Schedule 7 (amendment to Land Transport Act 1998).

Table 18.2 Options for southern boundary

	Regional boundary	Franklin boundary	Regional constitution	Local council/territorial authority constitution
1	No change	Split Franklin in two, along regional boundary	Auckland Council has transport and growth planning powers over Franklin South. Environment Waikato has all other regional council powers in Franklin South.	Two separate entities: <ul style="list-style-type: none"> northern area governed by Auckland Council, assisted by Hunua Local Council southern area governed by new district council constituted under LGA, OR merge southern Franklin into Waikato District, OR Auckland Council operates there as territorial authority only.
2	Move regional boundary north, to include all of Franklin in Waikato region	No change	Environment Waikato has regional council powers in all Franklin, <i>except</i> Auckland Council retains transport and growth planning powers over all Franklin.	Franklin District Council governs all Franklin, retains full district council constitution.
3	Move regional boundary south, to include all of Franklin in Auckland region	No change	Auckland Council exercises all regional powers over all of Franklin.	Auckland Council governs all Franklin, assisted by Hunua Local Council.
4	Move Auckland region boundary south to river bank and Mercer	Remove Onewhero and Kaiaua	Auckland Council has no jurisdiction over Waikato river issues, river remains with Environment Waikato. Auckland Council has all other regional powers over north bank.	Auckland Council governs reduced Franklin area, assisted by Hunua Local Council.

Notes: LGA, Local Government Act 2002.

that some changes were inevitable. As with the Local Government Commission in 1989, the search was for a practical solution rather than an ideal one. The options available involve regional and district boundary changes, and special constitutional arrangements,

18. Boundaries

in various combinations. Four options that are both obvious and practical because they adopt recognised boundary lines and constitutions, are set out in Table 18.2.

Option 1: No change to regional boundary; split Franklin into two

18.30 Under Option 1, the regional boundary would be unchanged. The northern half of Franklin would stay in Auckland region and be governed by the new Auckland Council (as a unitary authority) assisted by Hunua Local Council, in accordance with the new arrangements proposed by the Commission. The southern part of Franklin (including the Waikato River catchment) would remain in Waikato region under Environment Waikato, subject to the Auckland Council retaining the extra-regional powers of the Auckland Regional Council under LGAAA to manage transport and regional growth. The regional arrangements under this option seem satisfactory.

18.31 Arrangements for territorial authority governance of the southern part of Franklin are where this option falls down. There are three possibilities for the southern area:

- a new district council constituted under the Local Government Act
- merger with Waikato District
- be governed by Auckland Council as a territorial authority, not as a unitary authority.

18.32 The first two of these possibilities split the communities of interest around Pukekohe between two district councils – the same communities of interest that the Local Government Commission wanted to keep together in 1989, and for which it made its “practical solution”.¹⁹ The southern part of Franklin lacks the ratepayer base and general capacity to operate as a separate unit. A new southern council would have no geographical base (since it would not include Pukekohe) and there would be significant start-up costs. Merger of the entire southern part of Franklin with Waikato District would be unsatisfactory in terms of communities of interest, and servicing the area north of the Waikato River would present practical difficulties.

18.33 The third possibility would require that the Auckland Council operate under two constitutions, being a unitary authority north of Bombay and a territorial authority only in the south, in Waikato region. The Commission rejected this as an unprecedented and over-complicated arrangement, especially when the implications for election of Auckland councillors and the role of the Hunua Local Council are considered. This also would have been contrary to the Local Government Act 2002.²⁰

18.34 None of these possibilities being realistic, Option 1 was rejected.

Option 2: Include all of Franklin in Waikato region

18.35 The option of moving the regional boundary north to align with the current northern Franklin District boundary was suggested in submissions by Franklin District Council

¹⁹ Local Government Commission, “Final Reorganisation Scheme for the Auckland Region”, p. 10.

²⁰ Local Government Act 2002, Schedule 2, Part 3, clause 3.

with qualified support from Environment Waikato.²¹ It would mean retaining the existing Franklin District Council with its current powers and boundaries, and extending the jurisdiction of Environment Waikato into the northern part of Franklin.

18.36 Franklin District Council made these main points in its submission:

- Franklin District is not part of the “city” and its community does not want to be part of a city.
- Auckland creates more risk to Franklin than opportunity – especially in terms of development pressure. The interests of the Franklin community and Auckland will increasingly diverge as Auckland becomes more metropolitan.
- The current split across two regional councils is confusing and unhelpful to the Franklin community, which would be better served by being part of the Waikato region.
- Transfer to the Waikato region may assist Auckland as well – by containing urban development, by protecting rural land for production and recreation, and by allowing the Auckland region to focus on metropolitan issues.
- Aligning to the Waikato region does not deny that Franklin looks to Auckland – it simply acknowledges that Franklin is essentially a rural community and wishes to stay that way. It does not stop Franklin participating in Auckland regional matters.
- If Franklin were totally within the Waikato region, it would make up about 15.4% of the regional population and there would be a strong case for more equitable representation on the regional council.

18.37 Whilst noting these points, the Commission considers it essential to retain the area within the Auckland region in order to manage Auckland’s growth. The Commission has partly addressed Franklin District Council’s concerns by providing for governance of rural areas, including Franklin, by specifically rural local councils. It is noteworthy that the council acknowledged that in economic terms and with regard to transportation issues, Franklin is within Auckland’s “sphere of impact”.²² The Commission considers that Franklin District north of the Waikato River is an integral part of greater Auckland in these and other ways, including strong economic, cultural, and social ties.

18.38 Option 2 was rejected for the following reasons:

- It would reduce the control of Auckland Council over future expansion areas. Auckland Council powers in Franklin would be reduced to the extra-regional powers conferred under LGAAA, which are essentially regional powers. Auckland Council would have no direct territorial authority powers, especially over infrastructure development and district planning.

²¹ Submission to the Royal Commission on Auckland Governance from Franklin District Council, p. 6.

²² Ibid., p. 16.

18. Boundaries

- Implementation of regional policies, especially the regional growth plan, would be seriously weakened by this arrangement because of the existence of an independent council with its own priorities and district plan administration. There is a high probability that the current fragmentation of effort, lost opportunities, inefficiencies, and litigation between councils, would continue under this model.
- The boundary would cut across communities of interest to a greater extent, affecting more people, than the current boundary.
- This option would mean that a significant area on the outskirts of Auckland would be excluded from the unified local government for Auckland envisaged by the Commission, and the potential benefits to Franklin of the Auckland Council/local council model (including better regional and local governance) would be lost to Franklin residents.
- It would split the management of Manukau Harbour and its water catchments between two regions, giving an unsatisfactory arrangement similar to that of the Kaipara Harbour criticised by submitters.²³

Option 3: Include all of Franklin in Auckland region

18.39 Under this option, the regional boundary would be moved south so that all of Franklin would be in Auckland region and be governed by Auckland Council, assisted by Hunua Local Council, in accordance with the new arrangements proposed by the Commission. Option 3 was rejected in this form because

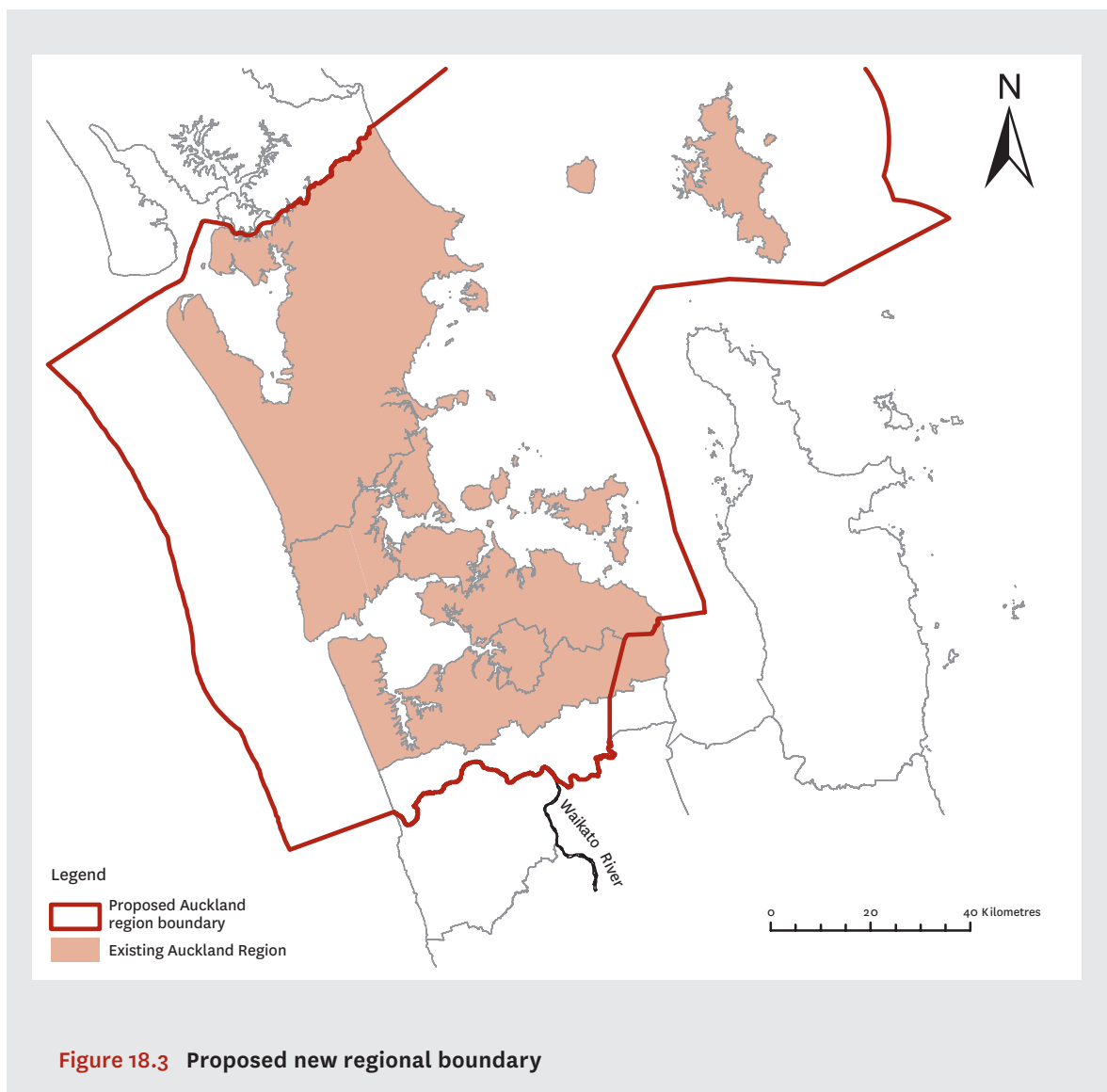
- It would divide a significant (and unnecessarily large) part of the Waikato River catchment between two regional authorities.
- It would join communities of interest that have little in common. This would be unsatisfactory for all concerned, particularly for the more distant rural communities south of the Waikato River, which could feel dominated by Auckland interests.

Option 4: Move Auckland region boundary south to river bank

18.40 This is the preferred option. It is a variation of Option 3. Option 4 extends Auckland region south to include some of the areas of Franklin District that are currently in the Waikato region. The proposed new region boundary is shown in Figure 18.3. Under this option Auckland region would extend as far south as the Waikato River and Mercer.

18.41 The Local Government Act 2002 requires the boundaries of regions to conform with catchment boundaries if practicable. The Commission has concluded that the options that would make the regional boundary and the catchment boundary coterminous are not practicable. Option 4 extends Auckland region into the catchment of the Waikato River, but only to the extent necessary to accommodate other values.

23 See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, pp. 252–253.



18.42 The reasons for recommending this option include the need to plan future growth areas. Manukau City Council, in its submission, suggested that the regional boundary be moved south to the Waikato River as a way of managing projected growth at Pokeno and Hampton Downs in Waikato region, saying, “much of this growth is likely to be reliant on Auckland for employment and economic well-being. New development outside the region’s boundaries could have a detrimental impact on Auckland, the economy and sustainability”.²⁴ Manukau City Council suggested that this growth could be managed through collaborative planning between regions, and by extending the southern Auckland regional boundary to include development areas currently within the Franklin District. The Commission accepts this reasoning and both suggestions, adding Pokeno to Auckland region, and addressing more distant areas through regional collaboration.

24 Submission to the Royal Commission on Auckland Governance from Manukau City Council, p. 15.

18. Boundaries

18.43 The Franklin District Growth Strategy forecasts significant growth in Buckland, Tuakau, and Pokeno. According to the strategy, Pokeno's population is expected to increase from 580 in 2004 to over 5,000 by 2051.²⁵ The reasons given for Pokeno's growth include its accessibility to State highways and the railway, which contributes to economic development opportunities.²⁶ The growth forecasts and accessibility of these areas from Auckland were important factors in the Commission's consideration of boundaries, because they indicated a high degree of participation of this area in the wider economy of Auckland.

18.44 About 12,000 people will be affected by the boundary change and will be transferred to the Auckland region. These will be the residents of the areas along the northern riverbank, Buckland, Tuakau, Pokeno, and Mercer and surrounding rural areas.²⁷ The land area involved is about 44,000 hectares.²⁸

18.45 The advantages of Option 4 are that by moving the regional boundary south, there will be a more adequate buffer around the MUL giving Auckland Council full control of development in the easily accessible areas immediately south of the current regional boundary. It also avoids splitting the communities of interest that straddle the Bombay Hills. Neither consideration is as strong further south or east.

18.46 In regard to Waikato River management, Option 4 minimises the area of the catchment that will be in Auckland region. Further, to avoid the complication of two regional authorities being involved in river management, the Commission considers that Environment Waikato should retain full jurisdiction over river management issues. These will include those matters referred to in the current Waikato River Settlement Bill, as well as any residual matters relating to Environment Waikato's general statutory mandate – for example, water, erosion and sedimentation issues arising under the Resource Management Act 1991 or any other Act. This extended jurisdiction would need to be conferred by legislation, modelled along the lines of the LGAAA provisions (they give the Auckland Regional Council extra-regional jurisdiction over transport and growth planning matters in the part of Franklin within Waikato region).

18.47 The LGAAA extra-regional powers will not be needed under Option 4. Auckland Council will have sufficient powers to manage transport and growth matters within its region because the crucial areas to be managed (Buckland, Tuakau, Pokeno, and Mercer) will now be within the region.

25 Franklin District Growth Strategy, Table 5.1 (available at www.franklin.govt.nz, accessed January 2009).

26 Franklin District Growth Strategy, section 7.6.4.

27 Statistics New Zealand, Census figures 2006, for the census area units of Otatau, South Waiuku, Buckland, Redoubt, Opuawhanga, Tuakau, Pokeno, and part of Mangatawhiri.

28 Calculated by Royal Commission, based on geographical information systems analysis.

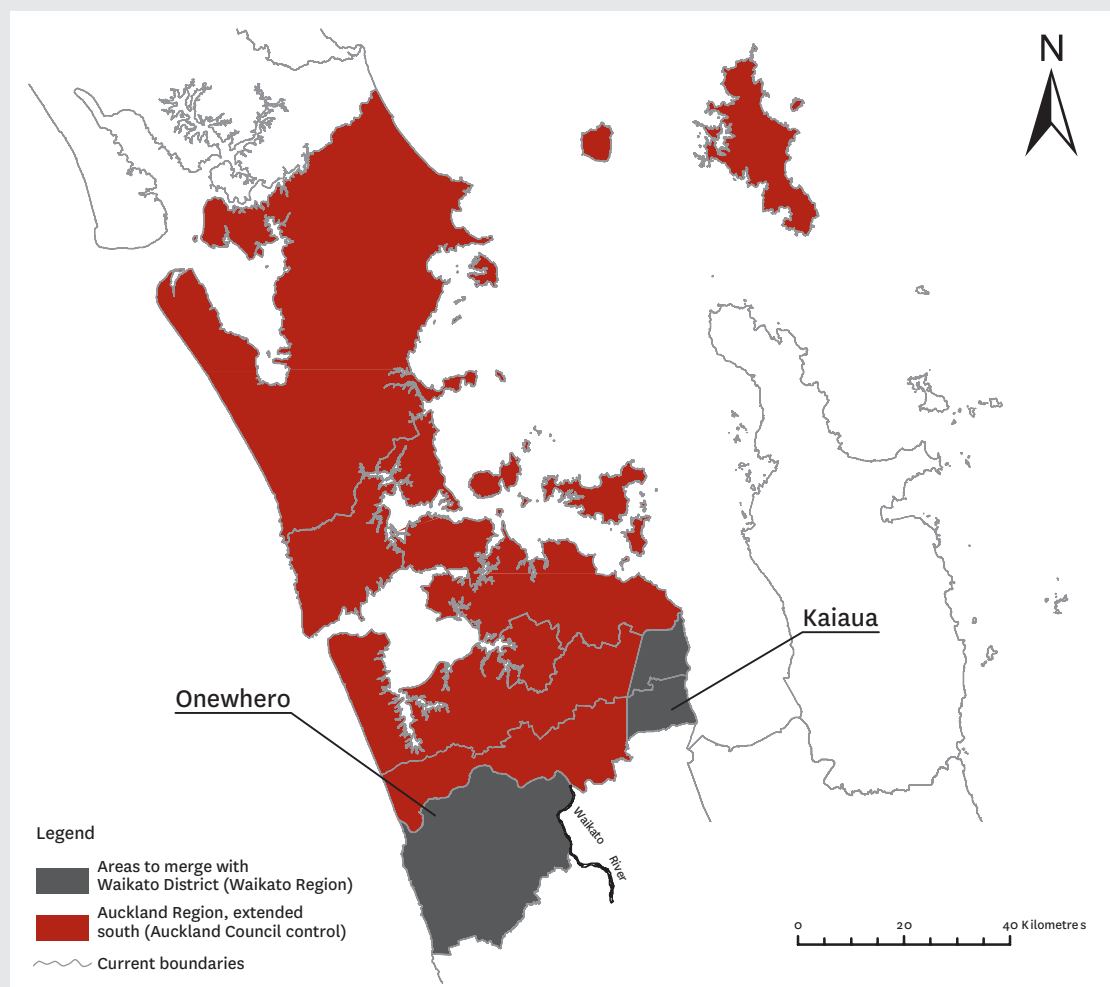


Figure 18.4 Areas to merge with Waikato District

Onewhero and Kaiaua

18.48 Two areas of Franklin District are left out of this arrangement, as shown in Figure 18.4. The first is the Onewhero area, south of the river, and the second is an area bordering the Firth of Thames, including Kaiaua.

18.49 “Onewhero” is a term used for convenience. The western area shown in Figure 18.4 to be merged with Waikato District includes Onewhero and a number of other communities including Pukekawa, Port Waikato, Waikaretu, and Glen Murray. (“Onewhero” is the name used by Statistics New Zealand for the census area unit that covers this area.) Onewhero had a population of 3,700 in 2006.²⁹

18.50 The Commission proposes that Onewhero be merged with Waikato District. The reason for this is that the Onewhero area does not have a close connection to the

29 Statistics New Zealand, Census figures 2006.

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Auckland urban area, and there is no reason for it to be subject to systems put in place to manage Auckland urban and peri-urban issues. The only realistic option is for governance of Onewhero to continue under the ordinary Local Government Act provisions, through the Waikato District Council. The Commission notes that Onewhero was part of Raglan County (based at Ngaruawahia) until 1989, and so the proposal has some historical context.

18.51 The future of the Onewhero area was mentioned by submitters. Notably, Waikato District Council proposed that it take over Onewhero, together with Tuakau, Pokeno, and areas north of the Waikato River. Onewhero-Tuakau Community Board, Waikaretu Citizens and Ratepayers Association, and Onewhero Citizens and Ratepayers Association supported Onewhero remaining in Franklin District. The Waikaretu association said that residents' business and social activities are oriented north (towards Pukekohe and Franklin) rather than to Hamilton and it supported continuation of an independent Franklin District.³⁰

18.52 The Commission's view is that while there are communities of interest that cross the river, these could not be described as Auckland communities of interest, and Onewhero has a better fit with Waikato than with Auckland.

18.53 To the east, the Kaiaua area on the Firth of Thames includes the land currently in Franklin District, split into two by the current regional boundary. In Waikato region, it is the land east of, and including, Mangatangi, and the catchment of the Mangatangi Stream. In the current Auckland region, it includes the Mangatangi Stream catchment and the coastal strip from Whakatiwai to Matingarahi Point.

18.54 The Kaiaua Citizens and Ratepayers Association submitted that their communities of interest lie to the south towards Ngatea and Thames; important linkages to those places include health services, education, sports and businesses; iwi³¹ have links to Hauraki and Waikato; and Kaiaua is physically separated from the Auckland Region by the Hunua Ranges. The association suggested Kaiaua should become part of Hauraki District, which would better service the area.³² Other submitters from Kaiaua said that Kaiaua has little connection to Pukekohe and the rest of Franklin District and asked that the area be placed into another council district, most suggesting that it be in Hauraki District and one suggesting Waikato District.³³

18.55 There were also submissions asking for all of Franklin District on the Firth of Thames up to Matingarahi Point to be included in Waikato region. The submissions make the point that the coastal area north of Kaiaua, which is currently part of Auckland region, shares a community of interest with Kaiaua (the whole stretch is sometimes called the "seabird

30 Submission to the Royal Commission on Auckland Governance from Waikaretu Citizens and Ratepayers Association.

31 Iwi – tribal grouping.

32 Submission to Royal Commission on Auckland Governance from Kaiaua Citizens and Ratepayers Association.

33 Submissions to the Royal Commission on Auckland Governance from G. Axlens, R. Payne, D. Swales, and J. and R. Wootton.

coast”).³⁴ Environment Waikato in its submission asked to be given an increased share of the management of the Firth of Thames.³⁵

18.56 The Commission accepts the validity of the submissions by the residents in this area. It accepts that they look to towns to the south for their shopping needs and that the closest secondary schools are also to the south. This area too should be in Waikato District and Waikato region. While there are undoubted connections to Hauraki District, The Commission considers that Kaiaua should be within Waikato District because it already includes adjoining localities such as Maramarua and Miranda. Joining with Hauraki would require an extensive review of district council boundaries, which is outside the scope of the Commission and considered inappropriate for it to undertake.

18.57 The Commission proposes that all the land in Franklin District bordering the Firth of Thames, including the upper Mangatangi catchment (called here Kaiaua) should be in Waikato region and Waikato District. The reasons are similar to those for including Onewhero. The remoteness of Kaiaua from Auckland means that MUL and transport issues do not arise, and it is largely in the Waikato catchment. The fact that two regional parks will be outside the Auckland Council area is not seen by the Commission as presenting practical difficulties. It is unnecessary for Kaiaua to be within the jurisdiction of Auckland Council. The proposed boundaries are shown in Figure 18.4. The Commission suggests that the boundary line be referred to the Local Government Commission for detailed mapping.

Territorial authority boundaries

18.58 As a unitary authority the Auckland Council will have the powers of a regional council and a territorial authority. The boundaries for these two roles are different. The regional boundaries include areas of the sea, out to the 12-nautical-mile New Zealand territorial limit, as shown in Figure 18.3. Territorial authority boundaries are mainly on land, but can include some small areas of the sea, for example in harbours. The Commission proposes that the boundary of the Auckland Council as a territorial authority should contain the same land as the new regional boundary, as well as any parts of the coastal marine area within the jurisdiction of current territorial authorities.

34 The submission of the Kaiaua Citizens and Ratepayers Association said the current regional boundary “cuts through this community leaving about two thirds in Environment Waikato and one third in Auckland Regional Council.” Kathleen Walsh’s submission also said that the community was divided by current boundaries and that Franklin District Council has identified a Seabird Coast Special Management Area between Miranda and Matingarahi Point.

35 Submission to Royal Commission on Auckland Governance from Environment Waikato, p. 1.

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Local council boundaries

18.59 Reasons for the establishment of the proposed six local councils are set out in Chapters 13, “Alternative Models for Reform” and 16, “Local Councils”. The Commission anticipates that adjustments will be made from time to time to the proposed local council boundaries. Reasons for changes include possible future changes to the MUL, which defines the boundaries between rural and urban local councils, and the possibility of more local councils being created over time, by dividing the proposed local council areas. A mechanism for the Auckland Council to be able to adjust these boundaries and create new local council areas is suggested below.

18.60 The approximate boundaries of the proposed local councils are shown in Figures 18.5 and 18.6. The new Auckland region, as described above, is divided into six local council areas. Every part of the region, except the city centre and waterfront, is in the area of a local council. (The city centre and waterfront will have a community board.) There are two local councils for the rural areas – Rodney and Hunua. There are four local councils covering the urban areas: Waitemata, Waitakere, Tāmaki-makau-rau, and Manukau.

18.61 Distinguishing the rural parts of the region from urban areas was urged by a number of submitters to the Commission.³⁶ They asked that the special needs of rural areas be recognised and provided for. The Commission has accepted this point of view in setting the boundaries of the local councils by reference to the MUL, which is effectively the line between rural and urban parts of the region.

18.62 The adoption of the MUL as the line between urban and rural councils will change some existing relationships between residents and their council service centres. For example, the people in the rural area of Clevedon will need to adjust to their local council being based at Pukekohe, instead of Manukau City. The Commission does not expect that this will present any real problems after an initial adjustment period. Many Auckland Council services will be available seamlessly at all service centres, and special arrangements can be made between local councils for servicing outlying areas as necessary.

18.63 The local council boundaries have not followed the MUL in every case. In some places, urban local councils include areas outside the MUL. Notably, Waitakere Local Council includes the Waitakere Ranges; Tāmaki-makau-rau Local Council includes the Hauraki Gulf islands; and Manukau Local Council includes Auckland International Airport. The Commission expects that the line of the MUL will not be precisely followed when the detailed lines are drawn by the Local Government Commission, but that boundaries will be adjusted by factors such as communities of interest, physical features, and the statistical meshblock boundaries as appropriate.

18.64 The rationale for including the Waitakere Ranges in the Waitakere Local Council area, despite the fact that they are outside the MUL, is that they are not truly rural, in

36 See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Chapter 5.

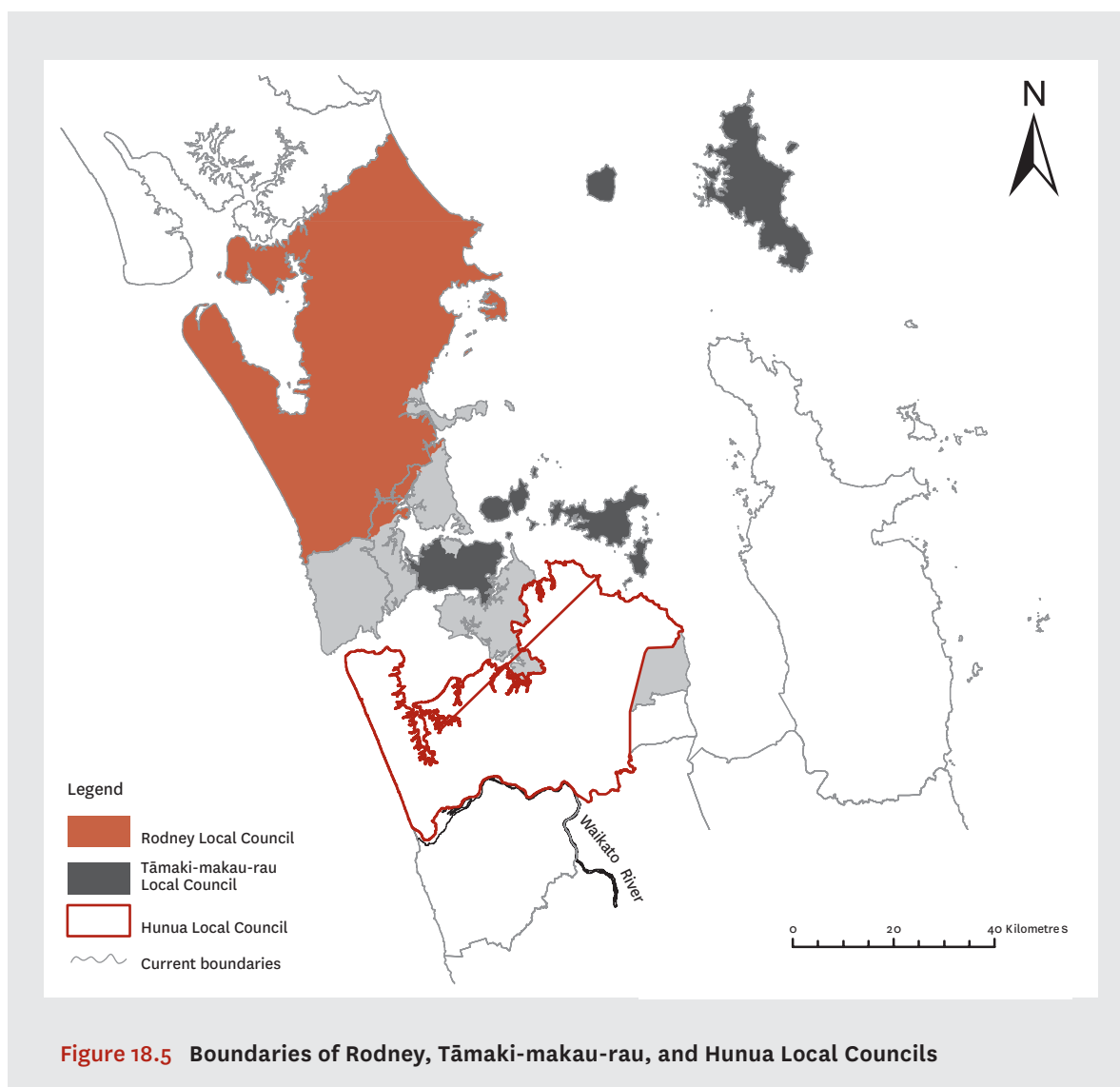
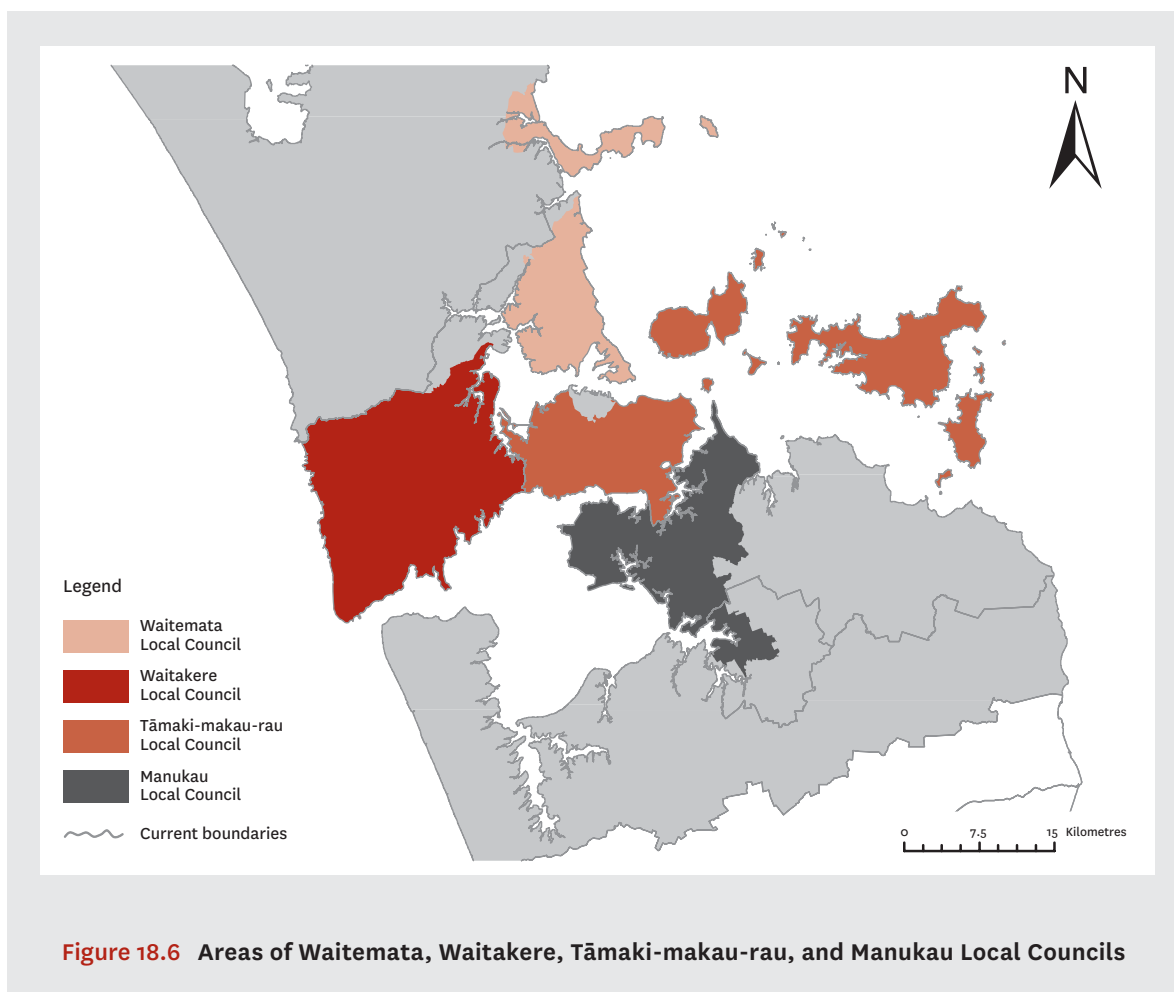


Figure 18.5 Boundaries of Rodney, Tāmaki-makau-rau, and Hunua Local Councils

the sense of being a farming area like most of Rodney. The Waitakere Ranges provide recreational space to many Auckland residents, and provide the ethos for the “eco-city” movement, which is central to the identity of Waitakere. Detaching the ranges from the local council’s sphere of interest might undermine the eco-city ethos. The Waitakere Local Council will have an important role in the management of settlements like Piha, which have no direct road links to Rodney District. However, in practical terms it will not manage the reserve areas of the ranges to any large extent, as these are part of a regional park.

18.65 The Hibiscus Coast is included in Waitemata Local Council as part of the separation of urban and rural areas. One of the problems of the existing Rodney District is the diversity of its communities, and in some cases the clashes of values between them. Separating out the Hibiscus Coast, which is the most urban part, and joining it to Waitemata is expected to reduce some of the tensions in the remainder of Rodney, and focus the Rodney Local Council squarely on the oversight of its rural area.

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18.66 The Commission considered whether Otahuhu should be included in Manukau on the basis of community of interest but decided it should be left in Tāmaki-makau-rau, at this stage. To include it in Manukau would have the disadvantage of requiring that council, until a new Auckland-wide plan is prepared, to administer the Auckland District Plan as well as those of Papakura and Manukau. The Commission is of the view that any further changes to the boundaries of the local councils would be best left to the Auckland Council. Possible future changes could include the incorporation of Otahuhu into Manukau, and (as suggested by Waitakere City) the inclusion of Avondale in Waitakere.

18.67 Papakura has been included in Manukau, because it was considered to be too small to operate as a stand-alone urban entity, and does not have the special features of geographical size and rural nature that have justified the disproportionate representation provided for the rural entities.

Refinement of boundaries

18.68 The Commission has described the new boundary lines in detail sufficient to indicate general outcomes, but the precise boundary determination has been left to the Local

Government Commission, to be undertaken during the transition period before the new arrangements commence. We are conscious that if this work is to be done in time for the 2010 election a start on the mapping might need to be made before the legislation is passed. The Commission recommends that the Government request the Local Government Commission to start work on this exercise immediately after the adoption of this report.

18.69 The regional boundary is unchanged except in the south. The new boundary largely follows existing portions of the Franklin boundary and the Waikato River.³⁷ The short section of the regional boundary near Mangatangi has been left to the Local Government Commission to define.

18.70 Ward boundaries for Auckland Council will also need to be established by the Local Government Commission. As stated in Chapter 15, “The Elected Auckland Council”, there will be two rural and four urban wards divided by the MUL. The northern rural ward will include the Hauraki Gulf islands. The urban wards will be defined in terms of the ordinary statutory criteria for setting territorial authority wards.

18.71 The local council boundaries are largely new, because they extensively follow the MUL. The legislation proposed for Auckland should set criteria to guide the Local Government Commission in setting local council boundaries, but because of the urgency of the initial determination, the Minister may think it desirable to exercise his powers under section 31(2) of the Local Government Act 2002.³⁸ The criteria that need to be applied to fix the local council boundaries are generally the MUL for the boundaries of Rodney and Franklin; existing ward boundaries in the case of Hibiscus Coast; and existing territorial authority boundaries in other cases, modified as appropriate by statistical meshblock areas, communities of interest, and any practical considerations (for example existing infrastructure that is best contained within one local council administration).

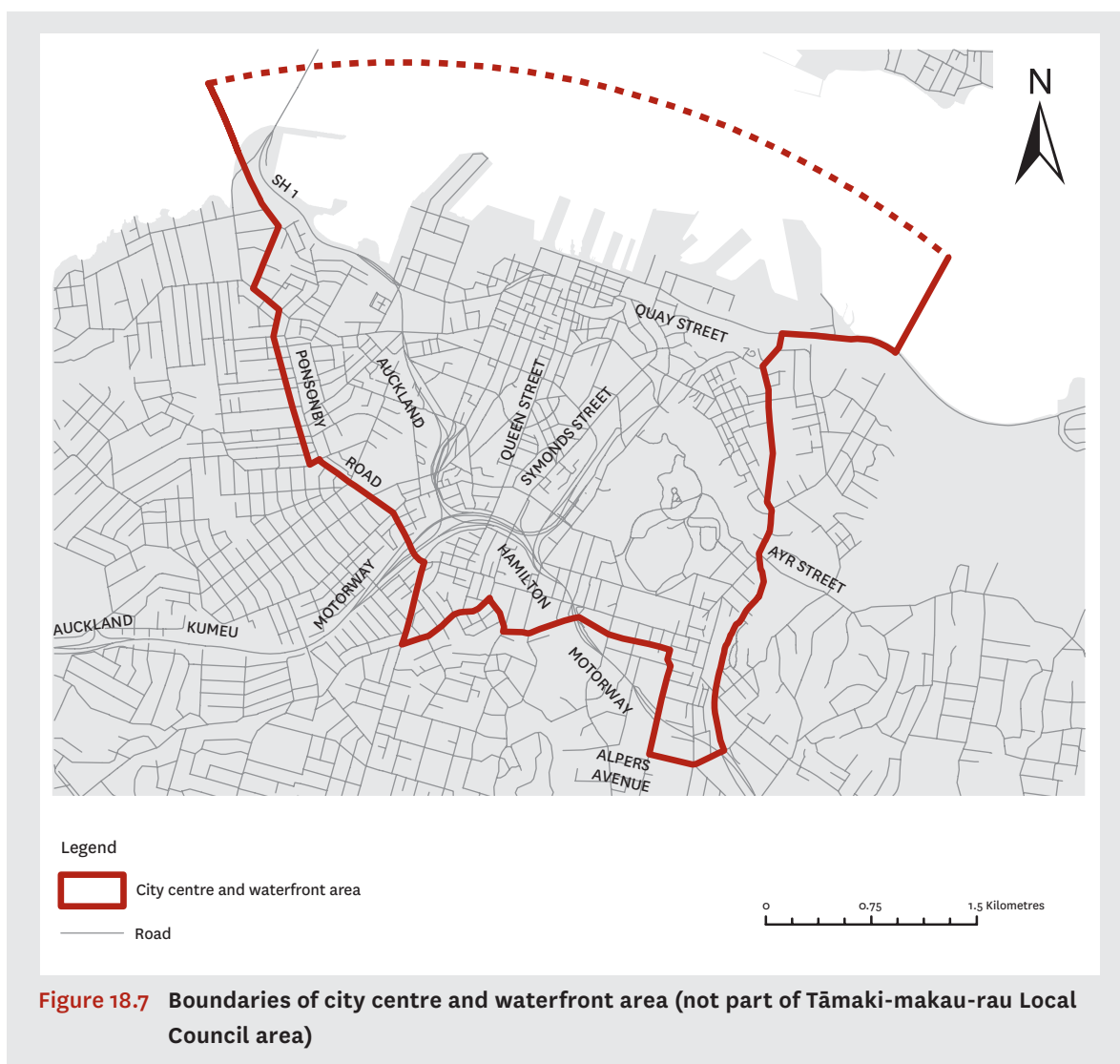
Local council ward boundaries

18.72 The Commission’s proposal is that the urban local council wards should each have approximately 40,000 electors and two members. Compared with the urban local councils, Hunua and Rodney will have a different ratio of representatives to population, to reflect the large geographical area and smaller population. The Commission has suggested the population of the wards, and in Chapter 16, “Local Councils”, possible groupings of suburbs, but it has not drawn the ward boundaries. This has been left to the detailed consideration of the Local Government Commission. The criteria for setting the local council ward boundaries are envisaged to be the same as those for setting the

37 The Local Government Act 2002, schedule 2, Part 3, clause 2 provides that where a river is a boundary, the territories on each side extend to the middle line of the river.

38 “The Commission may consider, report on, and make recommendations to the Minister and any relevant local authority on matters relating to a local authority or local government that are referred to the Commission by the Minister.” “Minister” means the Minister of the Crown responsible for the administration of the Act – currently the Minister of Local Government.

18. Boundaries



boundaries for territorial authority wards. Again urgency may require a direction from the Minister under section 31(2) of the Local Government Act 2002.

18.73 Local councils are a new legal concept and their creation will require legislation. One of the matters that will need to be considered by the Auckland Council is how to provide for any perceived need in future years to realign the boundaries of the six local councils or to reduce their size by creating new councils. (For example, boundaries might be altered to reflect increases or decreases in population.) The Auckland Council should be given powers to do this, after a request from a petition of residents or a local council, or of its own motion. It would proceed subject to the special consultative process set out in the Local Government Act 2002.³⁹ Local council wards should also be set and amended by the Auckland Council, subject to statutory criteria similar to that which exists for territorial authorities, after local council consultation.

39 Local Government Act 2002, section 83.

City centre and waterfront

18.74 It is the Commission’s view that the defined city centre area should be significantly greater than the area traditionally defined as the central business district. The central business district area as defined by the Auckland City Council is essentially bounded by the motorway system. The Commission considers that the city centre area should extend to Ponsonby in the west, Parnell in the east, and to New North Road in the south. This area contains Auckland’s principal retail, commercial, education, and entertainment facilities. It is large enough to cater for a mix of uses, including residential, and to provide for future expansion. It is also an area that is well served by public transport and is small enough for it to be pedestrian-friendly. The city centre area will be under the direct control of the Auckland Council with the assistance of a community board, as described in Chapter 17, “City Centre and Waterfront”.

18.75 The Commission has not attempted to define the area precisely. That task should be undertaken by the Local Government Commission. It will need to take into account communities of interest, an exercise that has not been possible for the Commission to undertake. It would also be desirable to consult with the Auckland City Council. The description that follows (and the map in Figure 18.7) therefore is necessarily expressed in somewhat general terms. The boundary between the Tāmaki-makau-rau Local Council and the city centre and waterfront area (which has no council) will follow the boundary of the City Centre and Waterfront Community Board, as shown in Figure 18.7.

18.76 The northern boundary of the city centre should take in all that area from Fergusson Wharf and Teal Park to the Harbour Bridge including the wharves and the Westhaven Marina. The western boundary should come up Shelly Beach Road, along Jervois Road to Ponsonby Road, taking in the commercial land to the west of Ponsonby Road. The line should follow Ponsonby Road to Karangahape Road, it should then go along Newton Road to the vicinity of Ian McKinnon Drive where it should turn south to New North Road. From there it should proceed in a north-easterly direction along New North Road, to its intersection with Symonds Street and Mt Eden Road. At that point the boundary should extend down Mt Eden Road to Boston Road, along Boston Road to Khyber Pass Road, and down Khyber Pass Road taking in the commercial area on its southern side to Crowhurst Street. The boundary will then run along Crowhurst Street and Gillies Avenue to Alpers Avenue, and along Alpers Avenue to the intersection of Broadway and Great South Road. The boundary should proceed along St Marks Road to the railway line and then follow the railway line north to where it goes under Parnell Road. The line would follow Parnell Road to St Georges Bay Road and down that road to the Strand, and back to the starting point.

Recommendations

- 18A** The boundary of the Auckland Council as a regional council should be as shown in Figure 18.3 and described in Chapter 18. It will remain the same to the north, and be amended to the south with corresponding changes to the boundary of the Waikato region.
- 18B** Notwithstanding changes to the Auckland region boundaries described above, Waikato Regional Council (Environment Waikato) should retain its powers over all parts of the Waikato River and its tributaries and catchment in the Auckland region, including management of water quality, water extraction, damming and diversion, discharge of water or contaminants to water, flooding, drainage, erosion, and sedimentation, and other issues arising under the Resource Management Act 1991 or any other Act.
- 18C** Six wards of the Auckland Council should be created as described in Chapters 15 and 18, comprising four urban wards within the metropolitan urban limit, with their common boundaries fixed in accordance with the ordinary statutory criteria for territorial authority wards, and two rural wards being the remainder of the district outside the metropolitan urban limit, generally north and south of the urban area. The Hauraki Gulf islands will be in the northern rural ward.
- 18D** The Auckland Council ward boundaries for the first election of the Auckland Council should be generally as indicated in Chapter 18.
- 18E** The boundary of the Auckland Council as a territorial authority should be the same as the new regional boundary on land, and the same as the current coastal boundaries of territorial authorities around the coast.
- 18F** All land currently in Franklin District but outside the proposed Auckland Council boundary should be merged into Waikato District, being the land at Onewhero and Kaiawa as shown in Figure 18.4 and described in Chapter 18; the boundaries and wards of Waikato District should be amended accordingly.
- 18G** The local council boundaries within Auckland region, and local council wards, should be as shown in Figures 18.5, 18.6, and 18.7 and described in Chapter 18, following the criteria set out in the report.
- 18H** The Government should request the Local Government Commission to determine the exact location of each boundary referred to above for the Auckland Council, local councils, all council wards, and communities, including for the City Centre and Waterfront.

- 18I** Once established, the Auckland Council should have the power to adjust the boundaries of local councils and their wards and to create new local councils and wards where necessary.

Transition

- 18J** The Local Government Commission should, by April 2010, finalise all wards and boundaries of Auckland Council including the local councils and community boards.

19. Leadership

“I loved my years as both a ward councillor and council leader: it was endlessly fascinating, demanding and exhilarating. We know that the majority of councillors say that they derive ‘enormous satisfaction’ from their role. Why on earth do we not shout this from the roof tops?”

Dame Jane Roberts, Chair of the Councillors Commission [UK], *Representing the future: The report of the Councillors Commission*, December 2007, p. 6 (foreword).

19.1 The Commission’s terms of reference invite it to consider what governance and representation arrangements will best “provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes”.¹

19.2 There is no question of the importance to Auckland of strong, dynamic, outward-looking and visionary leadership. One of the key themes the Commission has taken from its review of various New Zealand cities, and its visits to a number of successful international cities, is that the right leadership can make a tremendous difference to the performance of a city.

19.3 Plainly, the personal characteristics of individual leaders matter. Qualities such as vision, strength, stamina, energy, inventiveness, commitment, personal integrity, and charisma are associated with successful leadership.

19.4 The vision and skills of the individuals who take on leadership roles at such time as the recommendations in this report are implemented will be crucial in delivering change for Auckland. It will be an important time of transformation and reform. The leaders who are part of that process will be setting the scene, building the culture, and to a large extent determining the success of the new structure. Fresh blood and fresh ideas will be required to move on from the region’s history of parochialism.

19.5 The Commission has given careful thought as to which governance structures are most likely to encourage talented new leaders to step forward, especially for the role of Mayor of Auckland. The establishment of a single Auckland Council will create the office of an elected mayor of 1.4 million people, and the opportunity to be first citizen of Auckland’s broad community.

19.6 As will be discussed in more detail below, it is anticipated that the Mayor of Auckland will be provided with sufficient powers to make a difference, and will lead an adequately resourced council with clearly articulated responsibilities at an Auckland-wide

¹ Appendix A: Terms of Reference, “Relevant matters”, (e)(ii).

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and local level. These characteristics are considered critical if the office of the Mayor of Auckland is to attract the best and most talented candidates.

19.7 In this chapter, the Commission also explores the idea of civic leadership, concluding that it involves many different types of leadership, not just political leadership. Accordingly, political leaders need to create room for, and listen to, many different types of civic leaders.

19.8 The chapter then addresses the particular functions and duties of some of the key members of the new unitary Auckland Council. In particular, it focuses on the role of the Mayor of Auckland – in part because this is the primary leadership role, but also because it will be subject to the greatest change. The roles of the chief executive officer, local council chairs, regional and local councillors, and local council managers are discussed in more detail in Chapter 15, “The Elected Auckland Council” and Chapter 16, “Local Councils”.

19.9 The chapter concludes with some general observations as to how best to support our civic leaders to fulfil their roles effectively, and how to nurture and encourage potential leaders.

19.10 The Commission notes that improved governance structures should help foster the possibility of great leadership, but cannot guarantee it. Ultimately, leadership is not a feature of formal powers, but the ability to influence widely. There are many instances of outstanding leadership operating within flawed governance systems and vice versa. For example, the Commission observed that leaders in Seattle and Toronto manage to focus on the big issues, such as sustainability, climate change, and social issues, despite convoluted organisational structures.

What is civic leadership?

19.11 The Commission sought a background paper on the issue of civic leadership from Professor Robin Hambleton (Professor of City Leadership, University of the West of England, Bristol, and Director, Urban Answers).²

19.12 Professor Hambleton defines civic leadership very broadly to embrace all leadership activity that serves a public purpose in the region. He divides it into three categories:

- **political leadership** – politicians elected to leadership positions, such as mayors, councillors and community board members
- **managerial leadership** – public servants appointed by local government to plan and manage public services
- **community leadership** – the many civic-minded people who give their time and energy to local leadership activities in a wide variety of ways, such as private

² Hambleton, Professor Robin, “Civic Leadership for Auckland: An International Perspective”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 515–552.

sector leaders, religious leaders, university leaders, leaders of non-governmental organisations, and community activists.

19.13 Professor Hambleton emphasises that these three roles overlap, and that some individuals may play more than one role. He stresses that Auckland needs a high-calibre contribution from all three kinds of leaders.

Participatory leadership

19.14 Strong and resolute leadership must not be confused with arrogance; nor strength of purpose with single-mindedness. Strong leaders must also be committed to participatory leadership, and listen to other people who are engaged in and passionate about the region.

19.15 Leadership experts Brad Jackson and Lester Levy comment as follows:

Images are conjured up of tyrannical city bosses personified by Chicago's longstanding mayor Richard M Daley.

Fortunately, for every Daley there are so many other less well known but authentic, archetypal executive mayors. One of these is Al Duerr, the quiet and unassuming mayor, who led the city of Calgary in a conciliatory manner during a period of rapid growth and prosperity over a 12-year period.

It is important to have faith that the citizens of Auckland will recognise which candidate for executive mayor will strive to disseminate, not concentrate, leadership. That is, they are able to help citizens recognise their civic responsibility and encourage them to make an active contribution toward creating a world-class city.³

19.16 Many leaders – great and small, formal and informal, celebrated and unsung – comprise the civic leadership of Auckland. Local government leaders, whether they are elected or managerial, need not only to work well together but also to collaborate creatively with a wide range of community leaders who are not formally part of the government system. The Auckland City Mission, the Selwyn Foundation, and the Salvation Army are just some of the organisations contributing to leadership on social issues within the region. School boards provide another important area for community involvement and local leadership. Think tanks and other knowledge-based institutions, such as the Committee for Auckland, can also provide inspiration and new ideas.

19.17 In his research paper, Professor Hambleton comments,

It follows that the old hierarchical model of city leadership – the city “boss” determining policy for services controlled and delivered by the state – is long past its sell-by date, even in cultures where the city boss style of leadership had become

3 Jackson, Brad and Levy, Lester, “Do ‘super’ mayors thwart local leadership?”, *National Business Review*, 10 October 2008, p. 28.

19. Leadership

fairly embedded. ... An important challenge for all political leaders is, then, to develop their skills and effectiveness as facilitative leaders, rather than “top down” leaders. The importance of being able to reach out to other stakeholders and local people in an effort to influence decisions made by **others** in order to improve the local quality of life is difficult to overestimate.⁴

19.18 He goes on to say,

In some situations a powerful, directly elected mayor or council leader can give the impression of exercising decisive leadership of the entire city with other actors having relatively minor roles. This discussion has suggested, however, that it is more likely that, in any given city, there is a pattern of **dispersed leadership**. In modern conditions of social complexity power is fragmented and this means that civic leadership involves a process of connecting the fragments. Elected politicians, appointed officers, business leaders, non-profit organisations, religious groups, community representatives and figures from higher education can all be found carrying out leadership roles in modern systems of urban governance.⁵

19.19 An effective leader, therefore, is able to convene a broad range of people to exercise civic leadership. In this regard, the Commission was impressed with the approach taken by the Mayor of Toronto, Canada (David Miller), and the Mayor of Lewisham, United Kingdom (Sir Steve Bullock), each of whom is able to wield significance and influence by convening groups, experts, and taskforces, and by governing through networks and partnerships. Both work across organisational boundaries; if an issue affects their city, they do not hesitate to become involved and influence the outcome.

19.20 The Mayor of Lewisham, in particular, has a long history of participation as a councillor in local government, and chaired the local hospital for a number of years. He is described as a natural facilitator, able to explain to people why he makes the decisions that he does. He places a high value on procedural justice (for example, keeping people informed), as well as on actual outcomes. He is known for the transparent way in which he operates and his willingness to take on board multiple points of view.

New Zealand leaders who have made a difference

19.21 In Auckland, and New Zealand, we certainly have the capacity for outstanding leadership.

19.22 The style of leadership in New Zealand can be quite different from leadership styles in other parts of the world, but it is often highly effective. One possible reason for differences in our leadership style is that New Zealand has one of the lowest “power distances” in the world (referring to the degree to which we accept leaders as being

4 Hambleton, Professor Robin, “Civic Leadership for Auckland: An International Perspective”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, p. 527.

5 *Ibid.*, p. 534.

intrinsically worthy of respect, socially superior, or even rightfully in charge of important things).⁶

19.23 As a result, many of our most well-known leaders have had to develop the confidence to lead without relying on the trappings of pomp and ceremony, which can appear both inauthentic and arrogant. According to a recent article in the *New Zealand Listener*,

Mike Moore used to appear in public in his carpet slippers. Dick Hubbard has been known to drink cask wine. Sir Robert Muldoon was listed in the Wellington phonebook. Tim Shadbolt towed his concrete mixer behind the mayoral limo.⁷

19.24 The Commission has been advised that two of New Zealand's most effective mayors are Tim Shadbolt and Bob Harvey. (Bob Harvey in particular has been recognised internationally for his leadership skills.) The Commission received advice that both mayors are charismatic, and that although they tend to operate on a consensus model they are sufficiently comfortable in their leadership roles that they are prepared to stand up and acknowledge when something has not worked as planned. Their communities have a sense that they are genuine, and stand for some broad principles.

19.25 For the same reasons, Mayor Vicki Buck was successful in Christchurch, and before her (and from a different political corner), Sir Hamish Hay. Manukau City has also benefited from some very dedicated, long-serving, and effective mayors, including Sir Lloyd Elsmore (1968–1983) and Sir Barry Curtis (1983–2007).

19.26 The Commission has heard that other highly effective mayors include Peter Tennent in New Plymouth, who is an excellent public advocate, is always very positive and is not sidetracked by petty political debates, and Michael Redman in Hamilton, who was highly successful at building a coalition amongst his councillors. He listened to them, respected their views, gave them authority and focused on city-wide views. (Michael Redman has now chosen to take on the role of Chief Executive Officer of Hamilton City, but the progress he made in the mayoral position is being continued by his successor, Bob Simcock.)

19.27 In the course of this inquiry, a number of people mentioned to the Commission the forward-thinking leadership of Sir Dove-Myer Robinson, and the quiet effectiveness of Phil Warren when he led the Auckland Regional Council from 1992 until his sudden and untimely death in 2002.

19.28 It is interesting to reflect that Sir Dove-Myer Robinson became involved in local government only because of concern regarding a pressing environmental issue of his time. For the first half of the 20th century, raw sewage was dumped into the sea at Ōrākei. As the city grew, this sewage became increasingly offensive, and in 1931 it was decided that Auckland's sewage would be conveyed by an undersea pipe to Browns Island and discharged, largely untreated, into the Rangitoto channel. The bitter debate over this

6 According to the Globe Project study of the leadership styles of 17,000 managers in 62 countries, discussed in an article by Jane Clifton, "Follow the Leaders", *New Zealand Listener*, Vol. 206, 25 November–1 December 2006.

7 Ibid.

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“Browns Island affair” launched a previously unknown businessman, Dove-Myer Robinson, into local body politics. He concluded that the best way to fight this proposal was to take over the system, which he proceeded to do.

19.29 He and his followers were elected to Auckland City Council and halted the Browns Island project. They called in a panel of international experts who recommended the revolutionary technology of oxidation ponds and for these to be located at Mangere. Sir Dove-Myer Robinson was elected mayor in 1959 and was re-elected to that office for a record six terms.⁸

Mayor of Auckland

19.30 The most visible leader in the new, proposed structure will be the Mayor of Auckland. This role will be significantly broader than that of any of the current mayoral positions. It will require a real step change in thinking; broad, strategic, inclusive leadership will be vital.

19.31 In saying this, the Commission acknowledges the excellent work already carried out by the mayors of the Auckland region, past and present, within the bounds of their existing roles. The new Auckland Council will need to draw on the existing strengths and achievements across the region, such as Waitakere’s “eco city”, and the flowering of Pacific culture in Manukau City.

19.32 A great mayor can act as a powerful focal point around which a city can begin to foster civic pride and confidence in itself. Ideally, the Mayor of Auckland will be outward-focused and able to think outside the immediate concerns of the Auckland region. He or she will be able to put Auckland’s issues in the context of national and global concerns, and will be able to strategise and see what other regions and other countries are doing better. This will be particularly important as issues such as climate change and other environmental concerns alter the priorities of local government and the responses that are required.

19.33 The Commission considers that one of the most important mayoral roles is to be the primary “vision holder” for the region. By “vision”, the Commission is referring not to glib public relations branding exercises, logos, or slogans. Rather, it is the articulation of a “nuts and bolts” manifesto or statement of intent, with which voters can either agree or disagree and vote accordingly. A mayor who is voted in on a platform of well-understood and well-articulated principles has real visibility, a real mandate, and a proper basis on which to exercise power.

19.34 Professor Hambleton comments that leaders who can set out a convincing and hopeful vision for their area, and who follow through with specific and practical action in

8 Lee, Michael, “Strangers in the 21st Century: Auckland and New Zealand Politics Without Bruce Jesson”, lecture on behalf of the Bruce Jesson Foundation, Maidment Theatre, Auckland University, 6 October 2008. (Sir Dove-Myer Robinson served as mayor from 1959 to 1965 and from 1968 to 1980.)

line with the vision, can be expected to enjoy a stronger electoral support than those who seem more interested in obtaining and holding onto the power of office.

Mayor to be elected at large

19.35 The Commission proposes that the Mayor of Auckland should be elected at large by the people of Auckland.⁹

19.36 Currently, the mayors of each of the seven territorial local authorities in Auckland are elected at large, that is by their cities or districts as a whole.¹⁰ By contrast, the chairperson of the ARC is elected not by the public, but by the regional councillors at the first meeting after the public election of the councillors.

19.37 There are advantages and disadvantages with each model.

19.38 A mayor who is elected by his or her peers and colleagues may be in a better position to work with the team and rely on their support. This model also helps to avoid the risk of celebrity, “presidential style” campaigns based on the force of personality and public profiles rather than policies.

19.39 On the other hand, while it is essential for the mayor to be able to work as part of a team, it is equally important for the mayor to take on a true leadership role. The two are not mutually exclusive.

19.40 In his research paper for the Commission, Professor Hambleton supported a directly elected mayor for Auckland on the following basis:

- It is clear to the public, as well as to other stakeholders, who is leading the city region – this reduces confusion and clarifies accountability.
- The process of direct election gives the mayor enormous legitimacy to lead.
- The mayor can use the position to address the strategic leadership challenges facing the city region, including the international challenges.¹¹

19.41 On balance, the Commission considers that competition for office, through an election at large, is more likely to result in strong, effective leaders. The Commission considers that it is important for the mayor to be elected on the basis of a well-understood platform of policies. In addition, as Professor Hambleton notes, a mayor who is elected directly has a broader legitimacy with a mandate from the people, and is therefore better placed to make decisions and to act on them. Direct election would also

9 The Commission’s proposal that the Mayor of Auckland should be elected at large will not require legislative amendment. The definition of “unitary authority” in section 5(1) of the Local Government Act 2002 suggests that the electoral processes applicable to a territorial authority (including section 19B(1) of the Local Electoral Act 2001) will apply also to a unitary authority.

10 Section 19B(1) of the Local Electoral Act 2001 provides that the mayor of a territorial authority is to be elected by the electors of the district as a whole.

11 Hambleton, Professor Robin, “Civic Leadership for Auckland: An International Perspective”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, p. 545.

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allow the promotion of a mayoral platform or manifesto, with the disclosure of policies and ideas before the election.

19.42 The Commission notes that both the Mayor of Lewisham in the United Kingdom and David Miller in Toronto believe that their mandate derives from being elected to represent their cities. This gives them broader freedom rather than rigid adherence to a legislative role – especially if they were elected on the basis of a policy manifesto.

19.43 Concerns were raised that a direct election would favour the wealthy, who could effectively buy their way into power as a result of greater resources.

19.44 In part, this concern is addressed by section 111 of the Local Electoral Act 2001, which introduced caps on campaign expenditure in local elections. The maximum amount of permissible expenses varies from a maximum of \$3,500 (if any local government area over which the election is held has a population smaller than 5,000), to a maximum of \$70,000 (if any local government area over which the election is held has a population of 250,000 or more).

19.45 Although the permitted expenditure at the higher end of the range is considerable, the Commission envisages that genuine, viable candidates will be able to draw on financial and other support from various groups within the community.

19.46 The remuneration of the mayor and other elected members will continue to be set by the Remuneration Authority, as discussed in Chapter 16.

Additional mayoral powers

19.47 The Commission recommends that the Mayor of Auckland should be given some additional powers and duties, on the basis that effective leadership requires sufficient powers and fiscal resources to get things done.

19.48 Currently, Auckland’s mayors operate under what is known as a “weak mayor” model, in which the mayor shares governance and control with other elected members of their councils. The Local Government Act 2002 provides that mayors should chair council meetings, but otherwise affords them few powers over and above the general powers given to all councillors.

19.49 Moreover, there is no formal job description for mayors. The Act contains a fairly detailed description of the role of the head of the management arm of local government (the chief executive officer), but no real description of the role of the head of the political arm of local government (the mayor).

19.50 The Commission has considered a number of international models for the role of the Mayor of Auckland.

19.51 Some very large and complex cities such as New York, Chicago, and London have “strong mayor” governance systems, which separate executive and legislative functions. The mayor works with the city council or Greater London Authority (as the case may be) but is separate from it and there is a clear division of authority.

19.52 Mayors in these cities have wide-ranging executive powers, are clearly seen to be in charge of the city government, and are held to account by the electorate. They have formal authority to control policy and budgets, and to appoint staff, while the councils have the function of scrutinising the mayors' actions – similar to the parliamentary system of government and opposition.

19.53 The Mayor of the City of New York has been described as the “King of New York”. Amongst other things, the Mayor's Office administers all city services, public property, police and fire protection, most public agencies, and enforces all city and state laws within New York City.

19.54 In London, the mayor has a general power to do anything that will promote economic and social development, and environmental improvement, in London. It is also the responsibility of the Mayor of London to set the annual budget for the four functional bodies in the Greater London Authority – the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, the London Development Agency, and Transport for London. The London Assembly (an elected body within the Greater London Authority) has a scrutiny role only in relation to the mayor's proposals.

19.55 The Commission rejects the adoption of a “strong mayor” model for Auckland. It considers that it is desirable for the Mayor of Auckland to muster majority council support for his or her policies before being able to implement them. This is consistent with New Zealand's central government model.

19.56 In addition, “strong mayor” systems are derived from a very different political heritage to ours. The adoption of a strong mayor model in Auckland would require major institutional change and public education for it to be acceptable.

19.57 Nonetheless, the Commission considers that the New Zealand mayoral system has gone too far in the opposite direction. In Auckland (and New Zealand more generally), the almost complete lack of formal mayoral powers can sometimes cause problems. For example, the council, not the mayor, has the statutory power to set up standing, special and joint committees and subcommittees. The council appoints the committee chairs, and the deputy mayor. The mayor can also be voted out of any role in the management and monitoring of the chief executive officer.

19.58 Currently, mayors are dependent on collegial relationships and majority support to achieve their preferred committee structures, chair appointments, and deputy mayor. Ideally, the deputy mayor and committee chairs would consist of people who support and work constructively with the mayor, and who would not undermine the mayoral position. Unfortunately, and perhaps inevitably, this is not always the result.

Most mayors had the experience of opposition and political manoeuvring including ousted mayors being voted in as deputy mayor and ‘opposition leaders’ given executive committee positions. It is in committees that much of the business of council occurs, and committee chairpeople are subleaders in the administrative interface, influencing the selection of agenda items and the outcome of deliberations. When chairpeople represented councillor opposition to the mayor, the mayor's

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ability to execute council leadership across a wide variety of council activities was undermined.¹²

19.59 This lack of formal power is in direct contrast to high community expectations of leadership and influence from mayors. Communities tend to expect that the buck stops with the mayor, not with the chief executive officer or with councillors.

19.60 Accordingly, the Commission recommends a middle path, in which the powers of the mayor are strengthened to ensure that he or she has the ability to achieve what was set out in the pre-election manifesto, but are subject always to final approval from council.

19.61 Perhaps the most important recommended change is that the Mayor of Auckland should be given the ability to decide which councillors will fulfil certain roles within the Auckland Council, including the position of deputy mayor. The mayor should also appoint the chairs of committees (at the regional level only), and have the right to appoint herself or himself to those positions. The Mayor of Auckland should be a member of all standing committees ex officio (as of right).

19.62 The Commission believes that these changes are important so that the Mayor of Auckland can build a team of individuals with whom he or she will be able to work constructively. The mayor needs to have confidence in those people, and vice versa. The Commission considers that there is a direct parallel between the Mayor of Auckland being in a position to select people to fill these key positions in the local government context and the Prime Minister allocating Cabinet portfolios in the central government context.

19.63 In addition, the Commission considers that the Mayor of Auckland should have the power to propose the budget, and should initiate and formulate policy for consideration and approval by council. The mayor should also propose the draft long-term council community plan and the draft annual plan to the Auckland Council. Again, in all cases, the final decisions should be made by the council.

19.64 The Commission also recommends the establishment of a properly resourced mayoral office, staffed by a small number of personal advisers appointed by the Mayor of Auckland. It is important that this group is kept small and that their role is clearly delineated to prevent the possibility of conflict with other council staff. The Commission expects that the mayor's advisers will operate in a manner similar to the personal advisers of Cabinet ministers; their role will be to support the mayor's work, not Auckland Council's work.

19.65 In summary, therefore, the additional mayoral powers should be as follows:

- power to appoint the deputy mayor
- power to appoint the chairpersons of each committee of the Auckland Council (other than the local councils)

12 Evans, Margaret, "Leadership and the Role of the Mayor in New Zealand", MA thesis published by University of Waikato, 2003, p. 28.

- ex officio membership of each committee of the Auckland Council (other than the local council committees), with power to chair committees as he or she may determine
- power to propose the budget
- power to initiate and formulate major policy for consideration by council
- power to propose the draft long-term council community plan and the draft annual plan to the Auckland Council
- in consultation with and acting through the chief executive officer, and within the adopted budget for such expenditure, power to establish and maintain an appropriately staffed office
- within the adopted budget for such expenditure, power to obtain independent advice.

19.66 This proposed model, which involves the Mayor of Auckland initiating budgets and policy for consideration by council, differs from the current model where councillors (or council staff) often initiate policy and develop the draft budget. Councillors and staff (through the chief executive officer) will continue to have the right to initiate policy.

19.67 The Commission also recommends that the Mayor of Auckland seek ways to interact with ratepayers including

- holding a minimum of four meetings per year with members of the public (“Mayor’s Days”) in different parts of the city to receive public feedback and input on the region’s direction
- delivering an annual “State of the Region” address during which the Mayor must present and speak to the annual report of the Auckland Council¹³
- convening monthly meetings with chairpersons of every local council
- convening quarterly plenary meetings of all members of the elected Auckland Council, every local council, and every community board – every Minister and member of Parliament representing an electorate that lies wholly or partly within the district of Auckland shall be entitled to attend and speak (but not vote) at such plenary meetings
- these arrangements should be provided for in legislation.

19.68 The Mayor of Auckland will also be expected to form a close working relationship with members of the Cabinet Committee for Auckland, and in particular the Minister for Auckland, and to meet regularly with him or her.

¹³ This annual address should include a section on the results of environmental monitoring (see paragraph 8.19 in Chapter 8, “Environment, Urban Design, and Heritage”) and a section on progress on the regional social well-being strategy (see paragraph 9.200, in Chapter 9, “Promoting Social Well-Being”).

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19.69 The Commission considers that these measures will assist in ensuring that the Mayor of Auckland is accountable to the public, will help citizens feel more connected to the Mayor of Auckland and to local government processes, and will help raise the visibility of the mayoral office.

Other Auckland Council leadership roles

19.70 Outlined below are the other leadership roles to be undertaken by people in key positions in the Auckland Council structure.

Role of the chief executive officer

19.71 The chief executive officer is the leader of the management arm of the Auckland Council. He or she is responsible for its day-to-day running and implements the council's policies and objectives (within the budgetary constraints established by the council).

Elected members themselves do not build a public swimming pool or issue library books or treat sewage, or issue a building permit. The employees of the local authority, led by a Chief Executive, implement the elected members' decisions.¹⁴

19.72 The chief executive officer is the only person directly employed by the local authority, and each year the local authority and the chief executive officer agree on objectives to be achieved by the chief executive officer during the course of a year. This is recorded in a document called a performance agreement.

19.73 The role of the chief executive officer is already set out in detail in the Local Government Act 2002. Among the provisions of section 42(2) of the Act, the chief executive officer is responsible to his or her local authority for

- providing leadership for the staff of the local authority
- on behalf of the local authority, employing the staff of the local authority
- ensuring that all responsibilities, duties, and powers delegated to him or her or to any person employed by the local authority are performed properly.

19.74 The Commission does not consider that any significant changes will be required to the role of the chief executive officer. The main difference will be one of scale of responsibilities and, accordingly, an increased focus on leadership.

19.75 Under the proposed new structure, the chief executive officer will have overall responsibility for all Auckland Council staff and the implementation of all Auckland Council policies. There will be only one chief executive officer for the entire Auckland Council. At the local level, each council will have local council managers, who will report to the chief executive officer of the Auckland Council.

¹⁴ Local Government New Zealand, *The Knowhow Guide to Governance under the Local Government Act 2002*, Department of Internal Affairs and New Zealand Society of Local Government Managers, Wellington, 2003, p. 24.

Role of councillors – regional level

19.76 In addition to the mayor, the Auckland Council will comprise 23 councillors, to be elected/appointed in the manner described in Chapter 15.

19.77 These 23 councillors will play important leadership roles for the region. Their key focus should be on developing “big picture”, long-term strategy/policy, and setting goals. It is essential that they remain conscious of the strategic importance of their roles, and that they do not become sidetracked into issues of day-to-day service delivery, or, worse, political point-scoring.

19.78 The Commission believes that providing for a mixture of councillors who are elected at large by the entire region and councillors who are elected on a ward-based system will prove to be advantageous.

19.79 It is anticipated that the councillors who are elected at large will help to provide a broad, region-wide perspective, and will assist in ensuring that the overall culture of the council is truly regional.

19.80 The role of councillors who are elected by ward will be to provide a more focused, place-based perspective, although not at the expense of an overall regional strategy or vision. The Commission expects that the two representatives from each ward will work closely together.

19.81 As discussed in Chapter 22, “Māori”, the two elected Māori councillors will have a role to play in providing a Māori perspective on issues and acting as champions of Māori generally. The representative of mana whenua¹⁵ will have important obligations to discharge in relation to manākitanga¹⁶ and kaitiakitanga¹⁷. Nonetheless, it is crucial that these roles are much broader than this. Each of these three councillors will need to be involved fully in considering all issues.

Role of the chairs of local councils

19.82 The six local councils will not have a mayor. They will each consist simply of elected councillors, elected in wards. The councillors will choose a chair from amongst their number to act as the leader of their community.

19.83 The current legislation does not contemplate the role of “local council chair”; legislative amendment will be required to establish this position.

19.84 The chair of each local council will be appointed in accordance with the Local Government Act 2002.¹⁸ Upon appointment, the chair of a local council will cease to have any formal role as a representative of the ward from which he or she was elected; the next

15 Mana whenua – local Māori with ancestral ties to the land.

16 Manākitanga – a sacred obligation to care for all people within one’s rohe, including taura here (Māori with ancestral ties outside the area) and non-Māori.

17 Kaitiakitanga – guardianship; the responsibility for caretaking.

18 Local Government Act 2002, Schedule 7, Part 1, clause 25.

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highest polling candidate in the same ward will be deemed to be elected as one of that ward's representatives in place of the chair (see Chapter 16).

19.85 The chair of a local council will be the first amongst equals. To a large extent, he or she will have the same role as other councillors, with limited additional powers: to chair the meetings, to exercise a casting vote, and to be the council's spokesperson.

19.86 Local council chairs will also be entitled to attend all full Auckland Council meetings, at which they will have speaking, but not voting, rights. One of their most important leadership obligations will be to articulate and promote the views of their community to the Auckland Council.

Role of councillors – local level

19.87 As discussed in Chapter 16, the Commission recommends six local councils for the Auckland region. All of the councillors at the local level will be elected on a ward-based system.

19.88 The number of members in each council will range from six (Rodney and Franklin) to 22 (Tāmaki-makau-rau). With the exception of the single member representing the Hauraki Gulf islands in the Tāmaki-makau-rau Council, the members of each council will consist of a number of two-person wards (that is, two councillors representing each ward).

19.89 The councillors serving on the local councils will have a more local, place-based perspective than the councillors on the Auckland Council. They will be highly focused on community engagement, and will need the trust and respect of their communities in order to fulfil their roles effectively.

19.90 As with the Auckland Council, the Commission expects that where there are two members per ward, those two individuals will work closely together.

Leadership support

19.91 The Commission considers that it is crucial to support and assist civic leaders to fulfil their roles effectively.

No one until very recently actually thought that politicians ... needed training and support at all. We were supposed to go from the egg state of candidate to the caterpillar state of back bencher alone and unaided. We were then supposed to go from the larval state to the brilliant butterfly of leadership with the assumption that because we had got there we must be good at it – whatever it may be.¹⁹

¹⁹ Kemp, Councillor Richard, Liverpool City Council, "Magic – the sparkle of political leadership", in IDeA and Leadership Centre for Local Government, *Local government leadership – creating political value: a collection of essays*, London, 2008, p. 14 (available at www.localleadership.gov.uk/docs/political_value.pdf, accessed February 2009).

19.92 Many countries have leadership programmes for elected councillors and for appointed officers. In the United Kingdom, IDeA has run an Academy for Councillors for many years and also provides a range of management development programmes for officers. One key feature of the IDeA approach to local government is peer review. This involves respected peers visiting and working with a council for an intensive period. It has proved extremely effective as it involves leader-to-leader exchange and development.

19.93 One British report suggested that councils should support councillors to develop their skills by offering

- a flexible and time-sensitive induction programme, which utilises a range of learning methods
- an option for “refresher” and “ongoing” training for all councillors
- personal development plans regarding development needs and opportunities
- opportunities to be partnered with mentors within and/or outside one’s own council
- self and peer review schemes leading to tailored support packages for councillors
- training in approaches to community development.²⁰

19.94 In the New Zealand context, important professional development work is carried out by Local Government New Zealand and the New Zealand Society of Local Government Managers. Professor Hambleton suggests that it is worth considering whether such bodies could be encouraged to strengthen their civic leadership development offerings.

19.95 The Commission considers that this would be very useful. It believes that structured peer-support sessions amongst the country’s mayors and chief executive officers would be particularly valuable. It has recommended in this report that the Mayor of Auckland bear greater personal responsibility, but it appreciates that it may be a difficult and lonely experience to act as the primary flagbearer for the region, without room for public doubt or hesitation.

19.96 The Commission considers that former mayors and chief executive officers should also be invited to provide confidential advice and a listening ear to incumbents, in a structured environment.

Chief executives often speak about the isolation that they experience in their roles. It is among peers that they experience a safe environment in which they no longer feel

²⁰ Councillors Commission [UK], *Representing the future: The report of the Councillors Commission*, Communities and Local Government Publications, Wetherby, 2007, p. 101 (available at www.communities.gov.uk/, accessed February 2009).

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the need to show leadership that they can expose cock ups, near misses and darkest fears.²¹

Capacity building

19.97 Finally, it is also important to consider how to nurture and strengthen leadership talents across the region.

19.98 One submission that commented extensively on leadership suggested that in order to attract high-calibre leaders in the long term, strategies should begin with leadership education in schools.²² This could include “civic” courses in school curricula, designed both to increase awareness about civic participation and engagement generally, as well as to grow leaders from the ground up.

19.99 Other commentators have suggested that leadership development programmes should focus on elected members, community leaders, people involved with non-governmental organisations, workforces, ethnic groups, and the elderly, as well as the school context.

19.100 Research in Britain shows that knowledge and understanding of councillors among teenagers is particularly low, and that only 3.5% of councillors are aged less than 30. Lack of generational renewal is looming as one of local democracy’s most severe challenges.

19.101 There are, however, many inspiring examples both nationally and internationally of local authorities engaging with schools or using other initiatives to interest young people in local government. Some examples from various New Zealand councils are listed below:

- special positions to facilitate child and youth engagement, such as child and youth advocates or advisers
- youth councils, youth subcommittees, and youth reference groups
- involvement of children and young people in community outcomes processes
- youth leaders initiatives
- youth in local government conference (run biennially)
- local government internships.

19.102 Nationally, Local Government New Zealand is also running a long-term programme called “Growing Active Citizens”.²³ Its flagship project to date has been Kids Voting, which

21 Bennett, Mike and Orr, Kevin, “Connoisseurs of complexity: leadership and storytelling”, in IDEa and Leadership Centre for Local Government, *Local government leadership – creating political value: a collection of essays*, London, 2008, p. 29.

22 Submission to the Royal Commission on Auckland Governance from Jo Brosnahan. (All submissions are available at www.royalcommission.govt.nz.)

23 See www.lgnz.co.nz/projects/SocialandCommunityIssues/GrowingActiveCitizens, accessed February 2009.

saw 8,000 students across the country take part in parallel 2007 local government elections.²⁴ As part of the programme, students discuss candidates' real-life promotional material and media coverage, and candidates are sometimes invited to give classroom presentations. Students vote around the same time as their parents. The Kids Voting programme provides voting papers with the actual candidates' details, together with counting sheets and ballot boxes.

19.103 There are also many broader leadership programmes emerging which are designed to bring together leaders and potential leaders from different sectors to engage in shared learning and idea exchange. One example is the British-based organisation known as Common Purpose. Founded in 1989, it provides geographically based leadership programmes, bringing together future potential leaders from a given city.

19.104 The recent Outward Bound multi-ethnic course is another excellent example. Ethnic communities within greater Auckland worked with the Human Rights Commission and Outward Bound to nominate participants whom they considered had the potential to become leaders within their communities. Participants took part in a 21-day course at Outward Bound in the Marlborough Sounds.²⁵

19.105 Another useful way in which to encourage civic leadership is to provide accessible, practical information to potential councillor candidates. In New Zealand, support for potential candidates varies from council to council, supplemented by some excellent material provided by Local Government New Zealand.

19.106 The Commission was impressed with the information and support given to potential candidates in Victoria, Australia. The Municipal Association of Victoria hosts a website dedicated to providing information to potential candidates (www.standforcouncil.com.au), and arranges a number of information sessions at different locations. It also publishes a detailed information booklet (also available online) which includes practical tips on campaigning, such as doorknocking, and using the media to best advantage.²⁶

19.107 The Commission considers that investment in forward-thinking schemes such as those discussed above is essential to ensure the future success of the Auckland region.

24 See www.kidsvoting.org.nz, accessed February 2009.

25 See www.hrc.co.nz/home/hrc/newsandissues/outwardboundmulti-ethniccourse.php, accessed March 2009.

26 Available at [www.mav.asn.au/CA256C320013CB4B/Lookup/c2c/\\$file/Citizen2Councillor.pdf](http://www.mav.asn.au/CA256C320013CB4B/Lookup/c2c/$file/Citizen2Councillor.pdf), accessed February 2009.

Recommendations

- 19A** The Mayor of Auckland should be given the following additional powers and duties:
- a) power to appoint the deputy mayor
 - b) power to appoint the chairpersons of each committee of the Auckland Council (other than the local councils)
 - c) ex officio membership of each committee of the council (other than the local council committees), with power to chair committees as he or she may determine
 - d) power to propose the draft long-term council community plan and the draft annual plan to the Auckland Council
 - e) power to propose the budget
 - f) power to initiate and formulate major policy for consideration by council
 - g) in consultation with and acting through the chief executive officer, and within the adopted budget for such expenditure, power to establish and maintain an appropriately staffed office
 - h) within the adopted budget for such expenditure, power to obtain independent advice.
- 19B** The Mayor of Auckland should hold a minimum of four annual meetings with members of the public (Mayor's Days), deliver an annual "State of the Region" address, and meet with the chairs of local councils on a monthly basis; those responsibilities to be incorporated in legislation. The Mayor will also convene quarterly plenary meetings of all members of the elected Auckland Council, local councils, and community boards.
- 19C** Leadership support and development programmes for elected councillors should be strengthened.

Transition

- 19D** In designing the structure for the Auckland Council, the Establishment Board should make provision for the establishment of an appropriately staffed office for the Mayor of Auckland, with a small number of personal advisers to be appointed by the Mayor.
- 19E** The Establishment Board should appoint an interim Chief Executive for the Auckland Council.

20. Funding and Financial Management Arrangements

20.1 The Commission’s terms of reference direct it, in conducting its Inquiry and making recommendations to

... take into account the implications of the findings of the Independent Inquiry into Local Government Rates for local government arrangements in the Auckland region:

and to investigate

... what ... funding responsibilities are required to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities ...¹

20.2 The terms of reference direct that the Commission is not to make any “recommendations on the quantum of central or local government funding needed to support the Auckland region”.

20.3 The Commission’s interpretation of its terms of reference is that it should focus primarily on changes in funding and financial management arrangements consequent upon the structural changes it might recommend. The terms of reference indicate that it should not consider rating issues generally or comment on new sources of funding, these matters having been addressed by the Local Government Rates Inquiry in 2007 (“the Rates Inquiry”).

20.4 In summary, the principal conclusions and recommendations of the Rates Inquiry were as follows:

- Rates are likely to be unsustainable for significant sections of the community in 10 years’ time.
- Rates should remain the major source of income for local government, but should be stabilised at around 50% of total revenues.
- No new forms of taxes (for example, bed taxes, sales taxes) should be introduced to fund local government.
- Transfers from central government should be increased (an increase in the local authorities’ petrol tax, payment of full rates on Crown properties, additional central government funding of water infrastructure).
- Local authorities should consider greater use of debt to fund long-term assets.
- There should be volumetric user charging for water and wastewater.
- Capital value should be promoted as the preferred rating base.

¹ See Appendix A: Terms of Reference.

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- There should be greater use of targeted rates (in part to address affordability concerns).
- Differential rates and uniform annual general charges should be abolished.
- Regional councils should have power to levy development contributions.²

20.5 The following changes are noted since the Rates Inquiry report:

- Regional councils have been given the power to levy a regional fuel tax to obtain funding for capital expenditure on specific land transport projects.³ The Auckland Regional Council was planning to implement a regional fuel tax commencing on 1 July 2009.⁴
- The Auckland Regional Council has, in principle, been given the power to levy development contributions (this power is already held by territorial authorities), but the development of this power has been delayed pending the outcome of the Royal Commission.⁵

20.6 This chapter

- outlines the existing financing arrangements for Auckland's local authorities
- discusses in general terms changes to funding approaches which might be adopted in future
- sets out the funding and financial arrangements for the proposed new Auckland Council and its proposed six local councils
- identifies financial issues that will need to be addressed to effect the transition to the Auckland Council.⁶

20.7 This chapter does not seek to assess the extent of any possible funding gap for Auckland local government. While it has been suggested that there is a significant gap between forecast expenditures set out in Auckland councils' 10-year long-term council

2 Local Government Rates Inquiry Panel, *Funding Local Government*, Wellington, August 2007, Executive Summary and Recommendations, pp. 1–28.

3 The Land Transport Management Amendment Act 2008 amended the Land Transport Management Act 2003 by inserting Subpart 3 – Regional fuel tax, sections 65A to 65ZE.

4 The ARC had been given approval to levy a regional fuel tax to repay debt, which would have funded the Auckland Regional Transport Authority's purchases of an electric train fleet and other rolling stock, rail station and ferry terminal upgrades, and infrastructure for integrated smartcard ticketing and real-time passenger information. Auckland Regional Council, "ARC Greenlights Regional Fuel Tax Proposal", media release, 5 August 2008 (available at www.arc.govt.nz, accessed February 2009). This approval has now been withdrawn as a result of a change in government policy. "Regional Fuel Taxes Replaced", media release 16 March 2009 (available at www.beehive.govt.nz, accessed March 2009).

5 Prime Minister Rt Hon Helen Clark, Speech notes for address to Local Government New Zealand Annual Conference, Energy Events Centre, Rotorua, 28 July 2008, p. 3 (available at www.beehive.govt.nz, accessed February 2009). Chairman, Auckland Regional Council to Royal Commission on Auckland Governance, 1 August 2008.

6 See Chapter 15, "The Elected Auckland Council".



community plans (“LTCCPs”) and forecast available funding, it should be noted that LTCCPs may be unrealistic in their forecasts. Considering affordability and undertaking reprioritisation might reduce the forecast expenditures set out in the eight LTCCPs. There are also other factors that may affect future funding, such as the Government’s proposed national infrastructure programme.

Existing funding and financial arrangements for Auckland’s local government

Local authority financial operations

20.8 Under section 101(1) of the Local Government Act 2002 (“LGA 2002”), each local authority (the Auckland Regional Council and Auckland’s seven territorial authorities) is responsible for managing its own revenues, expenses, assets, liabilities, and investments in the interests of its local community. Section 100 of the Act requires that a local authority must maintain a balanced budget unless it decides it is financially prudent to do otherwise. Each has its own funding sources, including transfers from central government and the power to levy local rates in accordance with the Local Government (Rating) Act 2002. This Act provides for quite flexible rating powers, and the rating systems differ significantly between local authorities, as is discussed later. Local authorities also develop their own policies on revenue and financing, liability management, and investment in accordance with the provisions of the LGA 2002, and on financial contributions under the Resource Management Act 1991 or development contributions under the LGA 2002.

Funding sources

20.9 Most of Auckland’s local government operational funding (\$1,596 million) comes from within the region (or is “own source”), with the bulk (\$1 billion) coming from rates. A breakdown of funding sources is shown in Figure 20.1. The Rates Inquiry identified this high level of local financial autonomy as a strength of the New Zealand local government funding system.

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Table 20.1 Auckland share of Government expenditure (estimates for fiscal year 2007)

	NZ total (\$ million)	Auckland share (%)	Auckland contribution (\$ million)
Total social welfare	16,853	30%	5,118
Government Superannuation Fund	302	27%	83
Health	10,327	32%	3,259
Education	9,289	32%	2,958
Core Government service	4,357	33%	1,437
Law and order	2,653	33%	872
Defence	1,602	33%	528
Transport and communications	2,461	38%	944
Other	5,898	33%	1,972
Total	53,742	32%	17,171

Source: New Zealand Institute of Economic Research. Auckland's contribution to the Government surplus in 2007. Updated estimates of the net flow of central government funding from the Auckland region in fiscal year 2007. Report to the Committee for Auckland, July 2007, p. 7.

20.10 Central government funds only a small proportion of local government operating expenditure (\$72 million in 2006/07), this amount being principally road maintenance grants. However, central government's total spend in Auckland, including direct spending by central government agencies and transfers to the Auckland Regional Transport Authority for transport, is significant. The New Zealand Institute of Economic Research has estimated Auckland's total share of central government expenditure at \$17 billion or 32% of total government spending nationally in 2007.⁷ Table 20.1 outlines the composition of this spending.⁸

20.11 The volume of spending is largely driven by the service needs of Auckland's large population in areas such as social welfare, health and education. Between 2005 and 2007, the largest increase in central government funding was in the area of transport and communications, which increased by 95%.⁹

7 New Zealand Institute of Economic Research, *Auckland's Contribution to the Government's Surplus in 2007 Updated estimates of the net flow of central Government funding from the Auckland region in fiscal year 2007*, Report to the Committee for Auckland, July 2007, p. 1.

8 Social welfare spending refers to spending on benefits, family support, child tax credit, and other social assistance. It does not include housing other than the accommodation supplement and income-related rents, nor does it include Accident Compensation Corporation spending. The figures in Table 20.1 are presented for comparison purposes with other categories of Government spending. It does not directly match with the figures for social welfare spending used in Chapter 9, "Promoting Social Well-Being", which uses 2008 information and a slightly different data set.

9 New Zealand Institute of Economic Research, *Auckland's Contribution to the Government's Surplus in 2007*, p. 4.

20.12 Auckland's local government funding for capital expenditure currently comes from the following sources:

- central government grants and subsidies
- rates and accumulated funds from rates
- long-term borrowing
- financial and development contributions (under the Resource Management Act and LGA 2002 respectively).

While capital expenditure and a breakdown of how it is funded is included in each of the eight councils' annual plans, the categorisation of funding varies, making comparison difficult.

Rating system

20.13 The Rates Inquiry suggested that the rating system is not well understood by many ratepayers. The current rating system across the Auckland region varies considerably between local authorities, owing to the flexible powers provided by the Local Government (Rating) Act. This reflects decisions by the existing local authorities about the rating system they consider to be appropriate and equitable for financing the needs of their communities. The rating systems may vary on the valuation base used, the level of uniform annual general charges, the use of targeted rating powers, the use of differentials for certain classes of land, policies on the postponement and remission of rates, and the way in which water charges are structured and levied. The percentage of rates funding raised from general rates varies considerably across the region. This mix of rating systems is summarised in Table 20.2.

20.14 All Auckland's local authorities except Papakura have rates per rateable property above the national average, as shown in Figure 20.2. Rates range from 70% above the national average for Auckland City, to Papakura District which rates at the national average.¹⁰ Auckland City also had the highest average residential rate of the Auckland local authorities in 2006/07 at \$2,039.¹¹

Financial position

20.15 Generally speaking, Auckland's local authorities appear to be in a sound financial position. Most have significant cash reserves, and in some cases financial investments, and modest levels of debt. Any concerns about financial viability of individual local authorities are addressed in annual reports of the Auditor-General – none have been recently raised about the eight Auckland local authorities. However this may change given the current economic downturn and some local authorities may be facing financial stress.

¹⁰ Recent rating policy changes that may affect these figures include Auckland City Council's change in funding policy from 2007/08 to make greater use of debt to restrain future rate increases and North Shore City Council's change to depreciation funding policies. Local Government Rates Inquiry Panel, *Funding Local Government*, p. 113.

¹¹ *Ibid.*, p. 113.

20. Funding and Financial Management Arrangements

Table 20.2 Rating systems used by Auckland councils, 2006/07

Local authority	Rating valuation basis	Maximum differential on business general rate	% of rates from general rate	% of rates from uniform annual general charge	% of rates from targeted rates	% of rates from water charges by meter ¹	Total rates collected ² (\$ million)
Rodney District	Capital value	4.3	20	0	74	6	82
North Shore City	Land value	6.4	36	28	24	12	147
Waitakere City	Land value	6.5	38	29	19	15	111
Auckland City	Annual value	2.4	55	3	11	31	375
Manukau City	Annual value	1.8	51	12	6	31	154
Papakura District	Land value	4.5	74	22	4	0	22
Franklin District	Capital value	2	26	17	45 ³	12	40
Auckland Regional Council	Capital value	1.6	53	0	47	NA	127

Notes: The Local Government Rates Inquiry did not include Franklin District because not all of its area is in the Auckland region. Information about Franklin District is sourced from Franklin District Council Community Plan 2006–2016, *Our Blueprint for the Future*, pp. 9 and 93–97. *Table footnotes:* ¹The higher water charges for Auckland and Manukau reflect the fact they charge for both water and wastewater. In Papakura, water and wastewater operations are contracted out to a private company. ²Compiled from Table 18.3, Summary of Auckland local authority operating statements. ³Includes roading rate charged by Franklin District (22%). Source: *Funding Local Government*, Report of the Local Government Rates Inquiry, Wellington, 2007, p. 112.

Those facing rapid growth, and already committed to significant infrastructure spending, are likely to be particularly affected due to greater pressure to restrain rates.

20.16 The combined balance sheets and operating statements of Auckland’s local authorities are summarised in Tables 20.3 and 20.4.

20.17 While the asset position appears strong, the Commission notes that the balance sheet and operating statement information is incomplete as it does not include council organisations (“COs”) and council-controlled organisations (“CCOs”) or arrangements such as joint ventures with the private sector, as discussed below.¹² The need for a full inventory of, and reporting on, the financial results and position of these organisations is discussed in Chapter 21, “Council Organisations and Council-Controlled Organisations”. Nor are CO and CCO proposed revenues and expenditures included in council LTCCPs.

20.18 There is variation in financial performance across the councils. A number had significant operating deficits in 2007 (Rodney District, Waitakere City, Manukau City, Papakura District) and four had an operating surplus (North Shore City, Auckland City, Auckland Regional Council, Franklin District). All reported an overall net surplus.

¹² There is generally a more standards-driven approach to disclosure in annual reports.

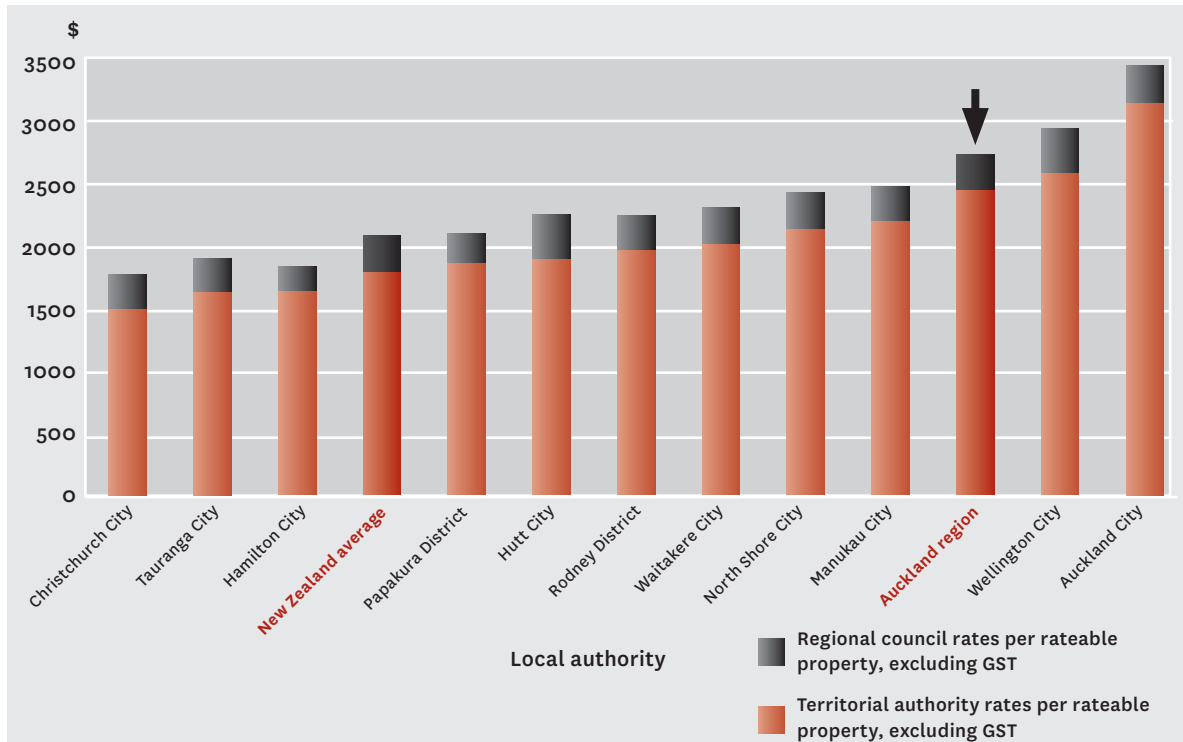


Figure 20.2 Estimated rates per rateable property (excluding GST) for selected local authorities, 2006/07

Notes: Franklin District was not in this particular selection of councils by the Local Government Rates Inquiry. Source: *Funding Local Government*, Report of the Local Government Rates Inquiry, Wellington, 2007, p. 113. Council, Metrowater, Manukau Water, and United Water long-term plans, websites, and annual reports.

What needs to change

Rates

20.19 A number of submitters commented to the Commission that inadequate funding is one of the reasons for the “problems” of governance in the Auckland region. Many submissions commented on the perceived heavy burden of rates, with some expressing concern that rates might increase as a possible consequence of reorganisation. Others saw reorganisation as a means of reducing rates by achieving greater streamlining and efficiencies.

20.20 The Commission has outlined in Chapter 32, “Achieving a High-Performance Auckland Council”, an indicative estimate of the financial benefits and costs of its reorganisation proposals, and outlined indicative overall savings. It has not, however, addressed the question of the redistribution of the rates burden under a uniform rating system across Auckland, and the quantum of central and local government funding for the future. These are matters for the Auckland Council to determine.

20.21 As shown in Table 20.2, there is significant variation in the rating systems currently used by Auckland councils. The Commission considers that the Auckland Council should adopt a uniform rating system (rating valuation basis and level of any uniform annual

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Table 20.3 Summary of Auckland local authority assets and liabilities
(\$ million, year to June 2007)

	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland Regional Council	Total
Total liabilities	253	262	357	440	373	42	46	141	1,914
Total fixed assets	1,522	3,787	2,252	7,410	4,394	399	1,091	212	21,067
Total assets other than fixed assets	56	217	257	1,323	1,620	57	7	931	4,468
Total assets ¹	1,579	4,004	2,508	8,733	6,014	457	1,099	1,143	25,537

Note: The information on assets and liabilities presented is for the local body alone. It does not include financials for any council-controlled organisation (an organisation where one or more councils have 50% or more of the voting rights or have the right to appoint 50% or more of the directors) or for any council organisation (an organisation in which one or more councils own/control any voting rights or have the right to appoint any of the directors). *Table footnote:* ¹ Includes fixed assets, current assets, and non-current assets. *Source:* Statistics New Zealand, "Local authority financial statistics by council", available at www.stats.govt.nz/datasets/govt-finance/local-authority-financial-statistics-by-council.htm.

general charge) for the whole of Auckland. This need not preclude the use of targeted rates or differential rates under existing legislation, although it can be noted that the Rates Inquiry recommended against differential rates as being arbitrary and non-transparent.¹³ The valuation system to be adopted and the distribution of rating burden is a matter for the Auckland Council.

20.22 Section 101(3) of the LGA 2002 sets out factors councils need to consider when deciding whether specific council activities should be funded by rates or by some other means, and, if rates are appropriate, what type of rate should be applied. Factors to be considered include the distribution of benefits from the activity in question, the extent to which action or inaction by specific individuals or groups contribute to the need to undertake the activity, and the impact on community outcomes and policy transparency. The Rates Inquiry considered that affordability for low-income ratepayers should also be made a factor under section 101(3), but this has not yet been acted on.¹⁴

20.23 The Establishment Board should position the Auckland Council to make an early decision on rating policy by undertaking the necessary analysis and development of options for the Auckland Council. The new system will need to meet the requirements of section 101(3) of the LGA 2002 and be based on careful analysis of the impacts on individual Auckland ratepayers, addressing any equity or affordability implications for ratepayers. Decisions would be required on the rating valuation basis, the size of any

¹³ Local Government Rates Inquiry Panel, *Funding Local Government*, Executive Summary, p. 7.

¹⁴ Local Government Rates Inquiry Panel, *Funding Local Government*, pp. 8 and 124.

Table 20.4 Summary of Auckland local authority operating statements
(\$ million, year to June 2007)

	Rodney District	North Shore City	Waitakere City	Auckland City	Manukau City	Papakura District	Franklin District	Auckland Regional Council	Total
Rates	82	147	111	375	154	22	40	127	1,058
Regulatory income	11	15	14	51	23	4	5	15	138
All government grants	6	11	10	13	15	2	10	6	73
Investment income	1	3	2	31	24	0.6	0.2	2	63.8
Sales of goods & services	12	48	40	85	38	3	7	33	266
Total operating revenue	112	224	176	554	254	31	62	182	1595
Employee costs	27	50	60	123	74	6	10	40	390
Interest paid	15	12	18	32	20	0.8	2	0.3	100.1
Depreciation	31	44	35	113	67	8	13	7	318
Grants & subsidies	1	7	5	33	2	0.1	4	2	54.1
Purchases of goods	52	110	74	215	110	16	26	53	656
Total operating expenditure	125	223	192	515	273	31	54	102	1515
Operating surplus	-14	1	-16	39	-19	-0.4	8	80	
Net non-operating items	27	84	20	12	68	15	15	47	
Net surplus	13	85	4	51	49	15	24	127	368

Source: Compiled from Statistics New Zealand data, "Local authority financial statistics by council".

uniform annual general charge, and whether any existing differential or targeted rates should be retained – or even new ones instituted. As discussed in Chapter 26, "The Three Waters", it is anticipated that water charges (drinking and wastewater) would be covered by separate volumetric charges based on cost recovery.

A more effective and efficient funding partnership with central government

20.24 An important aim of the Commission's proposed structural changes is to enable a single Auckland Council to interact more effectively with central government. Clearly

20. Funding and Financial Management Arrangements

central government has a direct interest and a critical funding role in relation to the work of the Auckland Council. The Auckland Council is positioned to manage transport, environment, infrastructure, assets, and other long-term investment for the region. As discussed elsewhere, this must occur in partnership with central government, particularly in relation to shared areas of responsibility such as land transport, including public transport.

20.25 This partnership involves recognition by central government that the Auckland Council can and should directly influence central government decision making and funding in these and other areas. For this reason the Commission is recommending joint decision making in a number of areas, particularly on social issues and transport. (See Chapter 9, “Promoting Social Well-Being” and Chapter 25, “Transport”.) Mechanisms such as a Cabinet Committee for Auckland and a possible central government “Auckland Budget” to assist in better prioritising Government expenditure in Auckland are referred to in Chapter 15, “The Elected Auckland Council”.

20.26 The Commission has also noted the concern expressed by a number of submitters about the lack of certainty in central government funding of local government, particularly with respect to long-term infrastructure planning. The Auckland Council would need reasonable assurance that its proposed 10-year expenditures set out in its LTCCP would be capable of being funded. Currently (as noted in the Rates Inquiry), central government financial planning horizons do not align with the LTCCP time frame. The Commission notes that the new Government’s proposed national infrastructure plan has the potential to address this issue in relation to infrastructure, but notes that other expenditures also need longer-term funding certainty.¹⁵

Access to a broader range of options for funding capital expenditure

20.27 Given ongoing increases in local government expenditure in Auckland (mainly for investment in infrastructure), there is concern about increasing rates when the level of rates per rateable property generally already exceeds the national average across all the region’s local authorities. The Rates Inquiry concluded that the forecast rates increases for the Auckland region are unsustainable and will lead to affordability issues for significant numbers of individual ratepayers.¹⁶

20.28 In future, it is anticipated that Auckland’s local government will need to better utilise the full range of funding options available to it, particularly for infrastructure, aside from direct central government funding, rates and development contributions. These mechanisms might include

- public-private partnerships for infrastructure development
- user charges, for cost recovery and/or demand management

15 National Party, Infrastructure Plan, “Building for a Brighter Future”, 27 October 2008, p. 4 (available at www.national.org.nz, accessed February 2009).

16 Local Government Rates Inquiry Panel, *Funding Local Government*, pp. 115–116.

The Commission noted that the international cities it visited were already using, or were planning to use, road pricing. As outlined in Chapter 21, the proposed new integrated water organisation would operate the water and wastewater systems efficiently, as a successful business.

- greater use of debt for long term financing.

This enables future generations to share the costs as well as the benefits of investment. The risk of excessive debt servicing requirements would, of course, need to be carefully managed.

20.29 The Commission recommends that the Establishment Board undertake a comprehensive review of such alternative funding tools, including assessing existing policies, mechanisms, and institutional capacity. The objective will be to position the Auckland Council to make decisions about any changes in these areas required to maximise its ability to make equitable and efficient use of these funding tools, as part of the financial policies required to be developed.

More transparency in rating

20.30 The Rates Inquiry made a number of recommendations to ensure budgets, rate notices and financial statements are structured in a way that ensures these are accessible and understandable to the public.¹⁷ The Commission would expect the Auckland Council to follow these recommendations.

Auckland Council – funding and financial arrangements

20.31 Under the proposed new arrangements, budgetary control, asset management, debt management, and revenue raising would be the responsibility of the Auckland Council. The six local councils would have delegated budgetary authority for service delivery and specified roles in place-shaping activities. Local councils would negotiate their budgets with the Auckland Council and would be responsible for managing the funding allocated to them. The system would be bound together by a framework of common accounting and financial policies and systems.

20.32 There would be a single centralised accounting system as outlined in the discussion in Chapter 32, meaning the Auckland Council would be able to monitor the financial performance and the position of local councils. All revenue collected in rates and from other sources would be payable to the Auckland Council. All financial assets and liabilities would be held by the Auckland Council and it would therefore exercise the treasury function.

20.33 Figure 20.3 illustrates this structure.

17 Local Government Rates Inquiry Panel, *Funding Local Government*; see in particular Recommendations 81–88, pp. 253–257.

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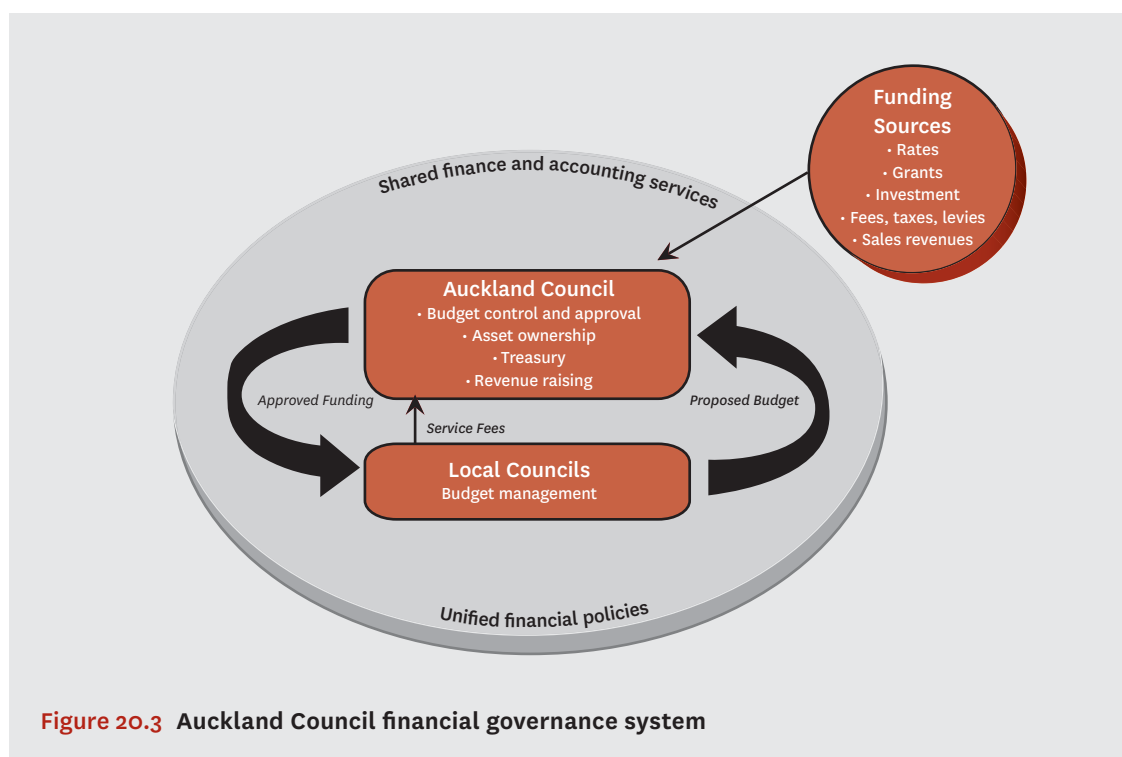


Figure 20.3 Auckland Council financial governance system

20.34 Funding would be centralised at regional level, and then allocated in accordance with the priorities of the Auckland Council’s LTCCP. The Auckland Council would

- directly fund regional activities
- fund local councils to deliver
 - delegated services and capital projects (major ones would include resource/planning/building consents and local roads)
 - representation/advocacy/place-shaping for their local community within the framework of the regional LTCCP and the local community action plan.¹⁸

20.35 Baseline levels of service would be established by the Auckland Council and negotiated further with each individual local council, on the basis of its community action plan, in order to ensure that the needs of different communities are met.

20.36 Further detail follows on the approach to be taken by the Auckland Council on rates, fees and investment income, central government funding, and other funding sources, followed by a discussion of the transfer of assets and liabilities to the Auckland Council. Budgeting and accountability mechanisms are then outlined.

Rates

20.37 Only the Auckland Council will have the power to rate. It would operate a single integrated rating system to meet regional and local funding needs.

¹⁸ See Chapter 16, “Local Councils”.

20.38 The rating system should distinguish between regional and local expenditure. It is anticipated that the Auckland Council would levy a rate with the following components

- (a) expenditure for regional activities required for Auckland Council to carry out the functions set out in Chapter 15
- (b) expenditure for local services and activities required for local councils to carry out the functions set out in Chapter 16, “Local Councils”.

This would be for the purpose of funding baseline levels of service and capital project delivery (for example building and maintaining local footpaths), and community representation/advocacy/place-shaping (for example, Diwali Festival in central Auckland or a local swimming pool).

20.39 The Auckland Council might also levy targeted rates under the Local Government (Rating) Act, including targeted rates for local activities as discussed below.

20.40 The ratepayer would receive one bill but with a breakdown between (a) and (b) and identifying the level of any targeted rate. The amount shown under (b) would represent a portion of the cost of funding local activities across the whole of Auckland, not just within the ratepayer’s local council area.

20.41 This system may therefore result in an element of cross-subsidisation between local council areas, in relation to component (b) above. The Commission acknowledges that this cross-subsidisation may be contentious. Submissions from some groups of ratepayers, particularly business, rural, and Māori, expressed concern that rates were already not being spent directly on those from whom they are collected. Nevertheless, it is the Commission’s view that funding effective Auckland-wide local government activities and services is a collective responsibility for all ratepayers. Failure to address the “urban paradox” described earlier in Chapter 1, “Why Auckland Matters”, where economic growth is accompanied by increased deprivation in some areas of cities, will impact negatively on long-term prosperity. Spending more in some parts of Auckland where the rate take is lower will, in the long run, accrue benefits to all Aucklanders. It cannot necessarily be expected that the proportion of revenue collected within each local council area will be matched by the same proportion of total expenditure. The Commission notes that current ARC regional rates are spent across the whole city and that rates collected from different areas of the current seven councils are not necessarily all spent in the area in which they are collected.

Fees and investment income

20.42 All fees and charges will be shown in the Auckland Council accounts including those collected by local councils, for example, consent processing, dog licences. Where fees are associated with a locally managed asset, for example rents for sports grounds, the fees would be notionally tagged to fund management costs and capital expenditure related to that asset, within the context of the overall asset management programme.

20.43 As mentioned above, water would be self-funding through user charges and with a uniform system across Auckland. This is discussed in Chapter 26.

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Central government funding and other funding sources

20.44 All central government funding for Auckland's local councils would be channelled through the Auckland Council or its CCOs as the Auckland Council may decide.

20.45 The Auckland Council would have sole authority to raise debt, impose user and development charges and enter into public private partnerships.

Assets and liabilities

20.46 All assets of the current local government bodies would be transferred to Auckland Council ownership, with subsequent management delegations to local councils as necessary.

20.47 The Auckland Council will take over all the assets and liabilities of existing councils. There will be no payments involved as the existing eight councils will go out of existence. The Commission notes that transferring ownership of assets such as the airport shares of the Manukau City Council and Auckland City Council, North Shore City Council's Rosebank wastewater plant, and the Auckland City Council's ageing stormwater system into a single council will involve some redistribution between ratepayers, in some cases bringing notional benefits and in other cases notional costs to different ratepayers of the new Auckland Council. It is the Commission's view that attempts to rectify any such real or apparent inequities would be difficult and would be inconsistent with the objective of moving to unified funding arrangements. However, this would not preclude the Auckland Council at a future point, from setting a targeted rate, to address any significant inequities.

20.48 Financial assets are currently held by Auckland's local authorities in a number of ways including direct shareholdings in COs, CCOs, and council-controlled trading organisations ("CCTOs") and also through council-related organisations. While investment income is reported through council financial statements, the details of council investment in, and ownership of, related organisations, and potential liabilities is not always transparent or readily available. For example council financial statements generally do not include the assets and liabilities of related organisations. A list of COs, CCOs, and CCTOs is set out in Chapter 21.

20.49 The Rates Inquiry identified a few of Auckland's major local government financial assets. These are listed in Table 20.5. The report also recommended that externally invested (financial) assets would be managed with a view to achieving a commercial rate of return, within a risk profile appropriate to local government.

20.50 In order to develop a financial asset management strategy, it will be essential for the Establishment Board to compile an inventory of all assets currently held by Auckland's local authorities, including all COs, CCOs, and CCTOs. To facilitate this process, the

Table 20.5 Selected Auckland local government financial assets

Local authority	Commercial asset	Shareholding	Current value (\$ million)
Auckland Regional Council	Auckland Regional Holdings including Ports of Auckland	100%	1,232.0 (total) 495.7
Auckland City Council	Auckland International Airport	12.8%	303.7
Manukau City Council	Auckland International Airport	10.1%	239.3

Source: 2007/08 annual reports of Auckland Regional Council, Auckland City Council, and Manukau City Council.

Commission recommends that consideration be given by the Government to limiting asset sales during the establishment period until the establishment of the Auckland Council.¹⁹

Local council budgets

20.51 Each local council would prepare a three year rolling budget specifying funds required to deliver on its community action plan, as discussed in Chapter 16. Local council budgets would follow a standard format (“common chart of accounts”) to promote transparency and accountability. Local councils would be responsible for managing their budgets.

20.52 Local council three-year rolling budgets would be approved by the Auckland Council. The Auckland Council would then allocate funds to the local council on an annual basis in accordance with the budget.

20.53 Local councils would be responsible for managing the funding they receive, but with some flexibility and incentive to make and retain efficiency savings. The Auckland Council would need to set parameters for flexibility in spending across budget items.

20.54 Local councils would, through the Auckland Council’s central accounting system, present a set of annual financial statements reporting on their financial management.

20.55 Local councils would be able to propose that the Auckland Council collect a targeted rate for expenditure on a particular project to deliver a delegated service or capital project over and above the base level of service provision. This will give communities the opportunity to fund a standard of urban amenity and services that reflects their preferences and priorities.

20.56 For local councils it will provide the means to enhance their place-shaping responsibilities. The process of engaging and consulting with local people to produce a credible and competitive case for Auckland Council funding will be a powerful

19 However, it can be noted that the existing legislation (LGA 2002) requires the transfer of a “strategic asset” to be provided for in the LTCCP. An amendment to the LTCCP, using the special consultative procedure, may be required before any transfer could take place. Local Government Act 2002 sections 5, 84, and 97.

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accountability discipline on local councils, requiring them to understand and manage community expectations in an interactive and transparent way.

20.57 The Auckland Council will need to establish a policy for local councils on developing proposals for local targeted rates, including any limits on quantum and any specific consultation processes required.

Financial plans and policies

20.58 Total Auckland Council spending would be guided by a 10-year LTCCP. Local councils would produce a three-year community action plan, which would link into the regional LTCCP and their rolling three-year budget.

20.59 The Auckland Council would set explicit three-year fiscal targets against which councils would report, as a discipline on both rates and spending.

20.60 The Auckland Council would adopt standard financial policies, in accordance with sections 102 to 111 of the LGA 2002. These would include revenue and financing policy, liability management policy, investment policy, policy on development contributions or financial contributions, and a policy on partnerships with the private sector. The Establishment Board should prepare draft policy options for consideration by the Auckland Council.

20.61 The financial governance arrangements for the Auckland Council's COs and CCOs are outlined in Chapter 21.

Accountability

20.62 The Auckland Council's financial operations must be subject to a high degree of public and official scrutiny, given that it will have responsibility for the largest local government budget in New Zealand.

20.63 Oversight mechanisms of Auckland Council spending would have to include, as required by the LGA 2002,

- publication of annual financial statements and summary financial statements in accordance with International Financial Reporting Standards, accompanied by reports by the Auditor-General
- a formal process to ensure local council input and consultation on the Auckland Council budget and LTCCP.

20.64 It is anticipated that oversight of local council spending would occur as follows:

- (a) Auckland Council would monitor the financial performance and position of each local council against its budget.
- (b) Auckland Council would approve/not approve budgets, and assess whether proposed activities were consistent with delegations and the 10-year LTCCP.

20.65 The Commission also recommends that specific efficiency mechanisms be built into the culture and operation of the Auckland Council. Further work will be required to design these, but the Commission notes the following:

- the financial cost-benefit analysis contained in Appendix B (Taylor Duignan Barry report), which anticipates efficiency gains resulting from the establishment of the Auckland Council.
- the merit of a “best value” regime set down in legislation

For example, in the United Kingdom, local authorities must make arrangements to secure continuous improvement in the way in which they exercise their functions, having regard to a combination of economy, efficiency, and effectiveness (Local Government Act 1999). They undertake “best value reviews” of their operations to achieve this.²⁰

- the proposed Auckland Council Services Performance Auditor, discussed in Chapter 32.

20.66 The establishment of a new Auckland Council provides the opportunity to introduce best practice financial and performance management. The Commission’s proposals for this are set out in Chapter 32.

20.67 A number of submitters argued for greater financial transparency including more information from local government about how their rates were spent, particularly tendering policy, council sub-contracting, and financial involvement in CCOs. The Commission considers that there is a need for greater transparency and notes that the establishment of a single budget and set of financial policies under the Auckland Council should facilitate this. Specific recommendations regarding improvements in CO and CCO financial reporting are outlined in Chapter 21.

20.68 The Commission considers that the Auckland Council should develop its financial reporting mechanisms with a view to maximising transparency. It may wish to consider options such as making supplementary material to the annual financial statements available online for ease of public access, and adopting a policy of mandatory disclosure of expenditure over a certain amount, as is done by the Greater London Assembly, which discloses all spending above £1,000.²¹

Transition

20.69 A key task for the transition will be ensuring that the Auckland Council has the funding and financial systems it needs to operate upon establishment, and has a report

20 Mayor of London, “Best Value” (available at www.london.gov.uk, accessed February 2009).

21 Greater London Authority, “Expenditure over £1000” (available at www.london.gov.uk, accessed February 2009).

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on the options for rating and financial policy as a basis for its decision making on these matters.

Rates and funding

20.70 The 1989 reorganisation of local government provided the new councils with a three-year period after the amalgamation date, to design, approve, and migrate to a new rating system. The valuation basis for each new council was set by the Local Government Commission, and each council designed its unified rating system and charging systems for water and the like.

20.71 The new councils came into being on 1 November 1989, and until the beginning of the next financial year, worked on the basis of an interim budget prepared by the Establishment Committee and funded by the revenue collected by the former local authorities in the area.

20.72 Auckland's current local authority financial planning and budgeting system is based on the LTCCP, which each council must produce through a detailed statutory process every three years. LTCCPs were produced by each Auckland local authority for the financial year commencing 1 July 2006, and the next LTCCPs will be published on 1 July 2009. In the first year of the three-yearly cycle, the LTCCP is regarded as the annual plan. In the following two years, local authorities produce a separate annual plan, which closely follows the projections contained in the operative LTCCP for that year (LGA 2002, section 95).

20.73 Assuming the Auckland Council commences immediately after the 2010 local body elections, it will inherit the LTCCPs of the eight predecessor councils covering the three years from 1 July 2009 to 30 June 2012, and the annual plans that each has made for the 2010/11 year. The Auckland Council will need, almost immediately, to give attention to the development of its first annual plan to be published on 1 July 2011, and its first LTCCP to be published on 1 July 2012. In the interim, it will need to operate to a large extent under the LTCCPs and annual plans it has inherited from the predecessor councils.

20.74 The Commission recommends that the Establishment Board be tasked to

- develop an interim budget for the Auckland Council to cover the period from its establishment until 30 June 2011
- ensure sufficient funding is available to meet the operating costs of the Auckland Council from its establishment until it has approved and implemented a budget for the 2011/12 financial year (this will be met from income and reserves held by the existing eight councils).²²

²² The draft Auckland Act, prepared by the Commission, contains transitional provisions, based on those in the LGA 2002 for reorganisation orders, which will enable the Auckland Council to collect rates, levies or other money payable to any former council until it makes its own valuation rolls and rate records. See Chapter 31, "Statutory Reform", "Auckland Act".

- undertake a comprehensive analysis and develop options for a unified rating system (reflecting the findings of the Rates Inquiry) and other required financial policies for the Auckland Council
- prepare a report for consideration by the Auckland Council scoping out a process and timeline for development of the first annual plan for 2011/12 and the LTCCP for 2012.

20.75 The Commission recommends that the Auckland Council ratify a new unified rating system as soon as possible. The Auckland Council will need to strike a rate from July 2011 based on the rating systems previously used by the eight Auckland Councils. The Establishment Board will need to take any necessary steps to enable the Auckland Council to strike a rate in this way. It should be possible for the new rating system to apply for the 2012/13 year at the latest, but this would be a matter for further work by the Establishment Board with it making a recommendation to the incoming elected Auckland Council.

Recommendations

Financial management

- 20A** The Auckland Council should ensure accountability in relation to its financial operations by adopting best practice oversight, transparency, and efficiency mechanisms.
- 20B** Local councils should negotiate their budgets with the Auckland Council (through the community action plan process) and be responsible for managing the funding allocated to them.

Rating

- 20C** The Auckland Council should adopt a uniform rating system for the Auckland region, to meet city-wide and local funding needs.
- 20D** The Auckland Council should levy a rate with the following components:
- a) expenditure for activities undertaken by the Auckland Council
 - b) expenditure for local services and activities required for local councils to carry out their functions. This would be for the purpose of funding baseline levels of service and capital project delivery, and community representation/advocacy/place-shaping.

20. Funding and Financial Management Arrangements

20E The Auckland Council should also consider levying targeted rates under the Local Government (Rating) Act 2002 including targeted rates for local activities.²³

20F The Auckland Council should ratify a new unified rating system as soon as possible. In the interim, the Auckland Council should from July 2011 strike a rate based on the rating systems previously used by the eight Auckland councils.

Transition

20G The Establishment Board should

- a) undertake a comprehensive review of alternative funding tools for capital expenditure including assessing existing policies, mechanisms, and institutional capacity.
- b) prepare draft standard financial policy options for consideration by the Auckland Council. These would include policies on revenue and financing, liability management, investment, development contributions or financial contributions, and partnerships with the private sector.
- c) develop an interim budget for the Auckland Council to cover the period from its establishment until 30 June 2011.
- d) ensure sufficient funding is available to meet the operating costs of the Auckland Council from its establishment until it has approved and implemented a budget for the 2011/12 financial year. This will be met from income and reserves held by the existing eight councils.
- e) undertake a comprehensive analysis and develop options for a unified rating system for the Auckland Council, reflecting the findings of the Report of the Local Government Rates Inquiry.
- f) prepare a report for consideration by the Auckland Council scoping a process and timeline for development of the first annual plan for 2011/12 and the long-term council community plan for 2012–2021.
- g) take any necessary steps to enable the Auckland Council to strike a rate in the interim period from July 2011 until a new unified rating system is adopted as outlined in Recommendation 20F above.

²³ Local councils may propose to Auckland Council that it collect a targeted rate for expenditure over and above the base level of service provision (see Chapter 20).

21. Council Organisations and Council-Controlled Organisations

21.1 This chapter examines organisations that are subsidiaries of, or associated with, existing Auckland councils. There are over 40 council organisations (“COs”) and council-controlled organisations (“CCOs”) covered by statutory monitoring and reporting provisions.¹ A list of both the for-profit and not-for-profit CCOs and COs in the Auckland region, and those council entities exempted from being CCOs, is set out in Appendix 21.1 to this chapter. The chapter also discusses other council financial arrangements with private sector organisations which are not covered by any formal monitoring or reporting requirements.

21.2 The chapter commences with a description of CCOs and COs and a summary of submissions made to the Commission regarding CCOs and COs. It then considers the appropriate place of such organisations in the new Auckland Council structure to which they will all be transferred, and the appropriate governance arrangements for them. The analysis includes discussion of their relationship with the Auckland Council, the appointment and role of CCO and CO directors, and proposed performance monitoring and reporting arrangements.

21.3 The Commission considers that the Establishment Board should undertake a full “stock-take” of such organisations and their financial position prior to the establishment of the Auckland Council, so that the council can make a decision on their future at an early date.²

Legislative framework

21.4 Part 5 of the Local Government Act 2002 (“LGA 2002”) addresses the governance and public accountability arrangements of such council-owned entities. These include both profit-making and not-for-profit organisations operating as charitable trusts, incorporated societies, bodies corporate, or companies. Setting up these entities enables councils to access specialist expertise through external directors and to separate those activities from the council, which may benefit from additional operating autonomy.

Council organisations

21.5 A council organisation constitutes an entity in which a council holds or controls any proportion of voting rights or rights to appoint directors.³ COs may be companies, joint ventures, partnerships, trusts, unions of interest, and profit-sharing arrangements. The scope of COs is thus very wide. For example, Auckland International Airport Limited

1 Local Government Act 2002 (hereafter LGA 2002), section 6 (defines CO, CCO, and CCTO).

2 The Establishment Board’s role and functions are set out in Chapter 33, “Managing the Transition”.

3 LGA 2002, section 6.

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is a CO of both Manukau City Council and Auckland City Council, both of which have investments in that company. Another example is the film studio Prime West Limited, in which Waitakere City Council holds a minority interest, with the majority of shares being held by private interests. Watercare Services Limited (“Watercare”) which is a company owned by six Auckland councils, is also a CO, but is governed by additional legislative provisions. Ports of Auckland Limited is a company with one shareholder, Auckland Regional Holdings (“ARH”). It is a CO governed by special legislative provisions.⁴

Council-controlled organisations

21.6 A council-controlled organisation (“CCO”) is an entity in which one or more local authorities control 50% or more of the voting rights, or have the right to appoint 50% or more of the organisation’s directors.⁵ There are defined procedural steps required to be taken before a CCO can be set up, including a special consultative procedure.

21.7 Examples of CCOs include the Auckland Regional Transport Authority (“ARTA”) and ARH (both of which are subsidiary organisations of Auckland Regional Council), as well as Metrowater and Manukau Water Limited, which are companies wholly owned by Auckland City and Manukau City Councils respectively. Other Manukau City Council CCOs include Manukau Leisure Services Limited (which operates sport and recreational facilities) and Manukau Building Consultants Limited (which undertakes building inspections). CCOs may trade for profit, in which case they are termed a council-controlled trading organisation (“CCTO”).⁶ Examples of CCTOs are Tomorrow’s Manukau Properties Limited and Westhaven Marina Limited.

21.8 The LGA 2002 deems certain council organisations not to be CCOs, including Watercare and port companies, including Ports of Auckland Limited.⁷ The Act also allows certain council entities to be exempt from being council-controlled organisations, and thus exempt from the monitoring, reporting, and accountability provisions of the LGA 2002 for up to three-year reviewable intervals.⁸ “Small” entities that do not trade for profit may be exempted from being CCOs by a council resolution. Other organisations require an exemption by Order in Council on the recommendation of the Minister for Local Government.

21.9 There are also additional legislated governance arrangements to meet specific regional needs for a number of CCOs including ARH and ARTA.⁹

4 Watercare is governed by Local Government Act 1974 and declared not to be a CCO in LGA 2002 section 6(4). Port companies are declared not to be CCOs in LGA 2002 section 6(4). Current legislation relevant to Ports of Auckland Limited governance is the Port Companies Act 1988, Companies Act 1993, and the Local Government (Auckland) Amendment Act 2004 (hereafter LGAAA). See Ports of Auckland Ltd’s submission to the Commission at page 3–7. (All submissions are available at www.royalcommission.govt.nz.)

5 LGA 2002, section 6.

6 LGA 2002, section 6.

7 LGA 2002, section 6(4).

8 LGA 2002, section 7.

9 LGAAA, sections 7–28.

Other statutory entities

21.10 There are other significant entities that receive levy-based funding from various Auckland councils including the Auckland Museum and the Museum of Transport and Technology, but these are not council-controlled or council-owned organisations, and are therefore not covered in this discussion.

Objectives and responsibilities

Council organisations

21.11 With the exception of Watercare and the Ports of Auckland Limited, the objectives of COs are not usually statutorily prescribed. Watercare has a legislative requirement to “manage its business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of that business and the maintenance of the long-term integrity of its assets”. It is also required to have a statement of intent and to this extent it operates similarly to a CCO.¹⁰ Ports of Auckland Limited is subject to the Port Companies Act 1988, which provides that the principal objective of every port company is “to operate as a successful business”.¹¹

21.12 Council organisations are typically established by constitution (if the CO is a company), or by trust deed (if the CO is a trust). COs’ financial obligations can be underwritten by local authorities. For example, the six council shareholders of Watercare, a CO, have recently guaranteed its borrowings, thus reducing its financial operating costs.

Council-controlled organisations

21.13 The principal objectives of a CCO are to

- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent
- be a good employer
- exhibit a sense of social and environmental responsibility
- if the CCO is a CCTO, to conduct its affairs in accordance with sound business practice.¹²

21.14 The reasons councils give when placing activities into separate entities include

- improved commercial focus, that is, operating a company with a professional board of directors with the objective of achieving greater operating efficiency

¹⁰ Local Government Act 1974, section 707ZZZS, and further described in Chapter 26, “The Three Waters”.

¹¹ Port Companies Act 1988, section 5.

¹² LGA 2002, section 59.

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- ring-fencing financial risk, that is, using an incorporated structure to insulate a council from financial liability for an activity or venture involving other parties such as a joint venture
- empowering local communities, that is, creating a trust with a set budget funded by a council but managed by a community for a specific purpose such as maintaining a community centre
- tax effectiveness, that is, obtaining dividend imputation credits on the tax that councils pay on dividend income.

21.15 ARH is both a statutory body and a council-controlled organisation.¹³ Its function is to act as the investment manager of a pool of Auckland Regional Council funds to generate returns that are invested back into the region's transport and other infrastructure. ARH's major asset is its 100% ownership of Ports of Auckland Limited, but it also owns harbourfront development property in the central business district and other cash and liquid investments.

21.16 ARTA is a CCO whose primary role is to give effect to the regional land transport strategy and to provide public transport (bus, train, and ferry) services throughout the region.

21.17 CCOs are subject to the Local Government Official Information and Meetings Act 1987 and the Ombudsmen Act 1975.¹⁴ Their performance must be monitored by the local authority through a statement of corporate intent, and they are audited annually by the Auditor-General.¹⁵ Those CCOs and COs that are incorporated as companies are also subject to Commerce Commission scrutiny under the Fair Trading Act 1986 and the Commerce Act 1986.

21.18 Local authorities cannot guarantee a CCTO's obligations and there are restrictions on councils lending to CCTOs so that they operate on a "level playing field" with private enterprises, without subsidies from shareholding councils.¹⁶

21.19 The non-profit CCOs tend to be mainly trusts that provide community facilities such as museums, libraries, swimming pools, theatres, and sports grounds. They are not intended to operate at a profit and are characterised as charitable trusts for tax purposes.

21.20 Some councils use holding companies to provide monitoring oversight for some or all of their CCOs, whereas some councils have direct council committee oversight of CCOs. Waitakere City Council uses a holding company whose board comprises two professional directors and the chief executive of the council. ARH has five directors, two of whom are current Auckland Regional Council councillors. Council committees of the

13 LGAAA, sections 18–28 impose numerous special requirements on Auckland Regional Holdings.

14 LGA 2002, section 74.

15 LGA 2002, section 70.

16 LGA 2002, sections 62 and 63.

Auckland City Council and Manukau City Council directly oversee the CCTOs that manage water and wastewater services.

21.21 A number of Auckland councils hold other investments in property or through CCO holding companies, and have interests in joint ventures with the private sector. Auckland City Council and Manukau City Council hold shares in Auckland International Airport Limited, a publicly listed company. North Shore City Council, Waitakere City Council, Rodney District Council and Infratil Limited formed a joint venture company to advance a case to government for the purchase of Whenuapai airport from central government, and its subsequent development for commercial use. Waitakere City Council holds a minority interest in a joint venture with private interests in a film studio. Manukau City Council operates a landfill and transfer station in an unincorporated joint venture with Transpacific Industries Group (NZ) Limited.

21.22 Auckland City Council has invested \$71 million in the development of Vector Arena on land leased from Ngāti Whātua o Ōrākei. A private sector company, Quay Park Arena Management Limited, owns and operates the arena for 40 years under a so-called “BOOT” scheme.¹⁷ Manukau City Council has financial arrangements with Counties Manukau Pacific Trust, the operator of the Telstra Pacific Events Centre (which is a council organisation). Councils generally use these arrangements to access private funding and expertise and to provide facilities which councils would find difficult to finance directly. Disclosure of the Vector Arena and Telstra Pacific Events Centre financial arrangements are not covered by the provisions of the LGA 2002, and as discussed later, there are no clear reporting requirements on the financial operations of these facilities or the level of council financial liability. Likewise there is lack of transparency in arrangements relating to the development of Flatbush, which is being undertaken by Manukau City Council in a joint venture with the private sector through the CCO Tomorrow’s Manukau Properties Limited and its subsidiary TMPL (Flat Bush) Limited.

Duties and appointment of directors

21.23 Incorporation of a council entity as a company provides an additional layer of accountability under the Companies Act 1993. A company has a board of directors that must operate at arm’s length from the shareholder – in this case the council. The Companies Act 1993 sets out the legal duties of company directors, including the duty to act in good faith and in the best interest of the company.¹⁸ A director’s relationship with a company is a fiduciary one and the obligations on directors are strict.

17 A BOOT scheme is a type of public-private partnership that involves building, owning, operating, and transferring infrastructure to and from joint ventures. For an example, see “Vector Arena” at www.aucklandcity.govt.nz.

18 Companies Act 1993, section 131.

21. Council Organisations and Council-Controlled Organisations

21.24 The LGA 2002 requires that objective and transparent processes must be adopted by a local authority in appointing directors of COs and CCOs, including CCTOs.¹⁹ The processes cover

- identifying and considering the skills, knowledge, and experience required by directors
- the appointment and remuneration of directors.

A local authority has an obligation to appoint directors who have the skills, knowledge, and experience to guide the organisation, given the nature of its activities, and to contribute to the achievement of the organisation's objectives.

21.25 Apart from this, the procedures used by councils to appoint directors and monitor board performance are not generally available to the public. There is no statutory prescription for the term of director appointments, although most company constitutions allow for three-year terms.

21.26 There is a special provision for ARTA, whose directors are appointed by an appointments panel established under the Local Government (Auckland) Amendment Act 2004 ("LGAAA") comprising the chairperson of the Auckland Regional Council, seven persons appointed by the Auckland Regional Council, and one person appointed by each of the seven Auckland territorial local authorities.²⁰

Performance monitoring framework

21.27 The LGA 2002 contains certain monitoring and reporting obligations. There is an obligation on all councils to undertake performance monitoring of every council organisation of which they are shareholders (even though the council may hold a very small minority of the organisation's shares).²¹ COs are not required to produce a statement of intent.²² There are no specific statutory reporting requirements for COs. The obligations of a CO will depend on its status, for example whether it is a publicly listed or private company, charitable trust, or joint venture.

21.28 For a CCO, the LGA 2002 requires that all decisions relating to its operation must be made in accordance with a statement of intent ("SOI") and its constitution. SOIs are very important public accountability documents negotiated between the board and the local authority as shareholder.²³ They are designed to ensure CCOs give full and accurate reporting of their activities to the shareholders and to the public.

19 LGA 2002, section 57.

20 LGAAA, section 11.

21 LGA 2002, section 65.

22 Unless there are special legislative provisions such as those applying to Watercare under Local Government Act 1974, sections 707ZZZS(1)(m) and (n).

23 LGA 2002, section 64, and Schedule 8, set out the requirements for statements of intent.

21.29 Under the LGA 2002, CCOs are required to produce and publish an SOI each year. The SOI is required to specify the CCO's objectives, and the nature and scope of the activities to be undertaken to achieve them. This includes setting tangible financial and non-financial targets which are intended to provide a clear framework within which performance can be measured.

21.30 CCOs are required to prepare a six-monthly report, and an annual report and financial statements within three months of the end of the financial year.²⁴ The annual report must include a statement of service performance which compares actual performance with the SOI. The performance information and the financial statements are audited by the Auditor-General. CCOs' financial statements are required to be consolidated into the annual financial statements of the council. It is optional whether the proposed expenditures of CCOs are included in a council's LTCCP. Most councils exercise the option to exclude them.

21.31 A major concern to the Commission is, in some cases, a lack of financial performance targets and the existence of a number of financial arrangements between councils and the private sector, about which there is limited or no financial transparency as discussed in paragraph 21.22. The Commission considers that financial performance targets should be used and financial arrangements and their implications for councils should be transparent to the public and be fully disclosed by the Auckland Council. The Commission notes the recommendations of the 2007 Local Government Rates Inquiry ("Rates Inquiry") in this regard.²⁵

Views of submitters to the Commission

21.32 Submitters commented on the operations of council organisations, as summarised in Volume 3, Chapters 3 and 4. Many submitters supported the use of CCOs by councils. A common theme was that the large infrastructure areas such as the three waters, public transport, and roading should be managed by experienced board members and staff with business skills. It was also suggested that other sectors such as planning, parks, and economic development were better managed by CCOs.

21.33 Submitters who supported the use of CCOs also saw the potential to streamline bureaucracy. Some expressed the view that regional CCOs could achieve economies of scale and benefits to the whole region.

21.34 Many submitters reinforced the need for robust governance frameworks to ensure the actions of CCOs were transparent and accountable. One submitter called for accountability provisions "consistent with good corporate governance" and emphasised

²⁴ LGA 2002, sections 66 and 67.

²⁵ Local Government Rates Inquiry Panel, *Funding Local Government*, Wellington, Auckland 2007, p. 163, (available at www.ratesinquiry.govt.nz, accessed March 2009).

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the need for CCOs to have a clear mandate.²⁶ Another submitter called for regional enterprises to operate as “public good” businesses.²⁷

21.35 Opponents of the use of CCOs suggested that councillors should not be allowed to devolve their jobs to independent CCO boards as this was undemocratic. It was said that CCOs work behind closed doors and that their decisions and operations lack transparency. It was considered that they are too independent, with the public being powerless to influence them. A few who argued for discontinuance of CCOs suggested that all services should be provided by employees directly answerable to elected councils. The Auckland Regional Public Health Service was concerned about the “arms length” aspect of CCOs, having reviewed water suppliers’ practices in 2007.²⁸ The submission called for stronger scrutiny mechanisms and relevant non-financial performance measures, where a CCO’s performance has impacts on health.

21.36 Some submitters said that councils should establish trading entities only where there is a benefit to the ratepayers. It was suggested by others that CCOs should operate on a cost-recovery basis and thus should not be profit making. There was also some criticism of profits being used to pay a dividend to the council shareholder, as has been the case with the “charitable contribution” paid by Metrowater to Auckland City Council. As discussed below, the Commission considers that the infrastructure CCOs should not pay a dividend to the council shareholder.

21.37 The Auckland Chamber of Commerce said that members of governance bodies should be appointed through due process and on the basis of “fit for purpose”.²⁹

21.38 A number of submitters were concerned about the prospect of asset sales and saw the creation of a CCO as a possible first step towards privatisation or sale of assets. Several argued that any new governance arrangements should provide for continuing public ownership and control of public assets and services. On the other hand, some submitters suggested that particular enterprises and assets should be sold.

Analysis of effectiveness of performance monitoring

21.39 Unlike State-owned enterprises (“SOEs”) in central government, there is no formal, independent monitoring agency oversight for CCOs.³⁰ Responsibility for governance support and monitoring performance is the responsibility of each local authority, with

26 Submission to the Royal Commission on Auckland Governance from the Auckland Chamber of Commerce, p. iii.

27 Submission to the Royal Commission on Auckland Governance from the Champions for Auckland, p. 7.

28 Submission to the Royal Commission on Auckland Governance from the Auckland Regional Public Health Service, p. 23.

29 Submission to the Royal Commission on Auckland Governance from the Auckland Chamber of Commerce, p. iii.

30 The Crown Company Monitoring Advisory Unit does monitor and provide governance support for three South Island-based CCOs.

the exception of Watercare where monitoring is carried out by a joint council shareholder representative group through a formal agreement.³¹

21.40 The obligation for CCTOs to operate using “sound business practice” may be appropriate for the smaller trading organisations, but it can be argued that the obligation for the larger CCTOs or CCOs which rely on public funding sources should be strengthened. Alignment with the stronger operating obligations of SOEs, which are required to “operate as successful businesses” and be as (profitable and) efficient as comparable businesses not owned by the Crown, should be adopted for larger CCOs.³² This stronger obligation should result in more stringent targets set out in the SOI. The Rates Inquiry recommended that business enterprises owned or controlled by a local authority should be required to operate as a business in the same way as SOEs.³³ The Rates Inquiry also recommended that councils establish clear financial targets for investments in CCOs.³⁴

21.41 While in principle the statement of intent provisions provide a sound basis for performance accountability, in practice SOIs may not be adequately formulated. In 2007 the Office of the Auditor-General undertook a performance audit of compliance with the legislative requirements for SOIs across the local government and State sectors in New Zealand.³⁵ Twenty-two of the 54 entities audited were CCOs. The Auditor-General commented,

Although our performance audit found broad compliance with legislative requirements for the statements, the exceptions to this compliance were disappointing. We also found mixed results with the quality of performance targets used by some public entities to measure their performance and later report on that performance to shareholders and the public in annual reports.³⁶

21.42 Ten out of the 22 CCOs did not comply with the statutory obligation to provide the three-year forecast of financial objectives. The audit report noted that it might be appropriate for some statements to span more than three years, “particularly entities which hold significant infrastructural assets”.³⁷

21.43 The Auditor-General reported considerable variation in the clarity and “measurability” of performance targets and their linkage with the organisation’s objectives. Many targets were not easily understood. Fifty percent of the CCOs sampled

31 The role of the Watercare shareholders representative group is described in Controller and Auditor-General, *Local Authority Governance of Subsidiary Entities*, 2001, pp. 40–44 (available at www.oag.govt.nz, accessed February 2009).

32 State-Owned Enterprises Act 1986, section 4(1).

33 Local Government Rates Inquiry Panel, *Funding Local Government*, August 2007, p. 163.

34 *Ibid.*, p. 163.

35 Controller and Auditor-General, *Statements of corporate intent: Legislative compliance and performance reporting*, 2007 (available at www.oag.govt.nz, accessed February 2009).

36 *Ibid.*, p. 2.

37 *Ibid.*, p. 28.

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did not have performance targets that addressed all of the entities' stated objectives. The CCOs in the audit sample were particularly weak on linking their statutory obligations to be good employers and exhibit a sense of social responsibility with specific performance targets or measurements. The audit found that statements of service performance, which are part of a council's annual report and where performance against targets are documented and published, are not uniformly used. This finding is significant because, without a robust annual performance measurement framework, objective assessment of the performance of the board of directors and the chief executive of the CCO in question may be compromised.

21.44 Failure to fully disclose accounting policies was a common omission identified in statements of intent. In addition, there is no current obligation on CCOs to provide estimates of commercial value of the shareholder's investment in CCTOs, nor is there a statutory obligation to disclose the methodology used to assess value.

Commission's views

21.45 The Commission anticipates that in future the Auckland Council's major commercial trading and infrastructure activities as set out below will be undertaken through CCOs.

21.46 For the Auckland Council to plan and deliver the infrastructure and services to meet its requirements, it will need access to the best commercial and engineering expertise and resources. CCO structures and boards of directors can bring these required skills and expertise.

21.47 The Auckland Council must ensure its CCOs are effective and accountable as they will be very large companies by New Zealand standards. Their size requires the very highest standards of governance practice and commercial directors of the highest quality.

21.48 The Commission anticipates that there will be six major commercial infrastructure CCOs to manage:

- integrated water and wastewater services (see Chapter 26, "The Three Waters")
- transportation services (see Chapter 25, "Transport")
- solid waste management services (see Chapter 30, "Solid Waste")
- urban development (see Chapter 8, "Environment, Urban Design, and Heritage")
- city centre and waterfront development (see Chapter 17, "City Centre and Waterfront")
- major events facilities (for example, Aotea Centre, Bruce Mason Centre, Mt Smart Stadium) as discussed in Chapter 10, "Culture, Recreation, and Diversity".

21.49 In addition, the Commission anticipates that ARH will continue to operate as a CCO to manage the Auckland Council's long-term financial investments. The Commission has not addressed itself to the detail of investments held by ARH on this basis, beyond noting

that it anticipates that Auckland City Council and Manukau City Council shares held in Auckland International Airport Limited will be added to this portfolio.

21.50 The Commission considers that councillors or council staff should not be able to be appointed to CCO boards. Accordingly, the new ARH board should comprise only independent commercial directors.

21.51 The Commission considers that the larger CCOs referred to in paragraph 21.48 should be required to operate as a successful business, and have a clear set of objectives, including financial targets. Statutory changes should be made to ensure these requirements are met.

21.52 The Commission considers that the financial targets of the CCOs listed in paragraph 21.48 should not include the payment of any dividend to the council. In the case of Watercare, the Commission is of the view that it would be inappropriate to build a dividend to the council shareholder into the financial targets, for the reasons discussed in Chapter 26.

21.53 The Commission anticipates that the Regional Transport Authority, Watercare, and ARH will be in place from the establishment of Auckland Council. The CCOs managing urban development, city centre and waterfront development, solid waste, and major event facilities will be established as appropriate and will not necessarily be operative on the establishment date.

Governance arrangements for Auckland Council COs and CCOs

21.54 The Commission expects that these new corporate structures will

- operate at arm's length from the Auckland Council
- have independent professional boards that are accountable for their performance
- be subject to best commercial governance and reporting practices.

21.55 The directors will oversee the operations of the organisation in light of the objectives set out in the SOI and any statutory requirements currently applying to CCOs. As currently applies to CCOs and SOEs, the board will appoint the CCO's chief executive, who will then appoint the CCO's staff.

21.56 The board of directors will be responsible for monitoring the performance of the organisation and management. The directors will make major decisions, including decisions on prices, major capital investment, and major business initiatives in line with those objectives, but will be subject to the overall policies and funding priorities determined by the Auckland Council, as set out in its LTCCP and reflected in the CCO's statement of intent.

21.57 Subsequent amendments to reflect the new arrangements may need to be made to the statutes governing the operation and status of Watercare, ARH, and ARTA.

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21.58 The entities will need a robust monitoring and performance management framework so that the organisations are accountable for delivering their performance targets. There will need to be adequate public disclosure of

- the objective, performance targets, and financial position of these entities to allow community input through the annual planning processes
- local authorities' investment interests in and major transactions with external organisations
- the entities for which exemptions are sought from the LGA 2002.

21.59 The governance protocols and reporting processes to be adopted by the Auckland Council need to be first class. Adopting SOE appointment, monitoring and performance management frameworks will ensure Auckland Council's reporting practices are best practice which is necessary to ensure public trust in the use of arms-length entities.³⁸ These features include

- the clarity provided around the roles of the investor shareholder, the chair, and the board of directors³⁹
- all board appointments are made by a standard, contestable, merit-based process with advice from an independent appointments advisory panel
- strong independence and transparency in the prescribed appointment, monitoring, and performance management processes and other performance oversight provisions that should apply to it.

21.60 Chapter 26 sets out in more detail the envisaged content of the SOI for the restructured Watercare (see paragraph 26.194).

Statement of intent

21.61 The Commission is of the view that the statutory provisions governing CCOs and SOIs are adequate. What is needed is strong implementation of these provisions so that the deficiencies identified in the Auditor-General's report are addressed.

21.62 The Commission considers that SOIs should be agreed three yearly (matching the electoral cycle) between the boards of the larger CCOs and the Auckland Council, and be subject to quarterly reporting and annual performance review.⁴⁰ The SOI should, among other things, clearly set out the policy objectives, strategies, operating requirements, major capital expenditures, performance measures and targets (including financial

38 Crown Company Monitoring Advisory Unit, *Owner's Expectations Manual for State Owned Enterprises*, October 2007, provides an appropriate governance blueprint (available at www.ccm.au.govt.nz, accessed February 2009).

39 *Ibid.*, Chapter 3.

40 *Ibid.*, Chapter 4 sets out a business planning and reporting timetable.

targets), debt and equity structure, human resource management, and environmental policies.

Appointment procedures

21.63 To avoid conflict of interest concerns, the Commission considers that Auckland Council and Auckland Council CO and CCO employees, and Auckland Council councillors should be prohibited from appointment to Auckland Council CO and CCO boards.⁴¹

21.64 The directors and the chairs of boards would be appointed by the Auckland Council on the recommendation of the appropriate council committee, with advice from the independent appointments advisory panel. The selection process should thus be closely modelled on that used by the Crown Company Monitoring Advisory Unit for the appointment of SOE directors.

Auckland Services Performance Auditor and CCOs

21.65 CCOs such as the proposed integrated Watercare and the Regional Transport Authority will be monopoly providers. In Chapter 26, the Commission discusses regulation of Watercare. In Chapter 32, “Achieving a High-Performance Auckland Council”, it recommends the appointment of an external Auckland Services Performance Auditor to provide assurance to the council and the public that all parts of the Auckland Council are providing high-quality services in a cost-effective manner.

21.66 For the larger CCOs that will be part of the Auckland Council, the Services Performance Auditor would review the adequacy and relevance of CCO targets and the accuracy of performance reported against those targets. As discussed in Chapter 32, this would also involve in the case of Watercare and public passenger transport services operated by the Regional Transport Authority

- reviewing service standards set out in a customer service charter, an annual customer satisfaction survey, and a customer complaint process⁴²
- assisting the Auckland Council with three-year reviews of their SOIs, including the relevance of any targets
- protecting and advocating for the consumer’s interests in respect of the reliability and affordability of services

⁴¹ This governance protocol would also prohibit from board appointments officers or employees of principal contractors, licensees, or franchise holders to the company.

⁴² The Commission views the development of a customer service charter, a formal customer complaint process, and a best practice annual customer satisfaction survey measuring Watercare and the Regional Transport Authority as mandatory elements of a customer performance management system.

21. Council Organisations and Council-Controlled Organisations

- in the case of Watercare, undertaking three-yearly efficiency and effectiveness reviews, incorporating benchmarking and an evaluation of service levels, efficiency, affordability, and demand management performance.⁴³

Role of council committees

21.67 The relevant committee of the Auckland Council would be responsible for

- reviewing the CCOs' SOIs and recommending them to the Auckland Council
- reviewing the performance of the CCO board (based on the targets set out in the SOI) annually
- considering the quarterly reports, annual and long-term plans including asset management plans
- approving major acquisitions or major transactions including the setting of charges
- monitoring the performance of relevant council organisations to evaluate their contribution to the council's objectives for the organisation and to the council's overall aims and outcomes.

21.68 The Commission has previously noted that many of Auckland Council's CCOs will be very large companies by New Zealand standards. Many of the councillors in committee roles will not be experienced in overseeing such large companies. The councillors will need to have the necessary support and capacity to oversee and monitor the CCOs effectively.

21.69 In addition to those capacity-building recommendations made in Chapter 19, "Leadership", the Commission suggests that the Auckland Council and Local Government New Zealand work together to develop a capacity building toolkit to assist councillors monitor the performance of large infrastructure CCOs.

Establishment issues

21.70 It is intended that all existing councils' interests in CCOs, COs, and exempt organisations will be transferred to the Auckland Council on its establishment date. Statutory provision is to be made for the Auckland Council to assume the assets,

43 It is expected that benchmarking would include international industry comparators, out-of-industry (functional business) comparators, and process and customer satisfaction benchmarking.

liabilities, rights, and obligations in respect of existing companies and entities as part of the reorganisation scheme, as set out in Chapter 31, “Statutory Reform”.

21.71 The Establishment Board for the Auckland Council should review all current CCOs, COs, and exempt organisations in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued. Specific recommendations have also been made by the Commission in relation to Watercare (Chapter 26) and ARTA (Chapter 25), which will need to be implemented.

21.72 The key matters to be addressed by the Establishment Board are

- preparing an inventory of COs, CCOs, and exempt organisations, recording their purpose, constitution, assets, liabilities, and legal status
- preparing advice for the Auckland Council on the continuance of these entities. For example it may be appropriate for some existing organisations to be folded back into the Auckland Council structure. It may also be appropriate for some local CCOs to continue, but to be administered by a relevant local council
- in relation to those entities to be retained, defining the purpose, objectives, and activities of the entities, ensuring that their activities are clearly linked to the outcomes sought by the council shareholder
- establishing the new Regional Transport Authority as set out in Chapter 25 and overseeing the restructuring of Watercare into a single integrated water and wastewater body for the whole region as discussed in Chapter 26.

Recommendations

- 21A** All Auckland Council's major commercial trading and infrastructure activities should be undertaken through CCOs.
- 21B** Larger commercial and infrastructure CCOs of the Auckland Council should have an obligation to operate as a successful business as required under the State-Owned Enterprises Act with a clear set of financial targets and objectives.
- 21C** Statements of intent should be agreed three-yearly (matching the electoral cycle) between the boards of CCOs and the Auckland Council and be subject to quarterly reporting and annual performance review.
- 21D** Auckland Council CCOs and their statements of intent should be subject to performance review by the proposed Auckland Services Performance Auditor.⁴⁴
- 21E** Auckland Regional Holdings should continue as a CCO managing the Auckland Council's long-term financial assets, operating to financial targets established by the Auckland Council.
- 21F** Auckland Council, its councillors and employees, employees of COs, CCOs, and local councillors should be prohibited from appointment to Auckland Council CO and CCO boards.

Transition

- 21G** The Establishment Board should review all existing CCOs and COs and exempt organisations in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued and, as part of that review, will
- a) prepare an inventory of CCOs, COs, and exempt organisations, recording their purpose, constitution, assets, liabilities, and legal status
 - b) prepare advice for the Auckland Council on the continuance of these entities
 - c) for continuing entities, define the purpose, objectives, and activities of the entities and the outcomes sought by the council shareholder.

⁴⁴ See Recommendation 32G.

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21H The Establishment Board should

- a) undertake the establishment of the Regional Transport Authority
- b) oversee the restructuring of Watercare Services Limited into an integrated regional water and wastewater organisation
- c) provide for the continuation of Auckland Regional Holdings.

21I The interim Appointments Advisory Panel should be used to assist in the recruitment or reappointment of suitable CCO interim board candidates, as required.⁴⁵

45 See Recommendation 15P.

21. Council Organisations and Council-Controlled Organisations

Appendix 21.1: Current council and council-controlled organisations

	Council Organisations	Type	Activity
1	Auckland Regional Transport Authority	CCO Statutory Entity	Transportation Planning & Funding
2	Auckland Regional Holdings Ltd	Statutory Entity	Investment
3	America's Cup Village Limited	CCO Trading Company	Property Development
4	Ports Of Auckland Limited	CCO Trading Company	Port Operator
5	Tourism Auckland & Visitor Trust	CO Charitable Trust	Economic
6	Sea+City Projects Limited	CCO Trading Company	Property Development
7	Metro Water Ltd	CCO Trading Company	Water Services
8	Auckland International Airport Ltd	CO Listed Company	Airport Operator
9	Watercare Services Ltd	CO Trading Company	Water Services
10	Auckland Regional Transport Network Ltd	CCO (Exemption Pending)	Passenger Transport Assets
11	NSC Holdings Ltd	CCO Trading Company	Property Management
12	North Shore Domain and North Harbour Stadium	Charitable Trust	Recreational
13	North West Auckland Airport Ltd	CO Joint Venture Company	Airport
14	Enterprise North Shore	Charitable Trust	Economic
15	Waitemata Harbour Clean-Up Trust	Charitable Trust	Environmental
16	The Safer Papakura Trust	CO Charitable Trust	N/A
17	Proudly Papakura Trust	CO Charitable Trust	N/A
18	Manukau City Investments Ltd	CCTO Trading Company	Property Development
19	Manukau Water Ltd	CCO Trading Company	Water Services
20	Tomorrow's Manukau Properties Ltd ("TMPL")	CCTO Trading Company	Property Development
21	TMPL (Flatbush) Ltd	CCTO Trading Company	Property Development
22	Waste Disposal Services	CCTO Joint Venture Partnership	Landfill & Transfer Station
23	Manukau Building Consultants Ltd	CCTO Trading Company	Building Inspection
24	Manukau City Investments Ltd	CCTO Trading Company	Investment
25	Manukau Leisure Services Ltd	CCO Trading Company	Recreational

21. Council Organisations and Council-Controlled Organisations

	Council Organisations	Type	Activity
26	Manukau Education & Employment Trust	CCO Trust	Economic
27	The City of Manukau Education Trust	CCO Trust	Education
28	Pakuranga Arts & Cultural Trust	CCO Trust	Cultural
29	Highbrook Park Trust	CCO Trust	Recreational
30	Manukau Beautification Charitable Trust	CCO Trust	Environmental
31	Te Puru Community Trust	CCO Trust	Community/Recreational
32	Counties Manukau Pacific Trust	CO Trust	Cultural
33	John Walker “Find Your Field Of Dreams” Foundation	CO Trust	Recreational
34	Waitakere City Holdings Ltd	CCO Holding Company	Investment Services
35	Waitakere Properties Ltd	CCTO Trading Company	Property Development
36	Waitakere Enterprise Trust	Charitable Trust	Economic
37	Prime West Ltd	CO Joint Venture Company	Filmmaking
38	Prime West Management Ltd	CO Joint Venture Company	Filmmaking
39	Araparera Forestry Management Ltd	CO Joint Venture Company	Forestry
40	Franklin Arts, Culture & Library Trust	Charitable Trust	Library & Cultural Services
41	Local Authority Shared Services Ltd	CCTO Joint Venture Company	Shared Services

Source: Auckland Councils, in response to a request for information, November 2008.

21. Council Organisations and Council-Controlled Organisations

Appendix 21.2: Current Section 7 Exempted Entities

	Exempted Entities	Type	Activity
42	New Zealand Local Government Insurance Corporation Limited	Joint Venture Statutory Entity	Insurance Company
43	The Edge (Aotea Centre Board of Management)	Special legislation -Trading Company	Cultural & Events
44	ARTNL (“Auckland Regional Transport Network”) Metro Limited	CCTO Joint Venture Company	Rail-related assets
45	ARTNL Britomart Limited	CCTO Joint Venture Company	Lease-holder Britomart Transport Centre
46	Westhaven (Marina Extension) Trust	Trust	
47	Metro Water Community Trust	CCO Charitable Trust	Community
48	Arts Regional Trust	Trust	Cultural
49	Northern Animal Shelter	Joint Venture	Animal Shelter
50	Mangere Mountain Education Trust	Trust	Education

Source: Auckland Councils, in response to a request for information, November 2008.

22. Māori

Manaaki whenua, manaaki tangata, haere whakamua.

Care for the land, care for the people, go forward.

Māori proverb

22.1 The terms of reference invite the Commission to consider

what governance and representation arrangements will best—

- (i) enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Auckland region; and
- (ii) provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes;¹

22.2 As part of this analysis the Commission has considered, in particular, the governance and representation arrangements for Māori, recognising that Māori constitute a unique community of interest with special status as a partner under the Treaty of Waitangi.²

22.3 This chapter

- summarises the consultation process undertaken with Māori
- describes the Māori population in Auckland
- examines the current legislative requirements for local government relating to Māori
- considers the key issues arising from consultation/engagement with Māori, and outlines the Commission’s response to these.

22.4 The chapter concludes with a summary of the Commission’s recommendations.

¹ See Appendix A: Terms of Reference, Warrants, “Relevant Matters” (e).

² English-language explanations for Māori terms are provided in this chapter as footnotes. A more complete glossary of Māori words and phrases appears as Appendix D. Macrons are used to indicate long vowels for terms such as hapū, Māori, and rūnanga in a general context in the text but they are not added to direct quotations that were written without macrons.

Consultation

22.5 The Commission’s terms of reference specifically require the Commission to consult and engage with Māori. In addition, as an agent of the Crown, the Commission has obligations under the Treaty of Waitangi.

22.6 At the outset of its deliberations, the Commission met with a number of mana whenua³ leaders from the Auckland region, and sought their views on how best to consult with Auckland’s mana whenua groups. As a result, the Commission attended three hui⁴ with the following tribal groups:

- Ngāti Whātua and Ngāti Wai (jointly)
- Pare Hauraki
- Pare Waikato.

22.7 The Commission also attended a hui hosted by Te Puni Kōkiri⁵ for urban Māori and others not represented at the three mana whenua hui.⁶ It held discussions with, and expressly sought submissions from, non-mana whenua Māori groups and their representatives, such as the Te Whanau o Waipareira Trust and the Manukau Urban Māori Authority.

22.8 It prepared and circulated a discussion paper entitled *Hei Whakapuaki i te Kōrero*, which supplemented the general *Call for Submissions document*, and outlined some of the key issues for Māori.⁷

22.9 Around 150 written submissions from individuals or groups that addressed the question of Māori representation were lodged with the Commission; a large number of those submitters identified as Māori. Some also spoke in support of their submissions at public hearings convened throughout the region by the Commission. The content of those submissions is summarised in the accompanying *Volume 3: Summary of Submissions*, and in the discussion set out below.

Māori in Auckland

22.10 As at 2006, Māori in the Auckland region constituted approximately 11% of Auckland’s total population.⁸ The proportion of the regional population who identify as

3 Mana whenua – local Māori with ancestral ties to the region.

4 Hui – meetings, conferences.

5 Also known as the Ministry of Māori Development.

6 “Urban Māori” are often referred to as taura here, Māori who may live in a certain area but have ancestral ties to another region.

7 *Hei Whakapuaki i te Kōrero*, Background paper: Consultation with Māori, Royal Commission on Auckland Governance, 2008 (available at www.royalcommission.govt.nz).

8 McDermott, Philip, “Auckland’s Population”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, pp. 39–66 (p. 52) (available at www.royalcommission.govt.nz).

Māori has remained fairly static over recent censuses – 11.1% in 1991, 11.6% in 2001, and 11.1% in 2006. Approximately three-quarters of those with Māori descent could name at least one iwi⁹ affiliation. The largest group identified as Ngāpuhi (50,040), followed by Ngāti Porou (13,215), Te Rarawa (6,843), and Tuhoe (5,685).¹⁰

22.11 Auckland Māori fall into two broad categories:

- *Mana whenua Māori*: Māori who have ancestral rights to occupy the Auckland region or part of it; namely, their tribal rohe¹¹ fall within the Auckland region. They are sometimes referred to as the “tangata whenua”¹² of the Auckland region (although the Commission has tried to avoid this terminology in its report, as the term “tangata whenua” can also be used in a broader sense to mean all Māori, on the basis that at a national level, Māori are the tangata whenua of New Zealand).
- *Non-mana whenua or taura here Māori*: Māori who do not identify with any of the mana whenua groups in the Auckland region. They may identify with iwi or hapū whose tribal rohe are elsewhere in New Zealand, or they may not have any particular tribal affiliations. They are sometimes referred to loosely as “urban Māori”. In the Auckland region, taura here greatly outnumber mana whenua Māori.

22.12 Issues of which groups qualify for mana whenua status in the Auckland region are not straightforward. There are some groups that, on any analysis, are likely to qualify as mana whenua, but there are also many competing and conflicting claims. In a recent report relating to the Auckland region, the Waitangi Tribunal described the position as follows:

the situation in Tāmaki Makaurau is very particular, if not unique.

Auckland is now a highly urbanised area with very valuable real estate. In the pre-contact era, Tāmaki was likewise seen by Māori as a desirable place to live, no doubt because of its warm climate, multiple harbours, and good volcanic soil. Unsurprisingly, successive waves of invaders competed for dominance there down the centuries, and the early establishment of Pākehā¹³ settlement on the shores of the Waitematā only added to its attraction. Thus, it was – and remains – an intensively occupied part of the country, where constant habitation by changing populations of Māori as a result of invasions, conquests, and inter-marriage has created dense layers of interests. The disposition of those interests as between the various groups identifying as tangata whenua there in 2007 is the subject of controversy.¹⁴

9 Iwi – tribal grouping.

10 “The People of the Auckland Region”, 2006 Census series, Auckland Regional Council, p. 5 (available at www.arc.govt.nz, “Auckland”, accessed February 2009).

11 Rohe – tribal area, geographical territory customarily occupied by an iwi or hapū.

12 Tangata whenua – local indigenous people, people of the land. In New Zealand, the Māori people.

13 Pākehā – person or people of European descent.

14 “The Tāmaki Makaurau Settlement Process Report”, Waitangi Tribunal Report: WAI 1362, 2007, p. 13.

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22.13 These issues are unlikely to be resolved in the immediate future. It is certainly not appropriate for the Commission to attempt to resolve them – ultimately, responsibility for this must rest with Māori themselves.

22.14 According to tikanga Māori,¹⁵ mana whenua status brings with it special responsibilities, in particular

- manākitanga: a sacred obligation to care for all people within your rohe, including taura here and non-Māori
- kaitiakitanga: a sacred obligation to protect Papatuanuku (the Earth Mother) within your rohe.

22.15 Non-mana whenua Māori acknowledge the special obligations of mana whenua to care for and protect their tribal lands, waterways, and other tāonga,¹⁶ but emphasise the separate interests of non-mana whenua Māori. For example, the submission of the non-mana whenua Māori group, Te Whanau o Waipareira Trust, says,

We make a clear distinction in regard to Mana Whenua rights over Resource Management Act consultations to which we have never interposed.

We reserve absolutely the right and status to assert our rights on matters touching health, welfare, education, justice and the economy in the event local Government impacts on these matters. The distinction between our rights and those of Mana Whenua rely solely on Mana Whenua ancestral rights predicated on matters arising from that ancestral entitlement.

Mana Whenua rights do not besmirch or remove our rights and our status as Maori under the Treaty of Waitangi.¹⁷

22.16 It is important to state at the outset that the lack of consensus as to which groups have mana whenua status in the Auckland region – and therefore bear the obligations of kaitiakitanga and manākitanga – must not prevent or delay the interests of mana whenua or other Māori being provided for adequately in any governance reforms. This is a critical issue for determination, and the onus is on Māori to reach prompt agreement as to representation on the Mana Whenua Forum so that an appropriate appointment to the Auckland Council, as provided for below, can be made in 2010. Nor does the Commission believe that this issue can be allowed to delay the implementation of any of the overall recommendations made in this report.

15 Tikanga Māori – Māori cultural protocol or custom.

16 Tāonga – precious resources or prized assets, both material and non-material.

17 Submission to the Royal Commission on Auckland Governance from John Tamihere, Te Whanau O Waipareira Trust, p. 1. (All submissions are available at www.royalcommission.govt.nz.)

Current legislative obligations

22.17 There are a number of legislative provisions relating to the way in which local government engages with Māori.

Local Government Act 2002

22.18 The Local Government Act 2002 makes it clear that it is the Crown, not local government, that is a party to the Treaty and that has direct obligations to Māori as a result. Nonetheless, local authorities must also take certain steps in order to “recognise and respect the Crown’s responsibility to take appropriate account of the principles of the Treaty of Waitangi ...”¹⁸

22.19 Specifically, the Local Government Act 2002 requires local authorities to

- ensure they provide opportunities for Māori to contribute to decision-making processes (section 14(1)(d))
- establish and maintain processes to provide opportunities for Māori to contribute to decision-making processes (section 81(1)(a))
- consider ways in which they can foster the development of Māori capacity to contribute to decision-making processes (section 81(1)(b))
- provide relevant information to Māori (section 81(1)(c))
- where an option involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu,¹⁹ valued flora and fauna, and other tāonga (section 77(1)(c)).

Resource Management Act 1991

22.20 The Resource Management Act 1991 also contains specific provisions relating to Māori interests. It requires local authorities (and any other persons exercising functions and powers under that Act in relation to managing the use, development, and protection of natural and physical resources), to take into account the principles of the Treaty of Waitangi.²⁰

22.21 The Resource Management Act 1991 also requires councils to

- recognise and provide for the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu, and other tāonga (section 6(e))
- have particular regard to kaitiakitanga (section 7(a))

¹⁸ Local Government Act 2002, section 4.

¹⁹ Wāhi tapu – sacred place, location with spiritual meaning.

²⁰ Resource Management Act 1991, section 8.

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- take into account any relevant planning document recognised by an iwi authority when preparing or changing district or regional plans or policy statements (sections 74(2A), 66(2A), and 61(2A)). Regional policy statements must also state matters of resource management significance to iwi authorities (section 62(1)(b)).

Hauraki Gulf Marine Park Act 2000

22.22 The Hauraki Gulf Marine Park Act 2000 established a Hauraki Gulf Forum which has various responsibilities relating to management of the Hauraki Gulf. Section 16 provides that the forum consist of

- a representative of each of the Minister of Conservation, the Minister of Fisheries, and the Minister of Māori Affairs
- one representative from each of the 12 local authorities whose territory abuts the marine park
- six representatives of the tangata whenua of the Hauraki Gulf and its islands (appointed by the Minister of Conservation, after consultation with the tangata whenua and the Minister of Māori Affairs)
- two further representatives appointed by the Auckland Regional Council (“ARC”).

22.23 The Act requires the Hauraki Gulf Forum to have regard to the principles of the Treaty of Waitangi when carrying out its functions (section 6(3)), and recognises the historic, traditional, cultural, and spiritual relationship of Māori with the Hauraki Gulf and its islands (section 7(2)).

Optional Māori constituencies

22.24 There is already an optional provision in the Local Electoral Act 2001 for Māori to be represented by way of separate Māori wards (for cities and districts), and Māori constituencies (for regions).²¹ These Māori wards and constituencies are similar to the Māori seats in Parliament. They establish areas where only those on the Māori electoral roll vote for the representatives, and they sit alongside the general wards and constituencies.

22.25 The decision to establish Māori wards/constituencies can be initiated in two ways:²²

- A local authority may resolve that its district be divided into one or more Māori wards/constituencies
- A poll of electors of the local authority may be held to determine the issue.

²¹ Local Electoral Act 2001, section 19Z.

²² Local Electoral Act 2001, sections 19Z and 19ZA.

Table 22.1 Example of formula for Māori representation on local authorities

Total number of ARC members	Composition of council if it had included Māori constituencies
18	17 general members and 1 Māori member
19	17 general members and 2 Māori members
20	18 general members and 2 Māori members

ARC, Auckland Regional Council.

22.26 A poll can arise as a result of a council decision, or by public demand (a petition signed by 5% or more of the electors of the city, district, or region). The result of a poll, whether initiated either by council decision or by public demand, is binding.²³

22.27 Although there is no mandatory requirement for a council to consider the establishment of Māori wards or constituencies, if the decision is taken to establish these, there is a legislative process and time frame that must be followed.

22.28 Currently, none of the eight councils in the Auckland region has Māori wards or constituencies. In 2008, both Manukau City Council and Waitakere City Council considered and rejected the establishment of Māori wards in their areas.

22.29 The Local Electoral Act 2001 sets out a formula for determining the appropriate number of Māori representatives in a particular area.²⁴ It is based on the Māori electoral population as a percentage of the general electoral population.

22.30 As an example, at 30 June 2007 Auckland's Māori electoral population was 110,400 and the general electoral population was 1,283,700. If the ARC included Māori constituencies at that date, there would have been one Māori member out of a total of 13 members on the council. If there had been 19 or more council members in total, there would have been two Māori council members (see Table 22.1).

Environment Bay of Plenty

22.31 Environment Bay of Plenty is the only regional council in New Zealand to have separate Māori constituencies and it established these under special empowering legislation,²⁵ not pursuant to the Local Electoral Act 2001.

22.32 Environment Bay of Plenty currently has three Māori constituencies – the Mauao (west Bay of Plenty), Kohi (east Bay of Plenty), and Okurei (central/south Bay of Plenty) constituencies – which results in three Māori seats on the 13-seat council.²⁶

22.33 Voters on the parliamentary Māori roll in the Bay of Plenty may vote only for a Māori member in their constituency. They cannot vote for a “general” member instead of, or as

23 Local Electoral Act 2001, sections 19ZB, 19ZD, 19ZF(5), and 19ZF(6).

24 Local Electoral Act 2001, Schedule 1A, section 2(1).

25 Bay of Plenty Regional Council (Maori Constituency Empowering) Act 2001.

26 Environment Bay of Plenty Regional Council website at www.envbop.govt.nz, “Our Region” and www.envbop.govt.nz/media/pdf/Maori-constituency-map-2007.pdf (accessed February 2009).

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well as, a Māori member. (The same restriction applies to the optional Māori seats under the Local Electoral Act 2001.)

22.34 The Māori seats in the Bay of Plenty were established as result of a request from Māori for direct representation on the regional council in 1996. The Māori Regional Representation Committee prepared a submission for the council, which proposed the introduction of Māori seats. The Bay of Plenty community was consulted, and the proposal received some strong support, and some lesser opposition.

22.35 Retired Chief Family Court Judge Peter Trapski listened to more than 300 submissions and concluded that as there was good reason for the Māori seats in Parliament, there was equally good reason to have Māori seats on the Bay of Plenty Regional Council.²⁷ The bill was drafted in early 1999 and passed in October 2001.

Auckland Regional Authority

22.36 Historically, a similar scheme was also enacted in Auckland to provide for Māori representation on the Auckland Regional Authority (“ARA”).

22.37 The Māori seats on the ARA were proposed in a 1985 Local Government Commission review of the ARA electoral boundaries and processes. (The Local Government Commission recommended establishing a single Māori electorate, but later it was decided to follow the parliamentary electorates, which meant that two Māori seats were established.)

22.38 The issue of Māori representation on the ARA came to a head in May 1986, when an ARA meeting received a deputation of three speakers criticising the lack of Māori representation on that body. Immediately afterwards, ARA member Brian Edwards spontaneously resigned from his position. He said that he hoped his position would be filled by a Māori. In the event, his position was not filled at all, partly because of the proximity of the next election.

22.39 In June 1986, the Local Government Amendment (No 2) Act 1986 was passed, changing ARA electoral boundaries to reflect parliamentary electorate boundaries (as opposed to local body boundaries). It also included parts of the Northern and Western Māori Electoral Districts in the Auckland regional district. Accordingly, there were to be two Māori members on the ARA.

22.40 However, that scheme was short-lived, and was repealed as part of the 1989 local government reforms.

²⁷ Trapski, Judge Peter, “The Proposal to Establish a Maori Constituency for Environment B-O-P”, Report from Hearings Commissioner, 6 August 1998 (available at www.envbop.govt.nz/media/pdf/August29JdgTrapski-rept1998.pdf, accessed February 2009).

Key issues raised

22.41 The first and dominant theme emerging from the submissions made by Māori was the need for the Commission to recognise and uphold the Treaty of Waitangi in its recommendations.

22.42 Secondly, many submissions proposed that the Commission should provide for guaranteed Māori representation on whatever new governance bodies the Commission might recommend.

22.43 Thirdly, there was also detailed discussion, both in written submissions and at hui, as to whether seats should be reserved specifically for mana whenua representatives and/or specifically for taura here representatives, and the mechanisms by which representatives might be selected (appointment or election).

22.44 A discussion of these issues, and the Commission’s recommendations in relation to them, are set out below.

Treaty of Waitangi

22.45 The primary theme, which arose both at the hui and in the general submissions process, was that consideration of the Treaty of Waitangi must be central to the Commission’s deliberations, and that any recommendations made by the Commission must recognise and uphold the Treaty.²⁸

22.46 As noted above, section 4 of the Local Government Act 2002 draws a clear distinction between the respective responsibilities of local and central government. It makes it clear that the Crown, and not local government, is the Treaty partner and therefore has direct obligations to Māori pursuant to the Treaty of Waitangi. Parliament has, however, enacted specific provisions in the Local Government Act 2002 that require local authorities to act in ways that “recognise and respect”²⁹ the Crown’s obligations under the Treaty.

22.47 Mana whenua Māori have rights conferred by both articles 2 and 3 of the Treaty of Waitangi. Non-mana whenua Māori have rights conferred by article 3.

22.48 Article 2 concerns kaitiakitanga of resources. Under this article, Māori retained tino rangatiratanga³⁰ over their whenua,³¹ kāinga,³² and tāonga. Many submitters indicated that they consider mana whenua representation on Auckland’s decision-making structures to be a Treaty right pursuant to article 2.

22.49 Article 3 is about well-being. This is a matter affecting all Māori, not just mana whenua. Some submitters indicated that, in the context of Auckland’s governance, they

²⁸ Local Government Act 2002, section 4.

²⁹ Ibid.

³⁰ Tino rangatiratanga – independence, the right to control or self-determination.

³¹ Whenua – land.

³² Kāinga – home, address, residence.

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consider this to mean that all Māori should have a voice in decision making affecting their well-being.

Māori representation

22.50 The second, related theme was that Māori want guaranteed representation on Auckland's governance structures. Many submitters told the Commission that mana whenua representation in particular should be a right under the Treaty. The Commission was told that this right means seats at the decision-making table, not merely a presence on non-binding advisory committees.

22.51 The point was made that Māori are currently under-represented on all of Auckland's governance structures, from the ARC to territorial authorities and community boards. The percentage of Māori amongst those elected to local authorities is low by comparison with the percentage of Māori in the local population.

22.52 It was argued that the under-representation of Māori was not a result of Māori failing to stand for election but was instead attributed to the inability of many Māori candidates (particularly if they were perceived to have an overtly Māori agenda) to secure election by a non-Māori majority. The effectiveness of the Māori vote has also been weakened by low Māori voter turnout in local elections.

22.53 A counter-argument was made in some written submissions that Māori should have no special status on governance bodies, and that free elections are the best way to ensure that all representatives have the support of the general population. It was suggested that providing Māori with special seats would mean that Māori would have an influence that was disproportionate to their population numbers, this being unfair to the other, larger ethnic groups in Auckland, namely Pacific and Asian peoples. Some suggested that if Māori had guaranteed seats, other ethnic groups should also.

Analysis and recommendations of the Commission

22.54 The Commission has considered the submissions received in relation to these issues, and listened carefully to the very thoughtful and useful contributions that were made at the various hui. Its conclusions are set out below.

Safeguarded seats on the regional entity

22.55 It agrees that Māori should have a certain number of specific, safeguarded seats at the regional level.

22.56 It considers that this is consistent with the spirit and intent of the provisions in the Local Government Act 2002, which require local authorities to consider ways in which they can provide opportunities for Māori to contribute to decision-making processes, and require them to establish and maintain processes for Māori to contribute to decision making.

22.57 The best way of ensuring that Māori have an opportunity to contribute to decision making is to provide them with seats at the decision-making table. The Local Government Act 2002 already provides local authorities with the option of establishing specific seats for Māori, but this is not mandatory at present.

22.58 In the Commission’s view, the key reasons for establishing safeguarded Māori seats relate to

- the special status of mana whenua of the Auckland region, and their obligations of kaitiakitanga and manākitanga
- the special status of all Māori as partners under the Treaty of Waitangi.

22.59 The fact that Māori constitute a certain (under-represented) percentage of the population is also relevant, but of lesser importance – there are many minority groups in the Auckland region in this position. The Commission does not believe, therefore, that the number of Māori seats on the regional entity should be linked to fluctuations in the number of Māori as a proportion of the total population over time. In fact, having specific, safeguarded seats for Māori may become even more important if the percentage of Māori as a proportion of total population declined over time. In that case, Māori candidates would be even less likely to be voted in as part of the general election process.

22.60 In other words, the Commission’s primary reason for making these recommendations is to give effect to obligations under the Treaty of Waitangi. General considerations of equity and fairness of representation also come into play, but to a lesser extent.

22.61 In reaching this conclusion, the Commission has borne in mind the submissions received from people who felt strongly that there should not be any special seats for Māori. Among the reasons given were that councils should be representative of all Auckland citizens and Māori should not be granted additional rights; that it would be racist and divisive and cause resentment; that the seats designated for Māori in Parliament are a more appropriate mechanism for giving effect to Māori interests; and that if there are special seats for Māori, then there need to be special seats for other ethnic groups.

22.62 Arguments of this nature were also considered by Judge Trapski in the context of the establishment of the Māori seats on the Bay of Plenty Regional Council. In his report of 6 August 1998, Judge Trapski concluded,

1. For whatever reason, the fact is that in some places 16% of the population in the Bay of Plenty, and in others, up to 58% of that population, clearly perceive that they are unrepresented at the Council table.
2. Adoption of the Proposal [for specific Māori seats] would deliver to Maori the same voting rights as others. Their electoral rights would be no greater than those afforded to any other voter in the Region and I can see no way in which the Proposal would enable Maori to “outvote” the other members of the Regional Council as a block. The Proposal would in my view not disadvantage anyone.

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3. The Proposal is in conformity with the delivery of the democratic process in New Zealand, and in conformity with New Zealand's constitutional principles.³³

22.63 The Commission understands that the Māori constituencies established in the Bay of Plenty work well. For example, it heard from the councillor who represents the Mauao constituency in the Bay of Plenty, Ms Raewyn Bennett, who spoke of the benefits of the Māori constituencies, and how even some of the most vociferous objectors have now been won over. She also told the Commission that “from my own experience, being at the council table is more empowering of the Māori perspective than any Māori advisory committee that most councils presently accommodate”.³⁴

22.64 The Commission also received a submission from another Environment Bay of Plenty councillor, who said that while he was not, and is not, in favour of separate Māori representation, he acknowledged that

... Councillors [are] receiving a better understanding of iwi issues than would have been possible without separate Maori representation. This is the tradeoff between a fair democratic process, where there is equal representation for all in our region, and the acknowledgement that Maoridom would [have] had a lesser voice without separate representation.³⁵

22.65 As discussed in Chapter 15, “The Elected Auckland Council”, the Commission considers that the Auckland Council should consist of 23 members and that, of those 23 seats, three should be reserved for Māori.

Mana whenua/non-mana whenua interests

22.66 In light of the Commission's recommendation that three seats on the regional council should be set aside for Māori, the next question is whether any, or all, of those seats should be reserved solely for mana whenua representatives or solely for taura here representatives.

22.67 There appeared to be a reasonable consensus arising from the submissions that both the needs of mana whenua and non-mana whenua Māori must be addressed in some way – many submissions from mana whenua acknowledged that non-mana whenua interests should also be represented within Auckland's governance structures. For example, the submission from Ngāti Te Ata said,

It is important that urban Maori be provided the opportunity to participate in the decision making process. These interests reflect the Manawhenua role of manaakitanga, urban Maori Treaty of Waitangi Article 3 rights and other legislative

33 Trapski, Judge Peter, “The Proposal to Establish a Maori Constituency for Environment B-O-P”, 6 August 1998.

34 Oral submission to the Royal Commission on Auckland Governance from Councillor Raewyn Bennett, 7 May 2008.

35 Submission to the Royal Commission on Auckland Governance from Andrew von Dadelszen, p. 1.

mechanisms for “Maori” to participate in the decision making process regarding social and cultural development.³⁶

22.68 There were, however, different views expressed as to the appropriate level of taura here involvement. For example, Ngāti Whātua Ngā Rima o Kaipara considered that the legislation should contain mechanisms enabling mana whenua to be able to invite taura here Māori to the decision-making table, rather than providing directly for taura here representation.³⁷

22.69 Many mana whenua groups told the Commission that the obligation of manākitanga requires mana whenua to take non-mana whenua interests into account in their role as “hosts”. On this basis, non-mana whenua representation would not be required.

22.70 Nonetheless the Commission is cognisant of the article 3 Treaty rights which were guaranteed to all Māori, in addition to those Treaty rights that are specific to mana whenua.

22.71 Accordingly, it recommends that one seat on the Auckland Council should be reserved for a representative of mana whenua, and a further two seats for representatives of Māori generally (that is, for both mana whenua and taura here). It does not feel that it is necessary to reserve any seats for taura here specifically. It is likely that taura here will be represented via the two “general” Māori seats, given that they outnumber mana whenua in the Auckland region. Even if the two general Māori seats were filled by mana whenua representatives at any particular time, their obligations of manākitanga should ensure that the needs of taura here are taken into account.

Appointment of mana whenua representative

22.72 The Commission considers that the mana whenua member on the Auckland Council should be appointed by the Mana Whenua Forum.

22.73 The Mana Whenua Forum is an iwi-led initiative, supported by the ARC. It is a pan-tribal group of Māori leaders that has a relationship with local government. The Commission understands that, at present, the terms of its membership are not fixed.

22.74 In order to fulfil its role in appointing a mana whenua member to serve on the regional body, the membership and functions of the Mana Whenua Forum will need to be formalised to a greater degree. The process by which it makes its appointment of a member to serve on the Auckland Council will also need to be formalised. It would be inappropriate for the Commission (or the Establishment Board) to make recommendations in this regard, however. The Mana Whenua Forum itself – presumably with input from mana whenua from the region – will need to resolve this.

36 Submission to the Royal Commission on Auckland Governance from Roimata Minhinnick, Te Ara Rangatu O Te Iwi O Ngāti Te Ata Waiohū, p. 16.

37 Submission to the Royal Commission on Auckland Governance from Ngāti Whātua Ngā Rima o Kaipara, pp. 11–12.

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22.75 There are some disadvantages with an appointment process. An electoral system provides for greater accountability. It means that the Māori representatives on the Auckland Council – who have an important role, and one that will require considerable skill, expertise, and commitment – are decided upon by all Māori in the Auckland region, not just a select few. If those representatives fail to meet the expectations of electors, they can be voted out of the role. It is an open and transparent process.

22.76 Nonetheless, the Commission does not believe that it is practicable for the mana whenua member to be elected by the Māori voters of the region, rather than being appointed. The Commission was advised by various mana whenua groups that an election process would be unworkable and would not meet their needs. Certainly, an election process in which any Māori candidate could stand would not be appropriate, as the person elected may not be a representative of mana whenua at all.

22.77 Even if only mana whenua candidates were permitted to stand for the position (which would involve extremely difficult issues as to who qualified as “mana whenua” and who did not) or if a mana whenua representative happened to be voted in by all Māori in the Auckland region, that candidate is unlikely to have the appropriate mandate and/or standing to represent mana whenua interests adequately. Simply qualifying as “mana whenua” is not enough. The Ngāti Te Ata submission said, for example,

We do not consider the election of Maori would reflect manawhenua interests under Article 2 or the practical implications of having for example, two or three Maori elected to a regional council (which was the case within the old Auckland Regional Authority model) who undoubtedly will lack Manawhenua mandate as well as the capacity to represent Manawhenua interests as adequately as they may like. Undoubtedly, in regard to resource consent issues, there would be next to no capacity for two or three elected members from the Maori community to be able to deal with these matters in any way or form other than to advise Council which manawhenua group to consult ...³⁸

22.78 The Commission appreciates mana whenua concerns that, in order to be effective, the mana whenua representative needs to be not just a champion of mana whenua but someone with the capacity to speak, act, and make decisions on their behalf. This could not be guaranteed with an election-based model.

Other functions of the Mana Whenua Forum

22.79 As well as nominating a representative of mana whenua to serve as a councillor on the Auckland Council, the Mana Whenua Forum should also

- through its representative on the Auckland Council, advise the Auckland Council on issues of relevance to mana whenua

38 Submission to the Royal Commission on Auckland Governance from Roimata Minhinnick, Te Ara Rangatu O Te Iwi O Ngāti Te Ata Waiohū, pp. 15–16.

- appoint the members of the Māori Advisory Group to Watercare Services Ltd (see discussion at paragraphs 26.208–26.211 in Chapter 26, “The Three Waters”). In making these appointments, the Mana Whenua Forum should apply the criteria set out in paragraph 26.136 of Chapter 26. The number of members serving on the advisory group should be determined by the Mana Whenua Forum, up to a maximum of 12 members.

22.80 The Auckland Council will need to provide appropriate funding to the Mana Whenua Forum so that it can carry out these tasks effectively.

Election of other Māori representatives

22.81 The Commission recommends that the other two Māori members on the Auckland Council should be elected.

22.82 The Commission has provided for election to the Auckland Council to be in part from wards, and in part at large. In addition, the mayor will be elected at large. The Commission’s proposal is that the two elected Māori members should be regarded as the “ward” representatives of Māori. This means that Māori, like all other electors, will also be able to vote for the “at large” representatives on the council, and also for the mayor. In other words, Māori will have the same number of votes as other Auckland residents. The provision of two elected Māori members will provide representation proportional to their share of the electoral population.

22.83 Some submitters thought that all Māori representatives should be appointed, not elected. For example, the Commission received suggestions that specific taura here representatives should be appointed by entities such as the Waipareira Trust and the Manukau Urban Authority, or by a modified form of the Mana Whenua Forum incorporating representatives from both mana whenua and non-mana whenua Māori.

22.84 However, the Commission thinks that, in the interests of transparency and accountability, it is preferable to apply an election model wherever practicable.

22.85 It believes that the two “general” Māori members should be elected by the region as a whole, rather than dividing the region into two separate constituencies. One reason for this is that these Māori members will be focused more on Māori well-being generally, rather than on place-based concerns about land and waterways, which are of more direct concern to mana whenua.

22.86 It considers that the two Māori members on the Auckland Council should be elected by voters who are on the parliamentary Māori electoral roll. As previously indicated, this will represent their ward member vote. Like all other voters they will also have the opportunity to vote for the at-large candidates (which might include Māori) and the mayor.

22.87 One disadvantage is that, in the short term at least, it means electors on the Māori roll cannot “opt out” of that roll for the purposes of the local body elections. They cannot be on one roll for local body elections and on another roll for parliamentary elections. There is an option for Māori voters to change from the Māori roll to the general electoral

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roll (and vice versa) every five years. The next opportunity for voters to change rolls is in 2012.

Safeguarded seats at the local level

22.88 A number of submitters indicated that Māori should also be represented at the local level by way of safeguarded seats.

22.89 The Commission's recommendations for the local councils involve elections on a ward basis with each ward in the urban areas having a population of around 40,000 people. Each ward would be represented by two persons. The Commission believes that this will provide real opportunities for the election of Māori representatives in wards with a substantial Māori population. In those circumstances, the Commission believes it is unnecessary to provide for representation at the local level by way of safeguarded seats. Should this not prove to be the case, then amendments to the method of selection may need to be made in the future.

22.90 Given the role of community involvement the Commission sees for the local councils, it is essential that there be effective and meaningful engagement with Māori at this level.

22.91 Currently, most councils in the Auckland region have internal structures such as Māori liaison staff and Māori committees, for the purpose of engaging more effectively with Māori in their communities. These structures could be retained under the Commission's proposed model. But in any case, as mentioned in paragraph 22.98, it would be the responsibility of the Auckland Council to ensure that adequate structures for consultation and engagement were in place.

22.92 The Commission heard that in some cases these structures work extremely well. For example, Ngāti Whātua and Ngāti Wai expressed satisfaction with the current arrangements within Rodney District Council. Rodney District Council has memoranda of understanding in place with

- Ngāti Whātua Ngā Rima o Kaipara
- Te Uri o Hau Settlement Trust
- Manuhiri Omaha Kaitiakitanga Ora Charitable Trust (MOKO Trust).

22.93 It also has relationships with various other groups.

22.94 The Commission was advised that the three memoranda of understanding are treated as "living documents", and are implemented at a very practical, day-to-day level. For example, the memorandum of understanding with Ngāti Whātua Nga Rima o Kaipara provides for a monthly "governance level" taumata (meeting). The taumata is attended by the chief executive and trustees of Ngāti Whātua Ngā Rima o Kaipara and by the mayor and councillors. The agenda and minutes are prepared jointly.

22.95 The Commission also heard positive comments about the structure of the Māori Unit within the ARC, in which each of the four council employees in the team belong to

a particular mana whenua group and are able to provide a direct interface between the interests of mana whenua and the ARC.

22.96 The Commission received many other suggestions as to how advisory structures should operate. For example,

- Ngāti Pāoa proposed that there should be a mandatory Te Tiriti o Waitangi (Standing) Committee within all territorial authorities.³⁹
- Te Taumata Rūnanga advocated that both regional and local bodies should establish standing committees based on the Te Taumata Rūnanga model of representation.⁴⁰
- Ngāti Whatua o Ōrākei Māori Trust Board considered that a pan-tribal body such as the Mana Whenua Forum should appoint a single member to all principal committees, advisory boards, community boards and area committees of the regional entity.⁴¹

22.97 Despite the considerable variations in approach, the one common theme was that the status of advisory committees must be safeguarded so that they cannot be “wiped out at the stroke of a pen”, and so that their existence does not depend upon political goodwill.

22.98 The Auckland Council should ensure that each local council has adequate structures in place to engage with Māori properly, and to ensure consideration of their views in the local council’s decision-making processes.

Logistical challenges

22.99 The third key theme that arose from the consultation process was that Māori (and mana whenua in particular) face major logistical challenges, especially in relation to resource management processes, where extensive consultation with Māori is often mandatory. Often it comes down to the same few people within an iwi to address these issues time after time. Typically, their time and effort is not remunerated and their input may ultimately come to nothing. The Commission heard a great deal about the understandable frustration this causes.

39 Submission to the Royal Commission on Auckland Governance from Ngāti Pāoa, p. 9.

40 Submission to the Royal Commission on Auckland Governance from Te Taumata Rūnanga, p. 12. Te Taumata Rūnanga operates within Waitakere City Council’s Standing Orders. The membership of Te Taumata Rūnanga consists of key Māori stakeholders including marae, rangatāhi (youth), kaumātua (elders), wāhine (women), urban Māori groups, Te Rūnanga o Ngāti Whātua, Te Kawerau A Maki, and council. It is one of few institutions in New Zealand local government to represent the issues of both mana whenua and non-mana whenua interest – although the Commission understands that some mana whenua do not feel as though their special role in the area is given appropriate weight or recognition in this structure.

41 Submission to the Royal Commission on Auckland Governance from Ngāti Whātua o Ōrākei Māori Trust Board, p. 2.

Duplication and lack of consistency

22.100 The rohe of many of the mana whenua groups within the Auckland region cross many council boundaries, which means that they have to deal with numerous councils regarding the same or similar issues. Often, the different councils involved adopt different approaches.

22.101 Many mana whenua groups emphasised that the current lack of consistency causes much disruption and costly delay, and adversely affects their ability to exercise their obligations of kaitiakitanga and rangatiratanga.

22.102 Furthermore, the ways in which the various councils respond to Māori issues often depend upon relationships forged between Māori and particular individuals within those councils – and they are therefore subject to change as a result of election cycles or changes in council staff.

22.103 Support was expressed for more consistent regimes to be implemented across all local councils, especially in areas such as resource consents and wāhi tapu designation. Some submitters suggested that there should be a single regulatory consent process or a single set of plans for the entire Auckland region.

22.104 Many mana whenua groups expressed support for a reduction in the overall number of councils within the Auckland region. This general principle was subject to certain exceptions, however, particularly in circumstances where mana whenua groups have achieved a good relationship with a particular council. For example, Ngāti Tamaoho was of the view that Papakura District Council, with which it has an excellent working relationship, should be retained.⁴² Concern was also expressed by Māori that any reduction in the overall number of councils should not be at the expense of access to councillors and council staff.

22.105 Many of the functions of local government in relation to Māori relate to local government bodies acting as a central repository of information concerning Māori issues, and facilitating/coordinating engagement with Māori. By way of example, the Auckland Regional Policy Statement provides that

- The ARC and territorial authorities will, in consultation with tangata whenua, identify and list in regional and district plans sites and areas of significance to tangata whenua, and such plans will include provisions that afford appropriate levels of protection to the items listed; and such listings will be kept up to date (section 3.4.2(1)).
- The ARC will maintain an inventory of Māori land and, where appropriate, associated customary uses of ancestral taonga (section 3.4.5(2)).
- The ARC will maintain an information-base comprising relevant Treaty claims, principles, reports and other relevant information (section 3.4.8(2)).

⁴² Submission to the Royal Commission on Auckland Governance from Ngāti Tamaoho Trust, p. 2.

- The ARC and territorial authorities will, with tangata whenua, determine the likely situations in which tangata whenua wish to be consulted, and provide for this in the implementation of regional and district plans (section 3.4.8(3)).
- The ARC will, with tangata whenua involvement, maintain a list of tangata whenua representatives explicitly appointed for consultation over resource management matters (section 3.4.8(4)).
- The ARC will ensure that a directory of Māori organisations in the Auckland region is available in order to assist with consultation (section 3.4.8(10)).⁴³

22.106 These types of functions, in particular, would be more effective if carried out by a smaller number of local government bodies. It makes sense to have one central, comprehensive, and up-to-date repository of information, rather than eight separate databases of varying quality. Similarly, it makes sense to have one council coordinating and facilitating engagement with Māori.

22.107 The Commission's recommendations as to the structure and functions of the Auckland Council will meet the concerns of Māori expressed in the above paragraphs. In particular, the fact that the Auckland Council will have responsibility for the preparation of the district plan for the region will ensure that there is, in fact, a central repository of information concerning Māori issues and consistency in addressing them.

Boundaries

22.108 A number of submitters suggested that if the Commission were to recommend any changes to council boundaries, these boundary changes should have regard to iwi rohe and/or to natural boundaries such as mountains or waterways.

22.109 It was also suggested that clause 4 of Schedule 3 of the Local Government Act 2002 (which sets out criteria for determining appropriate boundaries between local authorities) should be amended to include consideration of rohe.⁴⁴ Currently, there are already problems where council boundary lines divide single ecological features so that they are governed by more than one council. This has caused longstanding problems in relation to the Firth of Thames and the Kaipara Harbour, both of which are divided by “watery lines” into the boundaries of two regional councils. Similarly, although almost all of the Waikato River falls within the boundaries of Environment Waikato, its upper reaches, which contain the Mangatawhiri and Mangatangi dams, are located within ARC boundaries.

22.110 As noted in Chapter 18, “Boundaries”, the Commission considers that Auckland's northern regional boundaries should remain unchanged. It recommends, however, that a formalised co-management regime between the Auckland Council and Northland

43 Auckland Regional Policy Statement, Auckland Regional Council, pp. 3–5 (available at www.arc.govt.nz, “Plans”, accessed February 2009).

44 Local Government Act 2002, Schedule 3, section 4 (Appropriate boundaries).

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Regional Council should be established, which will have responsibility for managing the Kaipara Harbour. This is discussed in more detail in paragraph 8.36 in Chapter 8, “Environment, Urban Design, and Heritage”. It is essential that the mana whenua of the Kaipara Harbour region are involved as part of this co-management regime.

22.111 In recognition of the kaitiaki responsibilities of mana whenua, the Commission recommends that, with the exception of the central city area, all local councils should have Māori names. With this in mind, the Commission recommends that Franklin be called Hunua and North Shore be called Waitemata. The Commission has been unable in the time available to identify an appropriate Māori name for Rodney Local Council. It recommends that the Local Government Commission identify an appropriate name, in consultation with mana whenua, when determining the local council boundaries. (For further details, see Chapter 18, paragraph 18.60.) These names and the proposed name of Tāmaki-makau-rau for the isthmus area, should be the subject of consultation with Māori before final adoption.

Treaty of Waitangi claims

22.112 The Commission does not expect that its recommendations will have any effect on claims under the Waitangi Tribunal.

Effect on existing relationships and arrangements

22.113 All existing relationships and arrangements between councils and Māori organisations should continue to be honoured, and all rights and obligations transferred to any new entities that are created.

Recommendations

- 22A** Two Māori members should be elected to the Auckland Council by voters who are on the parliamentary Māori Electoral Roll.⁴⁵
- 22B** There should be a Mana Whenua Forum, the members of which will be appointed by mana whenua from the district of the Auckland Council.
- 22C** The Mana Whenua Forum should
- a) appoint a representative to be a councillor on the Auckland Council
 - b) through its representative on the Auckland Council, advise the Auckland Council on issues of relevance to mana whenua
 - c) appoint the members of Watercare's Māori Advisory Group.
- 22D** The Auckland Council should ensure that each local council has adequate structures in place to enable proper engagement with Māori and consideration of their views in the local councils' decision-making processes. Where appropriate, current structures and/or memoranda of understanding should be transferred to local councils.

45 Voters who are on the parliamentary Māori Electoral Roll will not be eligible to vote for ward members on the Auckland Council. The entitlement to vote for the two Māori members will be in place of the entitlement that would otherwise exist to vote for ward representatives to the Auckland Council.

23. Representation and Participation by Minority and Other Groups

23.1 This chapter addresses the issue of how best to encourage involvement in local government by people from a broad range of backgrounds. This chapter should be read in conjunction with Chapter 16, “Local Councils”, which comments in detail on the role of local councils, and in particular, on the place-shaping role of local councils. It should also be read in conjunction with Chapter 22, “Māori”.

23.2 There are two aspects to this issue:

- **representation** – encouraging talented people from a wide range of backgrounds to become elected members of local councils
- **participation** – ensuring effective consultation and engagement mechanisms are in place so that the voices of Auckland’s diverse communities are heard and taken into account.

23.3 In this chapter the Commission considers the importance of representation and participation by a diverse range of people, and examines the composition of Auckland’s councils, which in many respects do not reflect the composition of Auckland’s society.

23.4 The Commission concludes that while it is undesirable to provide separate representation for specific groups (other than Māori) on either the proposed Auckland Council or on local councils, effective consultation and engagement is essential. Māori are a special case because of their status as a partner under the Treaty of Waitangi, and their obligations of manākitanga¹ and kaitiakitanga.² This is discussed in more detail in Chapter 22.

23.5 Where there are effective structures for formal engagement already in place, the Commission recommends that these continue. It also recommends the establishment of two advisory panels at the Auckland Council level:

- a Pacific Advisory Panel
- an Ethnic Advisory Panel.

23.6 In preparing this chapter, the Commission has consulted with representatives of Pacific and other ethnic minority communities in Auckland, and with various organisations, including the Ministry of Pacific Island Affairs and the Office of Ethnic Affairs.

¹ Manākitanga – a sacred obligation to care for all people within your rohe (area), including taura here (Māori with ancestral ties outside the area) and non-Māori.

² Kaitiakitanga – guardianship, the responsibilities passed down from the ancestors for tangata whenua (people of the land) to take care of the places, natural resources, mauri (life force), and other taonga in their rohe (area).

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Representation

Importance of representative councils

23.7 It is highly desirable for the composition of councils to reflect the society they serve. Representation is likely to be more effective where elected representatives have close relationships with their constituents and can ensure that the needs of society's more vulnerable groups are not overlooked.

Māori, Pacific peoples, and other ethnic groups, children and young people, older people, those with disabilities, and those with low incomes represent the majority of Auckland's citizens, yet their particular needs and interests can slip out of focus in the usual planning and priority-setting processes.³

23.8 By way of example, physical safety, the cost of services, and housing are issues that are often of particular concern to the elderly; the design of public spaces can have a significant impact on those with disabilities; and many ethnic groups, such as Pacific peoples, face particular issues of concern:

Pacific peoples are concentrated in the poorer neighbourhoods, where there is a high concentration of liquor outlets and fast food shops, limited areas for children to play, and few transport facilities. Shop owners rarely live in the area, and treat it as simply a way to make money, contributing little to civic pride.⁴

23.9 Another example is families with young children, who are often high users of council-provided services, such as parks, zoos, libraries, playgrounds, swimming pools, and community events and festivals.

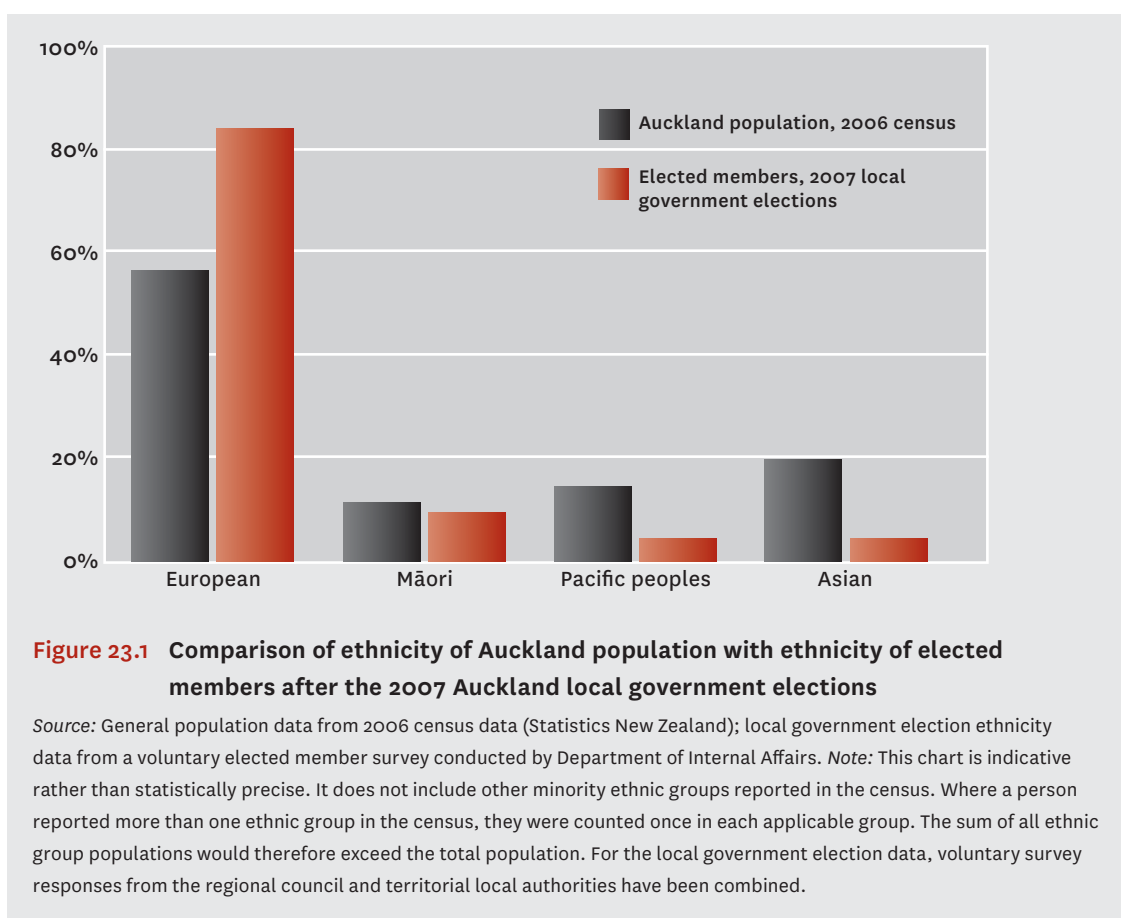
23.10 But the issue is deeper than simply ensuring that councillors have a direct and personal understanding of their constituents' concerns. Representative councils also assist communities to feel connected to local government processes, and to feel that they can make a difference:

Councillors from a wide variety of different backgrounds not only bring a range of voices directly into the council chamber but also enable a richer myriad of networks to be connected with council members, useful not only for the council but in turn also to maximise people's sense of efficacy and engagement which we have identified as a crucial ingredient of effective participation and local democracy.⁵

3 Rowe, Elizabeth, "The Role of Local Government in Achieving Social Well-Being for the Auckland Region", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 131–189 (p. 172) (available at www.royalcommission.govt.nz).

4 *Ibid.*, p. 175.

5 Councillors Commission, *Representing the Future*, Communities and Local Government, London, December 2007, p. 15 (available at www.communities.gov.uk, accessed February 2009).



Current composition of Auckland’s councils

23.11 The composition of Auckland’s local government does not reflect Auckland’s society. There is, for example, a predominance of older men and people of European descent in local government.

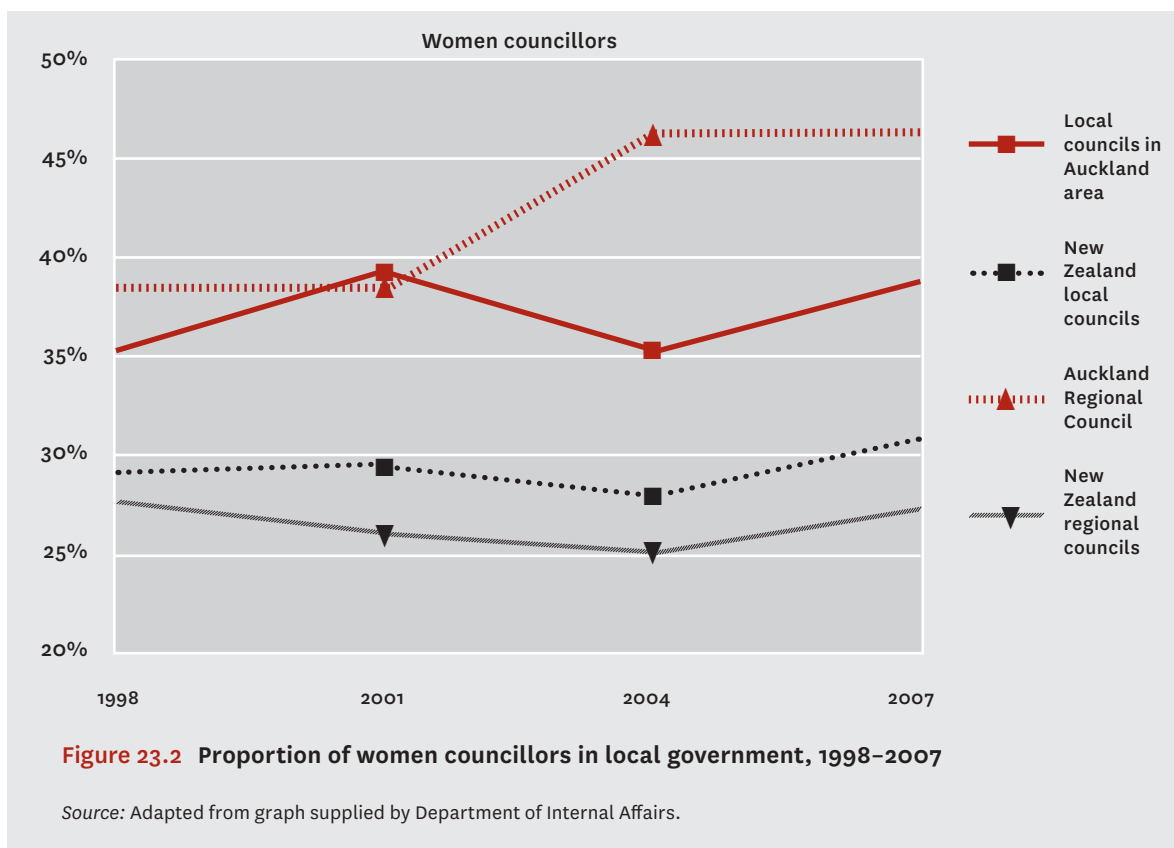
23.12 Ethnic minorities are under-represented on Auckland’s councils. After the 2007 elections, 84% of the members of Auckland’s councils identified as European, 9% as Māori, 4% as Pacific, and 4% as Asian. (Although still very European-dominated, this was a marked improvement on the results of the 2004 elections, following which 93% of Auckland’s council members identified as European, 3% as Māori, 2% as Pacific, and 2% as Asian).⁶ Surprisingly, after the 2007 elections the composition of Auckland’s community boards was slightly less ethnically diverse than the composition of councils.⁷

23.13 Figure 23.1 is a comparison of the ethnic breakdown of Auckland’s councillors after the 2007 elections, compared with the ethnicity of Auckland’s population at large. This graph shows that Europeans are over-represented in Auckland’s councils, Māori

6 All of the statistics in this paragraph are from voluntary surveys of elected members conducted by the Department of Internal Affairs, and therefore are subject to a margin of error.

7 After the 2007 elections, 88% of community board members identified as European, 4% as Pacific, 5% as Māori, and 3% as Asian. Data are based on voluntary surveys of elected members conducted by the Department of Internal Affairs, and therefore subject to a margin of error.

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are slightly under-represented, and Pacific and Asian people are significantly under-represented.

23.14 Some territorial authorities have a better level of representation of councillors from particular ethnic groups (such as the four Pacific councillors from a total of 17 councillors in Manukau City), but across the board the under-representation of minority ethnic groups is pronounced.

23.15 Women are also under-represented on Auckland’s councils, although less so than in councils in the rest of the country. Figure 23.2 demonstrates that although the number of women councillors on Auckland’s councils (especially the Auckland Regional Council) tends to exceed the national average, they are still proportionately under-represented.

23.16 The age composition of the region’s councillors is also of concern. According to post-election survey data⁸ after the 2007 elections, 63% of the members of Auckland’s councils (that is, the ARC and the seven territorial authorities) were aged over 55.⁹ Of course, there are many benefits in having older councillors. Age can bring with it both wisdom and perspective. Nonetheless, it is important to have a balance. It is crucial that we attract young people to become involved in local government.

8 The data are based on voluntary surveys of elected members conducted by the Department of Internal Affairs, and therefore are subject to a margin of error.

9 Auckland council members were, however, slightly younger than the national average. Nationally, 66% of members were aged over 55 after the 2007 elections.

23.17 The failure of Auckland’s local government to reflect its diverse society mirrors nationwide (and international) trends. Nationally, after the 2004 local government elections

- 94% of councillors nationwide were European, 4.3% were Māori, and 1.7% were “other”.¹⁰
- Around two-thirds of councillors were male. (The percentage of women councillors has declined gradually over the period 1998–2004, and male councillors are much more likely to hold senior positions on councils than their female counterparts.)¹¹
- Elected members over 51 years of age constituted 71% of council members in 1998, 63.4% in 2001, and 74.9% in 2004. Those aged under 40 years constituted less than 6% of elected members in each of the three elections from 1998 to 2004.¹²

23.18 In the UK, detailed research has been carried out in relation to barriers to participation in local government.¹³ It concluded that some of these barriers disproportionately disenfranchise specific groups. For example, women often face additional time-related barriers because of caring responsibilities; employed people find it difficult to balance being a councillor with work; people from ethnic minorities may be disproportionately affected by barriers related to deprivation and social exclusion; and people with disabilities may face additional access and mobility-related barriers.¹⁴

23.19 It is likely that similar barriers exist in Auckland, and throughout New Zealand.

Specific representation

23.20 Against this background, the Commission has considered whether there is a need to provide specific representation for certain groups, in order to engineer more diverse and representative councils.

23.21 Some submitters to the Commission thought that specific representation would be useful.¹⁵ In particular, the Commission received a number of submissions supporting some form of specific representation for Pacific peoples. Various ideas included

- a Pacific Island representative on a Greater Auckland Council

10 Human Rights Commission, “A Snapshot of New Zealand’s Diversity” (available at www.hrc.co.nz, accessed February 2009).

11 Shi, Yanjie, “Description and analysis of the overall profiles of elected members following the 1998, 2001 and 2004 local government elections”, Local Government New Zealand Working Paper, September 2005 (available at www.lgnz.co.nz, accessed February 2009). These data are based on surveys conducted by Local Government New Zealand, which had a participant return rate ranging from 79% to 86.7%.

12 Ibid.

13 Councillors Commission, *Representing the Future*.

14 Ibid., p. 79.

15 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, pp. 275–277.

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- Pacific peoples representatives at all levels
- creating the whole of the Auckland region as a Pacific ward, with the number of Pacific councillor positions proportional to the Pacific population
- establishing an Auckland Metropolitan Pacific Board, which would be part of the regional body and whose members would be elected by Polynesian voters.

23.22 A report obtained by the Commission relating to social well-being in the Auckland region concluded that

Pacific stakeholders considered their needs and interests were not well served by the current arrangements. Guaranteed representation for Pacific peoples was supported by most.¹⁶

23.23 In the context of ethnic minority communities more generally, the report concluded,

Communities increasingly want representation, especially the more settled communities, who increasingly want to be part of the civic structures, and are looking for ways to upskill so they can engage. Different communities are at different stages, with refugee communities strongly focused on settlement and needing considerable community development. Those who have suffered torture and trauma rely heavily on central government services – health, housing, social development, and education.¹⁷

23.24 There are also a number of disadvantages associated with providing specific representation for certain groups on Auckland’s councils, however. For example, establishing specific representation for certain groups is likely to be highly divisive. A major problem is how to define the group. Some groups encompass people from quite diverse backgrounds and interests. For example, the terms “Pacific peoples” and “Asian peoples” each include people from many different countries, whose interests may or may not align on certain issues.

23.25 In addition, Auckland is made up of many different groups, such as ethnic, cultural and religious groups, people of different employment status, the young, the elderly, people of different family status, people of different sexual orientation, people from different socio-economic groups, and so forth. Although it would be desirable for Auckland’s local government to reflect all of these different aspects of society, plainly it would be unworkable to achieve this by way of providing specific representation for every group. A simple numerical “headcount” approach to representation is impracticable.

16 Rowe, “The Role of Local Government in Achieving Social Well-Being for the Auckland Region”, in *Report, Volume 4: Research Papers*, p. 176.

17 *Ibid.*, p. 176.

Participation

23.26 Most submitters on this topic believed that it is important for Auckland’s governance arrangements to enable increased access and participation by Auckland’s diverse communities.¹⁸ There was a clear consensus that, at the very least, effective engagement and consultation is essential. This is consistent with the Local Government Act 2002, which requires councils to consider the social, environmental, economic, and cultural well-being of communities as part of taking a sustainable approach to development.¹⁹

Advisory groups

23.27 Many Auckland councils already use formal structures, such as advisory groups, to ensure that the voices of certain groups in society are heard. Of the seven territorial authorities in Auckland, many have established or work with advisory groups that represent Pacific peoples, and/or groups that represent ethnic minority groups generally.

23.28 These advisory groups take various forms. In some cases, they are part of the relevant territorial authority, whereas in other cases they are completely separate from council structures.

23.29 One example of an advisory body that sits *within* local government structures is the Manukau City Pacific Island Advisory Committee. Manukau City is home to around 86,000 Pacific people, which is the largest Pacific population in New Zealand and represents around 28% of Manukau City’s total population.²⁰ This committee has 15 members made up of representatives from Manukau’s Pacific communities, namely Samoa, Tonga, Cook Islands, Niue, Fiji, and Tokelau. A seat is also allocated on the committee for a representative of small Pacific nations.

23.30 There is also a memorandum of understanding between the Manukau City Council and the Ministry of Pacific Island Affairs.²¹ It sets out a framework for better cooperation between the council and the ministry to improve economic, social, cultural, and environmental outcomes for Pacific peoples in Manukau City.

23.31 The Commission has been impressed by the way in which Manukau City has brought Pacific culture and Pacific issues to the fore and incorporated these as part of its “mainstream” policy and operations. According to the submission received from the Manukau City Pacific Island Advisory Committee, in 2006 Manukau City Council adopted the Pacific Peoples Policy and Action Plan.²² It provides a framework and process for Pacific peoples to voice their aspirations, needs, and priorities, and for Manukau City

18 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, p. 275.

19 Local Government Act 2002, section 14(1)(h).

20 2006 Census data.

21 Submission to the Royal Commission on Auckland Governance from the Pacific Island Advisory Committee (available at www.royalcommission.govt.nz).

22 Ibid.

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Council to develop policies and strengthen the capacity of Pacific peoples to participate in all aspects of life in Manukau.

23.32 The Commission was advised that there is a very good relationship between Manukau City Council and the Pacific Island Advisory Committee. The chief executive officer, mayor, and deputy mayor regularly attend the committee's monthly meetings. The Commission was also impressed to hear that the committee keeps in close contact with its Pacific community via Radio 531PI, a Pacific radio station which has coverage over all of the greater Auckland region. This innovative method of community engagement is apparently highly effective.

23.33 An example of a model that sits *outside* local government structures is the Waitakere Pacific Board.²³ The Waitakere Pacific Board was incorporated in 1989 (at which time it was called the Pacific Islands Advisory Board) as a result of an initiative of the Waitakere Pacific communities.

23.34 Pacific peoples resident in Waitakere City vote for the chairperson, deputy-chairperson, secretary, and treasurer of the Waitakere Pacific Board. Each specific Pacific Island community elects a representative of their nation, as well as practitioners who are co-opted to specific sectors such as education, economic development, gender, arts, and justice.

23.35 Waitakere City Council consults with the Waitakere Pacific Board on a very broad range of issues, not just those issues that relate solely to Pacific peoples. For example, the council has recently consulted with the board in relation to its car parking policy. The board raised concerns such as the affordability of parking in the city for people on lower incomes, and the monopolisation of free car parks by workers who get in early and stay the entire day, forcing retirees, the unemployed, and caregivers with children who arrive in the city later in the day to pay for expensive metered car parking.

23.36 The Waitakere Pacific Board is wholly independent of Waitakere City Council, and it values this independence. It believes that if it were established, for example, as a standing committee of Waitakere City Council, this would potentially result in undue council control. It values the ability to criticise the council publicly and vociferously should it consider this necessary (for example, if it believes it has not been consulted with adequately in relation to a particular issue). It also values being able to lobby council and other groups freely. In one instance, the board strongly supported the Waitakere Ranges Bill, and lobbied Members of Parliament accordingly. In addition, the community's perception of the board as an independent body can sometimes assist in building up trust among its community.

23.37 Although it sits outside Waitakere City Council, and is independent from it, the Waitakere Pacific Board has a close working relationship with the council. Waitakere City Council employs a Pacific Strategy Advisor who attends the board's monthly meetings and is a key point of contact between the board and the council.

23 See www.waitakere.govt.nz/ourpar/pacificisland.asp, accessed February 2009.

23.38 The relationship between the Waitakere Pacific Board and Waitakere City Council has also been formalised through, variously, a memorandum of understanding, a community partnership agreement, and a service and funding agreement. The Waitakere Pacific Board has also entered into a tripartite relationship with Waitakere City Council and the Ministry of Pacific Island Affairs.

23.39 The Commission observes that there seems to be a genuine sense of partnership and mutual goodwill underpinning these arrangements. The Commission has described these models in some detail because they are useful examples of successful community engagement. They are also adaptable to other significant groups in the community such as the elderly.

Commission's views

Specific representation

23.40 While the Commission considers it essential that councils consider and address the needs of our diverse communities, it does not recommend the establishment of specific, safeguarded seats for certain groups (other than Māori) on either the Auckland Council or at the local level.

23.41 There are a number of factors that weigh against the provision of specific representation.

23.42 In some cases, specific representation may be seen as unnecessary and/or patronising. For example, the Commission was told by certain Pacific leaders that they believe increased Pacific representation and participation via “ordinary” electoral processes is just a matter of time as the confidence and presence of Pacific communities increases, and that this is beginning to happen already. Certainly, there are success stories, such as the Samoan leader who was until recently the Deputy Mayor of Manukau City. The Commission was told (and agrees) that those communities would be assisted by “citizen education” and support programmes covering matters such as how to vote, how to stand for council, and advice for candidates as to how to maximise their chance of getting elected.²⁴ In Chapter 16, “Local Councils”, the Commission recommends that the role of local councillors should involve fewer hours, which will make it more compatible with employment or caregiving responsibilities. It anticipates that this should also encourage a broader cross-section of society to stand as candidates.

²⁴ By way of example, in 2007 the United Kingdom city of Leicester turned around its problems of too few candidates coming forward to stand as councillors by running an education campaign. The council put posters across the city. Articles appeared in the local press. Voluntary and community groups were emailed, open evenings were held, and an informative website answered questions. The Mayor also hosted events. The campaigners stressed that no formal qualifications were required to become a councillor, and that life experience is one of the best things that candidates could bring to the role. As a result of the campaign 15 new candidates came forward, seven of whom were elected to serve as councillors (see www.leicester.gov.uk, “Councillors”).

23. Representation and Participation by Minority and Other Groups

23.43 From a practical point of view, the Commission notes that deciding who should represent certain communities, and how those people should be elected, would be fraught with difficulty. If representatives from, say, Pacific communities, were to be elected to serve as councillors, this would involve difficult issues such as who would be eligible to stand as representatives, and who would be eligible to vote for them. Presumably, a separate voting roll would need to be established. Alternatively, an *appointment* process would raise its own difficulties, such as identifying who should be responsible for making the appointment and ensuring that the representatives were accountable to their communities, particularly as Auckland’s Pacific population comprises many different cultures.

23.44 A further reason weighing against the establishment of specific, safeguarded seats is the difficulty of making distinctions between the various interest groups who claim that they should have particular representation on Auckland’s councils. The Commission received submissions advocating for special rights and/or representation not just for Pacific peoples and other ethnic groups, but also other sectors of society, such as the elderly, the young, the unemployed, and even for food-producing farmers.

Advisory groups – regional level

23.45 Chapter 10, “Culture, Recreation, and Diversity” of this report discusses the “open cities” vision and the importance of attracting and valuing diversity. An important part of this is encouraging input into local governance from various diverse communities.

23.46 The Commission notes that a number of Auckland councils have opted to establish or work with advisory groups representing Pacific and other ethnic minority interests. The Commission considers it sensible to replicate these current arrangements at the regional level of the Auckland Council. This will help to ensure that the voices of those communities are heard at a strategic, regional level of decision making.

23.47 It recommends, therefore, the establishment of two advisory panels to the Auckland Council representing, respectively

- Pacific peoples; and
- other ethnic communities.

23.48 It may become necessary for additional advisory panels to be established as society’s needs change over time. For example, Auckland’s population is ageing steadily, and it is possible that at some stage an advisory panel representing the interests of older people will be required.

Along with the rest of New Zealand, Auckland faces a future in which ageing will slow labour force growth, reshape residential preferences, and change the demand on public services.²⁵

25 McDermott, Philip, “Auckland’s Population”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 55.

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23.49 It is anticipated that these advisory panels will provide information and advice to the Auckland Council concerning the rights and interests of their communities, and will act as champions for those rights and interests.

23.50 Whether or not these panels should sit inside or outside the Auckland Council structures, and how their membership should be determined, are matters for the relevant communities themselves to decide. The Auckland Council should carry out further consultation in relation to these issues as part of the establishment process for the two advisory panels.

23.51 The Establishment Board will need to make provision in the organisational design and budget of the Auckland Council for the establishment by the Auckland Council of these two advisory panels.

Relationship with the Social Issues Board

23.52 As noted in Chapter 9, “Promoting Social Well-Being”, the Commission recommends the establishment of a new body, the Social Issues Board, which has the power to make decisions on the social well-being strategy for the region; to identify critical areas of need; and to decide on redistribution of resources. Its members will include the Mayor of Auckland Council, and the chairs of the Auckland Council committees. It will also include representatives from central government and in particular the chief executives of the major social agencies, such as Health, Education, Social Development, Justice, Police, and Housing New Zealand.

23.53 It is expected that the Social Issues Board will form a close working relationship with the advisory panels recommended in this chapter.

Advisory groups – local level

23.54 The Commission does not consider it appropriate to recommend whether or not there should be any formal structures, such as advisory panels or committees, at the local level.

23.55 The composition of the Auckland region is not homogeneous. For example, North Shore City is home to a large Korean community; the central city houses large numbers of Chinese students; Mt Albert and Mt Roskill areas have strong Indian communities; and parts of Manukau City are home to various Pacific communities.

23.56 In each area, the local representatives themselves, in consultation with their communities, should apply their local knowledge and expertise to determine the best way of engaging with ethnic and other groups.

23.57 Different methods of engagement are likely to be appropriate in different places. These may include formal structures, such as advisory panels, but not necessarily. Other options include meeting regularly with community leaders; holding small focus groups; holding public meetings; asking local schools, church groups, or other organisations for input and suggestions; or a combination of all of these.

23. Representation and Participation by Minority and Other Groups

23.58 The Commission appreciates that many territorial authorities have put considerable effort into engaging with various groups within their communities, and have achieved considerable success. It is important that none of this hard-won expertise and goodwill is lost. It is anticipated that where formal structures such as advisory boards and committees are proving to be effective, they will continue where applicable.

23.59 Local councils must also continue to be vigilant, however, to ensure that their engagement with community groups is both genuine and effective. Simply establishing advisory panels is not, in itself, sufficient engagement. Such structures can be a useful procedural mechanism, but are no replacement for a deeper, ongoing dialogue.

23.60 In many ways, therefore, it is the attitude of the local council – and how it perceives its role – that will determine the success or failure of its engagement with communities, not the formal structures that are in place. The Commission expects that the refocusing of local councils on community engagement will lead to deeper and more effective partnerships with various community groups.

Connecting with community leaders

23.61 One of the strengths of smaller “communities within communities” such as ethnic and other groups is that they are often closely knit and enjoy strong community leadership.

23.62 An important role for local councils is to liaise with, and listen to, those existing community leaders. As we have said in previous chapters, making communities work effectively is not the exclusive preserve of local government. We need to think about how to support and draw on the leadership that already exists within communities. The Commission expects that local councillors will talk regularly with community leaders, and will take opportunities to recognise their work.

23.63 Local councillors should also take active steps to develop and foster the development of community leaders.

23.64 Internationally, there are many examples of community leadership development programmes designed to bring together leaders and potential leaders from different sectors to engage in shared learning and idea exchange.²⁶

23.65 At a less formal level, this development can take place in a number of ways, from steps as simple as providing places for community groups to meet; ensuring that local government officials and managers implement an “open-door” policy; and assisting community leaders to take on elected or other types of leadership roles should they wish.

²⁶ For example, the UK-based organisation Common Purpose, which has over 150 staff across the United Kingdom and runs a large number of leadership programmes, from programmes for teenagers to advanced programmes for experienced leaders.

Recommendations

23A Local councils should

- a) apply their local knowledge and expertise to determine the best way of engaging with ethnic and other groups in their communities, and
- b) work closely with other community leaders, and foster their development.

23B The Auckland Council should appoint

- a) a Pacific Advisory Panel and
- b) an Ethnic Advisory Panel.

PART FIVE: PRACTICAL SOLUTIONS TO PRESSING PROBLEMS

24. Planning for Auckland

24.1 Formal town planning for Auckland started in the 1920s, with wider metropolitan and regional planning commencing in the 1950s. Today, resource management and planning are core functions of local government in New Zealand, and those functions are particularly important in Auckland because of the scale and complexity of the city and region, and its rate of population and economic growth. Different local government arrangements have the potential to contribute to or detract from the current and future well-being of the region and its communities, and may be more or less cost-effective.

24.2 The Commission has explored the effectiveness of current resource management processes, identified the major resource management issues and constraints that face Auckland today and in the future, and examined the relationship between resource management planning and other core functions (such as integrating land use planning with the provision of transport and other city-shaping infrastructure). It has also explored various governance, institutional, and legislative changes that could be better suited to Auckland in the future. The Commission has drawn on a wealth of written submissions, oral submissions, and various commissioned papers, particularly “The Resource Management System in Auckland” by Hill Young Cooper (hereafter “the RMS paper”).¹

24.3 This chapter outlines the present state of resource management planning in Auckland and summarises the pressing issues for the Auckland region based on the views of informants, submitters, and the RMS paper. The chapter discusses how changes in planning processes could assist Auckland to become a more successful city-region. Options for change are explored and assessed, transition and implementation issues are identified, and the chapter concludes with a succinct summary of proposals needed to improve the delivery of resource management planning and services in Auckland.

The resource management process

24.4 The Resource Management Act 1991 (“RMA”) sets out a hierarchy of participants and plans in the resource management process. The preparation and enforcement of resource management is undertaken through policy statements, standards, plans, consents, and monitoring and compliance by the Crown, regional councils, and territorial authorities.

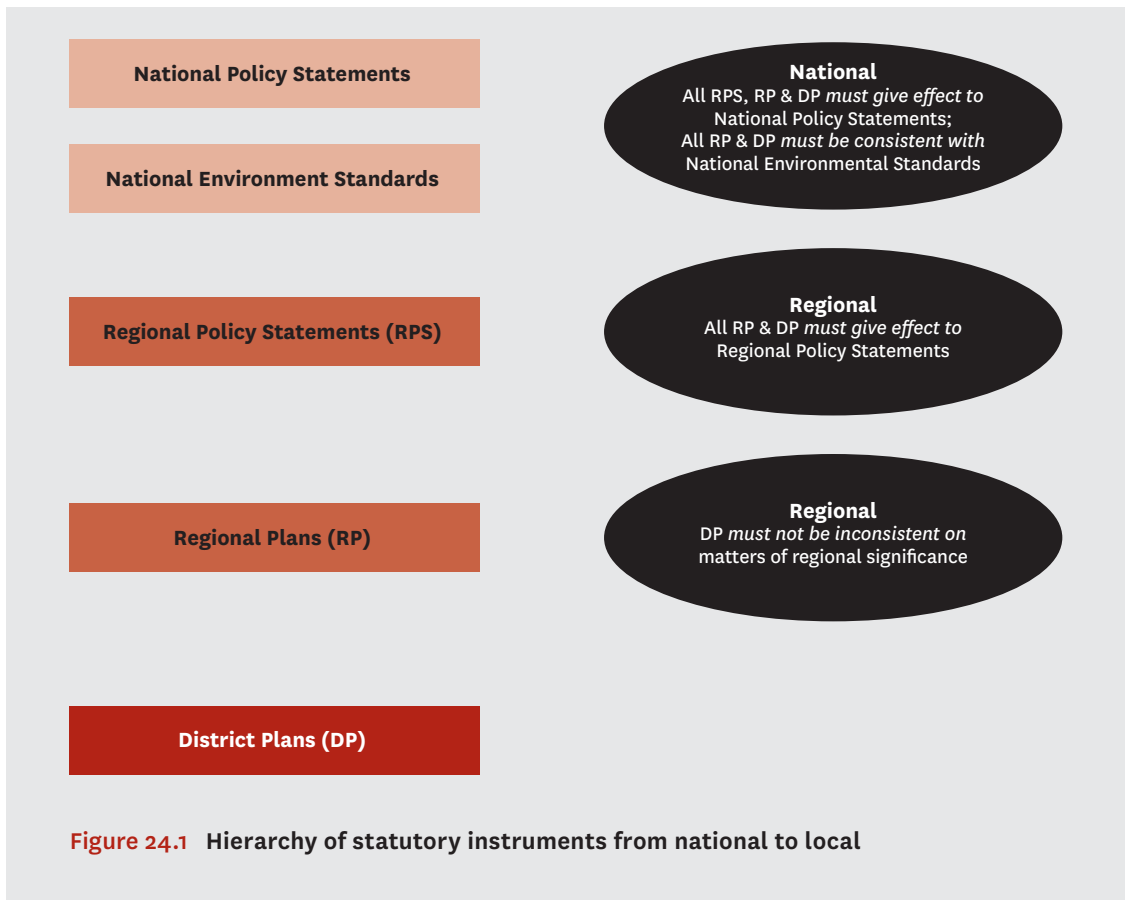
¹ Hill Young Cooper, “The Resource Management System in Auckland”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 261–353.

24. Planning for Auckland

Table 24.1 Key resource management participants in Auckland

Body	Role	Key statutory instruments
Minister for the Environment	<p>Prepare national policy statements (“NPS”) and national environmental standards, including appointment of hearing body and determination of adopted policy</p> <p>Monitoring the effectiveness of the RMA including local authority performance</p> <p>Call-in of RMA applications to be heard by a board of inquiry</p>	<p>NPS – electricity transmission</p> <p>Proposed NPS – freshwater management</p> <p>Proposed NPS – renewable electricity generation</p>
Minister for Conservation	<p>Prepare New Zealand coastal policy statement, including appointment of hearing body and determination of adopted policy</p> <p>Approval of regional coastal plans</p> <p>Determining category of resource consent under regional coastal plans</p>	<p>New Zealand Coastal Policy Statement</p> <p>Proposed New Zealand Coastal Policy Statement [2008]</p>
Auckland Regional Council	<p>Integrated management of the natural and physical resources of the region</p> <p>Prepare regional policy for integrated management of natural and physical resources of the region</p> <p>Regulate soil conservation, water, natural hazards, coastal marine area, contaminated land, discharges to the environment, hazardous substances, air quality</p> <p>Prepare regional plans related to its regulatory functions</p> <p>Resource consenting related to its regulatory functions</p> <p>Inspection, monitoring, enforcement, and compliance related to its regulatory functions</p> <p>Monitoring of effectiveness</p>	<p>Auckland Regional Policy Statement</p> <p>Auckland Regional Plan: Coastal</p> <p>Proposed Auckland Regional Plan: Air, Land and Water</p> <p>Auckland Regional Plan: Sediment Control</p> <p>Auckland Regional Plan: Farm Dairy Discharges</p>
<i>Present territorial authority councils:</i>	<p>Integrated management of the effects of the use, development, and protection of land</p> <p>Regulate use of land, subdivision, and noise</p>	<p>DP – Rodney District</p> <p>Proposed DP – Rodney District</p>
Rodney District	Prepare district plans (“DPs”) related to their regulatory functions	DP – North Shore City
North Shore City		DP – Waitakere City
Waitakere City	Resource consenting related to their regulatory functions	DP – Gulf Islands
Auckland City	Administration of notices of requirements (network utilities, public works)	DP – Isthmus
Manukau City		DP – Central Area
Papakura District		DP – Manukau City
Franklin District		DP – Papakura District
		DP – Franklin District

DP = district plan; NPS = national policy statement.



The decision makers, their statutory roles, and key statutory powers are set out in Table 24.1.

24.5 The hierarchy of statutory instruments from national to local is illustrated in Figure 24.1.

24.6 The RMA became law on 1 October 2001. It closely followed the 1989 local government reform, which saw Auckland’s local government boundaries established as they are today. Among other reforms, Auckland’s 27 boroughs, counties, and cities² were reduced to the seven districts and cities. Then, as now, the relative scale of the councils varied greatly. As a result of the enactment of the RMA, a new regional policy statement (“RPS”), a regional coastal plan, and new district plans were all required to be prepared under the Act. These are termed the first-generation plans and were notified in the period 1992–2000.

24.7 The RMA has been amended several times since 1991. Over this time the role of the RPS as the overarching, integrating policy instrument for all plans has been significantly strengthened. The initial spirit of the RPS was one of guidance and integration. Today the statutory emphasis is on direction, with lower-order plans required to give effect to the

2 Tuakau, Pukekohe, Waiuku, Franklin, Papakura, Howick, Manukau, Tamaki, One Tree Hill, Onehunga, Mt Roskill, Mt Eden, Mt Albert, Auckland, Waiheke, Great Barrier, Glen Eden, New Lynn, Henderson, Waitemata, Devonport, Northcote, Birkenhead, East Coast Bays, Takapuna, Rodney, and Helensville.

24. Planning for Auckland

RPS.³ The Auckland Regional Council Policy Statement is explicitly expected to provide for the integration of land use and transport.⁴ All regional councils have as one of their functions the strategic integration of infrastructure with land use.⁵ It can be expected that the next version of the RPS will be significantly more important and directive than the current RPS.

24.8 Regional and district RMA policy statements and plans are subject to change and variation through a statutory process similar to that which applies to the original policy statement and plans. Throughout the Auckland region there are currently hundreds of plan changes and variations being processed to hearing and decision stage by councils, along with appeals to the Environment Court on proposed plans and plan changes and variations that are already past council decision-making stage. With extensive and lengthy public submission and hearing processes and appeal rights to the Environment Court, it typically takes five to seven years from the date that a plan is notified until it becomes operative. During this period there is overlap between the older operative plan and the new proposed plan. This can add greatly to the complexity of administration of the RMA for regulatory authorities and users alike. The cost of preparing, notifying, receiving, and hearing submissions, and dealing with subsequent appeals, runs to millions of dollars even for the smallest of plans in the region. These costs are borne by the regulatory authorities, major institutions, landowners, developers, ratepayers, iwi⁶, and communities.

24.9 All policy statements and district plans have a 10-year life from the date they become operative until the time a review must be notified for public submissions. The proposed Gulf Islands District Plan is in its second version since the enactment of the RMA in 1991, but hearings have yet to be held. The first-generation proposed Rodney District Plan is mired in appeals from council decisions and it will be some years before it is operative. The first-generation comprehensive regional plan covering air, land, and water has completed the council decision-making stage, but with many appeals it will be some years before the plan is operative. Major changes to the RPS and district plans to give effect to the Auckland Regional Growth Strategy⁷ are through to the appeal stage, and again will be some years in the resolution.

24.10 The timeline in Table 24.2 shows when the various policy statements and plans are due for review over the next 10 years. The second-generation Auckland Regional Policy Statement is under preparation, as is the Auckland Isthmus District Plan. Most of the other regional and district plans for the region are due for review in the next seven years.

3 Resource Management Act 1991, section 75(3)(c).

4 Local Government Amendment Act 2004, sections 38–40 and Schedule 5.

5 Resource Management Act 1991, section 30.

6 Iwi – tribal grouping.

7 The Auckland Regional Growth Strategy deals with growth boundaries, areas for new urban development, urban redevelopment, business land, and important city-shaping infrastructure. It also deals with the need for and priority of infrastructure investment. Areas for protection such as coastal landscapes and native forested areas are also identified as constraints to urban growth. The 1999 version has a spatial concept, rather than being a spatial plan. Available at www.arc.govt.nz (accessed February 2009).

Table 24.2 Timeline for notification of policy statement and plan reviews, Auckland region

2009	2010	2011	2012	2013	2014	Beyond 2014
Regional Policy Statement	Regional Plan – Sediment Control		District Plan – Manukau	District Plan – Waitakere	Regional Plan – Coastal	District Plan – North Shore 2016
District Plan – Papakura	District Plan – Isthmus				District Plan – Central Area	District Plan – Gulf Islands
Regional Plan – Farm Dairy Discharges	District Plan – Franklin					District Plan – Rodney

24.11 The Commission invited submissions and posed a number of questions relating to resource management and planning. Submissions received are summarised in Volume 3 of this report.⁸ In addition, Hill Young Cooper sought the views of a small number of frequent participants in the resource management and planning system in Auckland, which are reported in the RMS paper.⁹ No one advocated retaining the status quo or suggested that only small changes to the status quo were required. Rather, submitters and informants saw this as an opportunity to fundamentally improve the capacity of Auckland local government to deliver better results through altered local government arrangements and better law.

24.12 Based on its analysis and on the views of submitters and informants, the Commission has crystallised widely held views on the major resource management and planning issues which must be taken into account in proposals to improve local government in Auckland. This chapter records the changes that will be required to improve the delivery of resource management and planning in a manner that will not aggravate existing problems in the region. The following sections identify the principal issues and options for addressing them.

24.13 The issues fall into three main categories:

- complexity in the planning system
- consistency and diversity – the community role
- problems associated with integrated growth management.

Complexity in the planning system

24.14 The RMA is a devolved statute that provides for most resource management policy making and consenting to occur at local government level. In the case of the Auckland

8 Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, Chapter 13, “Environment”, pp. 149–159.

9 Hill Young Cooper, “Resource Management System in Auckland”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, pp. 261–353.

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region, unnecessary complexity of the system is caused by several factors: the large number of key decision makers who exercise resource management powers, the overlaps in jurisdiction, the sheer number of plans and rules, each with their own style and presentation, and the number of resource consents that are often required to authorise development of land, buildings, businesses, and infrastructure. As a result, the system is difficult and costly for participants, creates barriers to community engagement, and is not justified by the outcomes achieved. Some complexity in the resource management system is the result of the relatively sophisticated Act itself, and cannot be easily addressed by altered governance arrangements. In addition, a fine-grained approach to planning will always be required in order to meet the needs of Auckland's diverse communities and to manage the wide range of natural and physical resources.

24.15 Ministers of the Crown retain certain powers under the RMA, and utility operators (such as the New Zealand Transport Agency, power companies, and telecommunication companies) also have special powers to designate and compulsorily acquire land, and to veto development of designated land (or air space) not owned by the designating authority. The RMS paper identifies 20 utility operators with these special powers in Auckland.

24.16 Auckland has eight local authorities covering a region of 1.4 million people. The RMS paper identified and discussed the Auckland specific policy statements and plans: a regional policy statement; four proposed or operative regional plans; 10 proposed or operative district plans; and hundreds of variations and changes to those policy statements and plans.

24.17 An example of the complexity of the planning system is a major land development in the rural area of Rodney District. Such a proposal would be subject to

- the operative district plan
- the proposed district plan
- variations of the proposed district plan
- the regional policy statement
- the regional air, land and water plan
- the regional sediment control plan.

24.18 One or more resource consents would typically be required under each plan, resulting in a number of resource consents from two consenting authorities – Rodney District Council and the Auckland Regional Council – and they would be subject to the objectives, policies, and rules of at least five plans and policy statements, some of which deal with essentially the same effects, but all with subtle and not so subtle differences in rules, emphasis, and desired environmental outcome.

24.19 Another example of the complexity of the planning system would be a major new energy line through the metropolitan area of Auckland. The utility operator would usually initiate a requirement for a designation. The project would be subject to

- the operative and proposed district plans of all territorial authorities it passed through
- the regional policy statement
- the regional air, land, and water plan
- the regional coastal plan
- the regional sediment control plan.

24.20 A notice of requirement would be needed for the land use designation and multiple resource consents for matters under regional jurisdiction. Designations or consents would be required from all territorial authorities through whose territory the line passed and the Auckland Regional Council. If there were works in the coastal marine area, the Minister of Conservation might also have a consenting role. A similar situation to the Rodney rural land development would prevail, with the added complexity of even more plans and three or more consent authorities having separate decision-making powers, even if heard by a combined panel.

24.21 Another example of the complexity of the planning system would be a developer and a group builder involved in similar types of housing and subdivision operating across most of the territorial authorities of the Auckland region. While the nature of the development is similar from one authority to another, the activity status of subdivisions and houses differs between authorities, as do the standards and rules controlling development. The development contributions required by councils also differ significantly.

24.22 The issue of complexity of the planning system was the most common issue raised in submissions to the Commission on the subjects of planning and regulatory functions.¹⁰

Options for removing complexity

24.23 Complexity in the planning system can be addressed in one or more of the following ways:

- reducing the number of local authorities and thus the number of plans
- requiring the production of fewer district plans whether or not there are fewer local authorities
- requiring common standards to be adopted in district plans throughout the region
- removing unnecessary overlaps in jurisdiction between territorial authorities and the regional council

¹⁰ See *Report, Volume 3: Summary of Submissions*, p. 131.

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- requiring the production of fewer regional plans/policy statements
- providing call-in powers for proposals of regional significance (discussed in a later section)
- providing for a single planning agency for growth areas of regional significance (discussed in a later section).

24.24 Reducing the number of territorial authorities should result in fewer plans simply because there would be fewer councils to make plans. However, as there is a power for an individual council to prepare several district plans (in territorial sections), a reduction in plans cannot be guaranteed. Also, the situation is not much improved for those projects or developers who deal with more than one territorial authority, especially if multiple district plans are prepared.

24.25 Requiring the production of fewer district plans (or even only one plan) could result from one or more of the following:

- fewer territorial authorities than there are today
- the removal of district plan-making powers from the territorial level of local government, this function resting instead with regional government
- combining the territorial and regional levels of local government (the unitary model already existing in several parts of New Zealand)
- a statutory direction that one (or two or three) combined district plans be prepared even if there are several or many territorial authorities.

24.26 The Commission asked the question: “Is it possible and practical to have only one district plan for the Auckland region?” This would require either agreement by all existing territorial authorities to use the existing powers of the RMA to prepare a combined plan (perhaps supported by a statutory direction that there be only one district plan), or if there were one resource management authority for the region, a statutory direction that it prepare only one district plan. The Commission is satisfied on the basis of the advice it has received that the answer to this question is “yes”, although it has little confidence in the practical ability of the existing territorial authorities to prepare a single district plan, because of timing and governance issues. Should this course be adopted, there would inevitably be considerable transitional issues and significant technical and community issues with a “one-size-fits-all plan”. Both of these issues are addressed in later sections of this chapter.

24.27 The Commission’s advisers have analysed the district plans for the Auckland region and identified many standard types of zones used by most territorial authorities, even if they go by different names, such as

- different types of residential zones
- mixed-use zones
- different types of business and employment zones

- different types of open-space zones
- different types of landscape and natural-quality zones
- different types of rural zones.

24.28 Within these zones, standards address a similar range of potential effects and have similar ways of measuring results but are not always the same in areas such as

- activities provided for
- status of activities
- building height
- density controls
- coverage controls
- permeable area controls
- yards
- outlook and outdoor areas
- access to daylight
- parking provision and layout
- landscaping
- access widths
- minimum site size
- floor area ratios.

24.29 Specialised but similar standards apply in specific zones such as a main shopping street with respect to matters such as verandahs, building form, urban design, orientation of buildings, and signs.

24.30 As an alternative to a single district plan, a high degree of standardisation in all district plans would remove some of the complexity of the planning system. This option would involve creating a standard palette of zones and zone standards for the entire region, to be applied to multiple district plans of separate territorial authorities. A regional standard set of objectives, policies, methods, and rules for zones should be able to cover the vast majority of land within the region, although the actual zoning pattern would vary according to the circumstances of each area.

24.31 In addition to a palette of zones and zone standards, a single consistent set of environmental standards would need to be developed for the entire region, recognising differing environments such as coastal, forested, rural, suburban, or urban as

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appropriate. The potential for the same activity rules and standards across the region includes

- vegetation clearance
- earthworks
- indigenous forest protection
- tree removal
- network utilities
- parking and access standards
- contaminated sites
- hazardous facilities and sites
- natural hazards
- protection of sites of outstanding natural value
- esplanade reserves and strips
- volcanic cone protection
- wāhi tapu¹¹ protection
- other heritage protection (for example scheduled buildings, objects, and sites)
- definitions
- RMA procedural information
- temporary activities
- construction activities
- performance standards that apply to all activities such as noise standards, artificial lighting, vibration
- methods of measuring compliance (for example building height in relation to boundary, height of building, net site area, yard requirements)
- management of typical zone interfaces (for example business to residential, open space to any other zone).

24.32 Standardisation of a regional palette of zones and standards, and standardising rules for activities in all zones and identified environments across a district, could be approached in a number of ways including

- the framework being set through the regional policy statement

¹¹ Wāhi tapu – sacred place, location with spiritual meaning.

- through a new mechanism similar to a national environmental standard termed a “regional resource management standard”
- through a host of non-statutory collaborative methods, although this is prone to weakening the objective of standardisation
- through the preparation of one district plan.

24.33 Apart from these areas of potential regional standardisation, there are several areas that would still require a “local” response. These include

- sites where a design-led response has resulted in a “spot zone” with a specific set of standards and rules that are in effect a “super resource consent”
- sites with sufficient uniqueness that a special zone or overlay of controls is required (to allow or constrain usual development, for example Glenbrook Steel Mill, Weiti Forest Park, Eden Park)
- centres where there is a location-specific set of standards to achieve specific design outcomes (for example town centres with developed urban design and heritage protection outcomes)
- the extent and location of zones
- heritage and/or urban design guidelines and standards that reflect the specifics of an area (for example Devonport, Ponsonby, Remuera garden suburbs).

24.34 Most of the district plans in the region would be more or less conducive to the standardisation approach set out above. The exceptions to this are the Waitakere District Plan, which has a multi-layered approach to zones, and the District Plan – Central Area Section of Auckland City, which deals with a large and very complex high-rise environment. There is considerable merit in the Waitakere approach to a two-layered zoning pattern – one that reflects the human environment and one that represents the natural environment. This is one of the options that could be considered for application on a region-wide basis.

24.35 The Commission has reached the view that the production of fewer plans and policy statements is a better way to reduce complexity than standardisation of planning approaches within existing plans. In a later section we discuss governance options that would help achieve this outcome.

24.36 There are areas of jurisdictional overlap between territorial authorities and the regional council in several areas including

- earthworks control
- discharge of contaminants to stormwater systems
- management of natural hazards.

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24.37 There are currently four regional plans, the most significant of which – the proposed Auckland Regional Plan: Air, Land and Water – is some years from finalisation, while the other regional plans are operative.

24.38 We have reached the view that there is no practical reason why a single regional plan could not be produced for the Auckland region in due course, one that includes all of the regional objectives, policies, and rules for matters within the jurisdiction of the regional council. This has been achieved in several regional councils in other parts of New Zealand. Indeed, in a coastal region such as Auckland the drawing together of all regional plans into a single, cohesive document governed by an integrated set of objectives and policies would be a desirable outcome. It would integrate the management of resources, as envisaged by the RMA. As an alternative to “regional resource management standards” in each of the region’s district plans, this same regional plan could also be the home for objectives, policies, and rules in any areas of jurisdictional overlap, providing a consistent set of regional rules. For reasons of efficiency, existing RMA powers that delegate the administration of such rules to a lower tier of government could be considered and required.

Barriers to simplifying the planning system

24.39 Moving to one district plan while there is more than one council with plan-making powers is not considered a practical option. This is because of the overall complexities and scale of the Auckland urban environment, and the political complexities of having one plan-making function carried out by several territorial authorities. It also cuts across a principle of local governance that policy makers should be accountable for the implementation of that policy.

24.40 It is not considered desirable to combine the regional policy statement with regional plans while there are separate territorial authorities. This is because the RPS should be the integrating policy document for both levels of government, and because regional plans and district plans are generally of equal status. Importantly, the RPS should provide for the integrated management of resources and environment across the region and between the two levels of government, and should resolve jurisdictional overlap issues. Where there are separate territorial authorities, this is best achieved by retaining a separate document that focuses primarily on policy rather than regulatory matters.

Consistency versus diversity in planning

24.41 As previously mentioned, the RMA gives extensive plan and rule-making powers to territorial authorities and regional councils. It provides for wide powers of delegation to committees and, where they exist, to community boards. It provides extensive opportunity for public participation both when plans are made and in relation to publicly notified resource consents.

24.42 Communities often have strong and specific aspirations for their local environments, and equally have strong and specific opposition to or support for particular

developments. Councils often have elected members who combine on a “ticket” to promote specific outcomes in their district or city, or to promote or oppose specific developments. District plans often express local preferences and aspirations.

24.43 Within the Auckland region there are widely differing environments which do not lend themselves to a “one size fits all” approach. The wild west coast is significantly different from the eastern coastline. The high density of Auckland’s central business district has very little in common with the villages of Waiheke Island. At a more strategic level, the approaches of various parts of the region to growth management and environmental protection have differed significantly in emphasis and style.

24.44 Many submitters had views about the merits of consistency of standards across the Auckland region. Many took the view that consistency was necessary only in matters of regional significance, and that there was a need to allow for differences between councils and areas. Differences and inconsistency lead to diversity and are also a result of community engagement in policy development and plan making.

24.45 Where submitters tended to operate across the region, such as developers and Māori, more consistency was favoured.

24.46 One identified problem was lack of consistency within a council between planners, or between various council departments – for example, conflicts between the regional development objectives and the environmental protection objectives of different parts of the same council.

24.47 The RMS paper reported that frequent users of the RMA system were divided on the need for harmonisation or a single district plan, perhaps in part because of their familiarity with the different plans.

24.48 The Commission supports the view that changes in governance and other arrangements for the Auckland region should strengthen and support the diversity of Auckland’s environments and communities, while achieving a high-quality urban and natural environment. We note that the RMA has a significant but limited role in shaping communities and the quality of our living and working environments. The Act has a strong influence on spatial layout, style of development, and quality of the environment over a very long period. Other major influences include

- the location and design of new or upgraded roads
- the scale, location, and design of new or upgraded open space
- public sector protection and enhancement of natural environments and places
- public sector investment in upgrading town centres
- public sector investment in civic and community facilities such as schools, council offices, hospitals, recreation centres, libraries, and museums
- public sector investment in public transport infrastructure such as ferry wharves, rail lines, busways, and new stations

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- private sector investment in land, residential, business, and similar development
- decoration, renovation, building, planting, and land development by individual households and organisations.

24.49 Although the RMA may have a shaping role through the various RMA plans discussed above, its role in achieving the diverse outcomes that diverse communities desire should not be overemphasised.

24.50 The Commission supports the view that the engagement of people, organisations, and communities in shaping the quality of their local environment is a fundamental premise of the RMA. The provisions of the Local Government Act must underpin any change in Auckland’s governance arrangements, including those that impact on the effects of the RMA.

Options for local involvement and recognising diversity under the RMA

24.51 There are many ways to ensure appropriate diversity in the administering of the RMA in Auckland.

24.52 Standardisation of RMA rules need not result in a “cookie cutter” urban and rural landscape or standardised outcomes on the ground. The Commission notes that a variety of land use zones at the district planning level would result in a mosaic of different land use patterns, such as we see today in Auckland. There is no reason why unique circumstances in one part of the region could not result in a specific zone, or the tailoring of particular environments (such as a town centre) while also maintaining a level of standardisation.

24.53 Community and tangata whenua¹² engagement in the production of plans, plan changes, and variations and notified resource consents is guaranteed through the public notification provisions of the RMA. This would continue under the proposed changes to governance arrangements. Major developments are usually publicly notified, so public submission rights ensure community views can be heard and reflected in decision making. Depending on governance arrangements and delegation, people with local knowledge – from local planners to locally elected members – may also have decision-making rights in the consent process. This is another means of keeping the local element in RMA administration.

24.54 Much of Auckland is being developed and redeveloped at higher densities. This is happening in areas that are already settled and this inevitably causes community reaction. It is important that communities be involved in changing plans for their living and working environments. This can be achieved through a variety of methods including

- consultation during the preparation of the proposed Auckland Spatial Plan (see below)
- the statutory rights of submission to plan changes enabling intensification and redevelopment

12 Tangata whenua – local indigenous people, people of the land, Māori people.

- local council representation on committees hearing submissions on changes affecting their area.

Constraints on diversity and local engagement

24.55 “Keeping the local” in the administering of the RMA would be a challenge for a large unitary authority governing all of the Auckland region. The size of the organisation could create barriers for people trying to access officials, advice, and information, and could lessen public involvement with policy development, plan making, and consent processes. To mitigate these risks, it is essential that there be involvement in RMA decision making at the local level, including through delegations to locally elected politicians and locally based staff.

Integrated growth management

24.56 Auckland is New Zealand’s largest region, has its only world-scale city, and will account for more than 60% of New Zealand’s growth over the next 30 years. Not only is Auckland the largest region by a considerable margin, it is projected to become relatively larger. Every five years an additional city with a population the size of Dunedin’s arrives in the Auckland region, fuelled by natural growth and immigration.

24.57 Managing population and economic growth is core business for Auckland governance and must be of world-class standard to ensure that Auckland can protect and enhance the well-being of the region and its communities and maximise the region’s contribution to wider, national objectives.

24.58 Policy for integrated growth management does not fall entirely within the realm of resource management. However its statutory expression is contained within the RPS and district plans. Much of the technical work in developing integrated growth management is carried out by the same sections of council responsible for resource management policy development.

24.59 Auckland has its own methods for developing policy to manage regional growth. These methods while commendable have fallen short when it comes to implementation. One of the problems in implementation is the lack of synchronisation between the regional council, the territorial authorities, and major infrastructure providers, all of which have various planning instruments, growth policies, and investment plans at different stages of development. Some policies and plans have been in conflict or have served to frustrate regionally agreed directions and priorities particularly in relation to transport.

24.60 Auckland local authorities have long recognised failures in aligning the land use side of growth management with the funding and provision of city-shaping infrastructure (motorways, regional arterial roads, the rapid transit network, regional water and wastewater networks, and open space networks), but have lacked the local government structure, and commitment to achieve regional agreement.

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24.61 The Commission frequently heard frustration expressed by submitters about the time taken to make key decisions, the relitigation of regional decisions at the district and neighbourhood level, and the difficulty of obtaining alignment of city-shaping infrastructure decisions.

24.62 The regional growth strategy (“RGS”), which was agreed in the 1990s, was an attempt by the region’s local authorities to address growth management in an integrated way, and arose from strong regional leadership and collaboration rather than from the exercise of statutory powers. The RGS was first given statutory support through an amendment to the Local Government Act, and was then more strongly supported through the Local Government (Auckland) Amendment Act in 2004. Those Auckland amendments required the regional council and territorial authorities to make specific provision for the RGS in the RPS and in district plans.¹³ The statutory process of submission and appeal is still under way with appeals to be heard by the Environment Court.

24.63 As a precursor to the new RPS, the councils of the region have collaborated to develop the Auckland Sustainability Framework,¹⁴ which provides linked and cohesive principles for the region. The framework contains a shared commitment to sustainable development for the Auckland region over the long term, a 100-year vision, eight long-term goals, eight shifts that need to occur in the way the region thinks and does things, some intermediate actions, and longer-term responses, together with some indicators to measure progress. It will provide, along with the RGS, the Auckland Regional Open Space Strategy Technical Report, the Auckland Regional Land Transport Strategy, and the Auckland Region Business Land Strategy, a good start to the work that will need to be done if a spatial plan is to be developed for all Auckland.

24.64 Integrated growth management requires the participation of major agencies and organisations such as Auckland Regional Holdings Ltd, Auckland Regional Transport Authority, New Zealand Transport Authority, Housing New Zealand, the regional and local councils, and Watercare Services Ltd and the territorial authority water businesses. It requires the implementation of provisions of resource management, the Local Government Act 2002 and the Land Transport Management Act, and the involvement of those with responsibilities under those statutes. If Auckland is to achieve world-class integrated growth management, it will be necessary to simplify and align the responsibilities referred to above.

24.65 The RGS is now being reviewed and will provide an important input to the two key statutory documents – the regional policy statement under the RMA and the regional land transport strategy under the Land Transport Management Act, both being prepared in the 2008/09 period.

24.66 Since the RGS was adopted in 1999, amendments to the RMA have strengthened the hierarchy of planning documents so that a district plan is required to give effect to a

13 Local Government (Auckland) Amendment Act 2004, sections 38 and 40.

14 Regional Growth Forum, *Auckland Sustainability Framework: An agenda for the future*, September 2007 (available at www.arc.govt.nz, accessed February 2009).

regional policy statement. This new power has not become fully effective on district plans as the comprehensive review of the Auckland RPS incorporating this power has only just begun. The notification of the reviewed RPS (late 2009) may just precede the notification of one of the most important district plans – the Isthmus Plan of Auckland City (early 2010). This timing may limit the effectiveness of this important new RMA power.

24.67 To further support integrated growth management, the RMA has been amended to provide that one of the purposes of regional councils is “the strategic integration of infrastructure with land use through objectives, policies, and methods.”¹⁵

24.68 The RPS sets out key growth management policies, such as the determination of the metropolitan urban limit (“MUL”), the promotion of a compact urban form with intensified development in “nodes” along transport corridors, and the protection of coastal and rural areas from urban development. District plans give effect to the RPS through zoning and rules. A complex set of actions between many participants is required to achieve the vision.

24.69 A particularly difficult area for the region’s councils has been planning for and managing intensification of the urban areas that are well served by public transport and have been identified for urban renewal in the RGS, the RPS, and district plans. This is a result of

- local resistance to significant change in communities, with proposals for plan changes and variations meeting staunch opposition
- too many poor examples of intensification that have led communities to have no faith that the “plans” will match the end result – this emphasises the need for proper consultation so communities are fully informed about what is proposed, followed by development which at least matches in quality what was proposed
- the difficulties of co-coordinating the necessary public sector investments at the right time and in the right order to enable comprehensive urban renewal (for example, new rail stations, transport services, increased capacity in drainage and other infrastructure, street amenity upgrades)
- private sector development constraints (significantly worse under the prevailing economic conditions), which mean it is difficult to land bank and accumulate sites large enough for higher-quality, higher-density, comprehensive urban renewal
- the difficulty of acquiring the strategic private land (on a willing buyer, willing seller basis) essential for quality urban renewal in identified growth areas.

24.70 To the above list may be added other issues identified in the discussion paper *Building Sustainable Urban Communities*, prepared by the Department of Internal

15 Resource Management Act 1991, section 30(1)(gb), as inserted by the Resource Management Amendment Act 2005.

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Affairs.¹⁶ The paper identifies the following barriers to successfully providing large-scale, sustainable urban development projects:

- limits in capacity and capability at all levels of government and the development industry – skills and expertise in this specialised field are in short supply
- limited coordination of national, regional, and local planning and implementation – complementary planning, budgeting, and action are needed to align the different forms of local government
- ineffective coordination of land use with providers of essential services – a host of providers (for telephone, street lighting, public transport, reserves, recreation, etc), each with their own priorities, must participate and coordinate
- difficulties in funding urban development – projects need significant “start-up capital” before any income is generated off land sales, while raising money and deciding who pays for what can be problematic
- the length and nature of processes for planning and the control of development – the economics of projects become uncertain for developers when opponents can re-challenge decisions, adding delays and costs
- limits to achieving desired social outcomes and public benefits (such as affordable housing) through market mechanisms – some suburbs/social housing areas needing redevelopment may be deemed “poor” and command lower prices, making it hard for investors to profit. (This last issue could be addressed with a “value uplift levy”.¹⁷ Such a levy captures part of the increase in land value created when development projects are approved, zoning changes are made, or public amenities and infrastructure provided. The principle is that some of the uplift in value that results from gaining development rights to change or expand land use should flow back to the community in payments.)

24.71 Local input helps identify areas of special need – for example, household crowding, which is a serious problem in parts of the Auckland region. Housing reform requires coordinated action by central and local government and the private sector. Local communities, iwi, and others with a stake in the land need to be involved. Good-quality planning and integrated management have an important role to play.

24.72 Local government should use transport and the placement of facilities to encourage social participation, reaching those who need the services most (for example, giving fare holidays on public transport in the weekends, putting public transport routes in more deprived communities, siting of parks and recreational facilities where people do not have the resources to create their own leisure activities).

¹⁶ Sustainable Urban Development Unit, *Building Sustainable Urban Communities*, New Zealand Department of Internal Affairs, 1 September 2008 (available at www.dia.govt.nz, accessed February 2009).

¹⁷ *Ibid.*, p. 22.

24.73 An integrated approach to planning and development also requires a full assessment of the needs of sections of the community such as children, young people, and the elderly. The activities of local government in managing the urban and suburban landscape can have a profound affect on the lives of children and their carers, and of young people. Those with fewer resources at home rely greatly on recreational facilities provided by local government. The Commission was advised that the quality of playgrounds in a neighbourhood gives an accurate picture of whether it is rich or poor. That must change. Poor neighbourhoods need quality facilities even more than wealthy neighbourhoods. Manukau City Council has recognised this in its policy of not charging admission to council swimming pools. All planning documents must take into account these socio-economic factors and ensure that the needs of children, youth, and the elderly are properly addressed.

24.74 The current regime for developing policy that integrates growth management involves many parties, suffers in the implementation, and is not adequate for the challenges of Auckland. Less than optimum management of integrated growth will continue to produce less than optimum results for Auckland: an over-reliance on greenfield land supply because of the slowness and complexity of urban intensification, a stifling of desirable economic development, key infrastructure delayed or not put in place at all, housing affordability issues, and the compromise of highly valued resources and heritage values by inappropriate use and development. Integrated growth management needs to give the highest priority to urban development and redevelopment, and to investment in public infrastructure and amenities. A world-class city-region requires world-class integrated growth management.

Options for improving integrated growth management

24.75 The Commission has concluded that the solution to the problems identified above is to create a unitary authority for the whole of Auckland as described earlier in this report. What follows are the steps that the Commission believes must be taken by the new Auckland Council to remedy the defects identified.

- The development of an agreed vision for Auckland, which will direct development and infrastructure investment, and bring into alignment the plans and spending programmes of key decision makers. The Sustainability Framework, New Zealand Transport Strategy, Auckland Regional Economic Development Strategy, and the work already done on the “One Plan” are examples of a considerable body of work that, along with other information, could form the basis of this vision. Work on the One Plan should continue.
- The production of a spatial plan for the region with a 30–50-year time frame (to be updated every five years and fundamentally reviewed every 15 years). Ultimately, this plan should analyse population, households, employment, major social infrastructure, open space networks, city-shaping infrastructure of roads, rapid transit, transport services, active transport networks including pedestrians and cyclists, water, wastewater, and stormwater networks, and major energy lines. It should identify the green and ecological network of the region, and

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areas that should be protected from all development and their natural values enhanced. It should identify growth areas for the region to accommodate urban population, and household and economic development, specifying timing, priority, methods, and agencies involved. The plan would address sustainability, outstanding urban design, a more efficient energy future, climate-resilient development, and the creation of cohesive communities. The work under way on the new RPS, the regional land transport strategy, the Auckland Transport Plan, the Auckland Regional Economic Development Strategy, and the One Plan is a bank of research that could inform this plan. All this work should continue during transition to Auckland's new governance structure, to enable early preparation and implementation of the spatial plan.

- The Commission encourages the Auckland Regional Council and the existing territorial authorities to work cooperatively over the period between the adoption of the recommendations of the Commission's report and the election of the proposed Auckland Council, to develop a vision for Auckland which can be incorporated into the spatial plan.
- The preparation of the plan will require the use of tools such as geographic information systems, linked to up-to-date information about the progress of development (residential as well as employment). This information can then be fed into the funding plans for key infrastructure (public transport, water, wastewater, stormwater, community facilities). This will enable progress across the region to be monitored and adjustments to the spatial plan to be made where needed. The spatial plan must be accessible to all agencies working in the region and to the public.
- The identification of the MUL and intensification nodes. One of the key tools to secure a sustainable future for Auckland is to identify appropriate boundaries for urban expansion. The spatial plan will identify locations within existing urban areas where "densification"¹⁸ is appropriate in order to make public transport viable. Increasing sprawl would have an undermining effect on the provision of public transport and could make improvement unaffordable. Dense cities use less energy per person than the more dispersed model. For these reasons, the MUL is a key policy and the consequent control of land use will require significant enforcement efforts.
- As mentioned below, the definition of urban limits was a common theme in the cities the Commission visited. So too was the need for densification in order to make better use of infrastructure and support public transport. The Commission is aware that within New Zealand there is quite strong opposition to both these policies. Urban dwellers resist densification and some farmers regard their properties as a superannuation investment with a view to future urban

18 Densification refers to the process where population increase in an urban area is accommodated through increasing the density of housing, either through high-rise or low-rise buildings. This can be done in a sustainable, environmental way, without compromising other urban space.

development. Some argue that urban limits push housing prices upwards. The Commission is satisfied on the basis of what it has learned from other cities, and from what it sees as a constant theme in cities worldwide, that these attitudes must change. The Commission does not regard the policies described above as an optional extra but as essential to the development of a successful city in the 21st century.

- Enforcement and retention of the MUL is a constant battle because of the powerful economic incentives to develop land beyond the MUL. At the same time, it is important to ensure that excessive rigidity does not win out over flexibility and actual outcomes. Some have criticised the Auckland Regional Council, for example, as being too removed from market conditions and needs, and lacking sufficient vision to adopt progressive solutions. The Commission observed during its visits overseas that there was significant weight given to protecting the urban limits in many overseas cities. In some places the protection was by an Act of Parliament that set the line unless amended. The Commission does not propose such a stringent line here, believing that the MUL can be protected under the ordinary RMA processes. However the Commission believes that resource consent applications affecting the MUL should be kept under direct control of the proposed Auckland Council, and a better system developed for defining urban limits which is possibly more inclusive and long-sighted.
- The production of an accompanying infrastructure investment plan to support and reinforce the spatial plan identifying projects, timing, priority and funding where appropriate.
- The production of the RPS, regional transport plan, and regional economic development plan should follow the adoption of the spatial plan and infrastructure investment plan, and at the time of notification the former documents should be consistent with the spatial plan and infrastructure plan.
- An Urban Development Agency could be created with responsibility for ensuring that urban renewal areas are developed subject to integrated planning, and greenfield areas are released so that the markets for land development, employment land and housing can operate in a cost-efficient manner. The Urban Development Agency would give effect to the spatial plan and infrastructure plan, and its activities must be consistent with the RPS, regional transport plan, and regional economic development plan. This agency could also have a role in ensuring that the more complex urban renewal in planned nodes and corridors is achieved. Compulsory acquisition powers for the Urban Development Agency should be considered under the Public Works Act.
- A separate City Centre Waterfront Development Agency (see Chapter 17).

24.76 Much greater capacity to analyse and plan the city region will be needed, particularly in gaining a more sophisticated understanding of complex urban systems, and

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developing tools to evaluate and prioritise major investment choices across all types of assets.

The Commission's proposals

24.77 The Commission has explored several options for changed governance in the Auckland region. Our preferred structure is described in Chapter 14, “The Auckland Council: Key Features”. One of the factors that led us to this choice relates to the delivery of services under the RMA and the ability to provide world-class integrated growth management. This section describes the benefits of that choice from a resource management perspective.

24.78 As outlined previously, the Commission favours the creation of a unitary authority for Auckland (Auckland Council) with six subsidiary local councils.

24.79 To improve resource management and integrated planning, the first tasks for the Auckland Council are listed below:

- There should be concurrent preparation of a spatial plan¹⁹ and infrastructure investment plan to guide growth management, planning at regional and district level, and public works investment in the region.²⁰
- This would be followed closely by the preparation of the Auckland Regional Policy Statement and one district plan for the region. Existing plans would remain in force until replaced.
- The district plan could be staged in territorial sections if justified but must be a consistent and cohesive whole on completion. The Commission believes that a staged approach would be an inferior approach. The preparation of one district plan as soon as possible after the preparation of the spatial plan would require a large commitment in resources and effort, but would deliver the benefits and results earlier, and would avoid the inertia that could come from the continuing implementation of existing plans.
- In due course, there should also be one regional plan covering the objectives, policies, and rules of all existing and proposed regional plans.

24.80 The Commission wishes to stress to the authors of future plans, particularly the district plan, the importance of having simplicity of language and controls as a central objective. This is of particular importance in residential zones. The Commission is satisfied, on the basis of the evidence it has heard, that residential zones have become unnecessarily complex often requiring expensive resource consent applications for relatively minor building additions or alterations.

19 See paragraph 24.75.

20 The regional transport plan should be prepared at the same time as the regional policy statement.

24.81 The preparation of these plans would be undertaken by the Auckland Council, after full consultation with the local councils. Local council input into the district plan in particular is essential to ensure that local aspirations and place-shaping are provided for. One of the functions of the urban local councils will be the processing of resource consents, subject to a power of the Auckland Council to call in applications of regional significance. Where consents are processed at local council level, the Auckland Council should ensure that any necessary regional consent requirements are delegated to the local council. As indicated elsewhere in this report, greater supervision by the Auckland Council will be necessary in relation to planning functions in the rural areas, given the importance of the MUL and the need to ensure that Auckland-wide policies on development and growth are adhered to. Because of the highly specialised nature of some RMA functions (such as water allocation or air quality standards), some RMA consenting will still be best handled by the Auckland Council.

24.82 The Commission has considered the possible benefit of creating a separate council-controlled organisation (“CCO”) with a specialist pool of planners, transport planners, environmental analysts, urban designers, and other supporting experts to deliver some parts of planning services. The Commission is aware of CCOs in other parts of New Zealand that successfully deliver such services. The Commission discussed this possibility with its advisers. It was told that councils have a very real problem with the recruitment and retention of highly skilled professional staff. The new Auckland Council will need to examine why this is so and ensure that its structures and culture are such that professionals find the council an exciting and fulfilling place to work. The culture of the council must focus on delivery of quality service to the citizens of Auckland. The Commission suggests that one way to address the recruitment and retention problem is through the creation of a separate business unit for planning within the council organisation. The formation of a CCO is another way. Whichever approach is adopted, the aim must be to give professionals the freedom within which to operate. It is essential too, that local body politicians must recognise and accept that there are conventions involved in the way they work with the councils’ professional staff. The Commission believes that the decision on whether a CCO would be preferable to a separate business unit within the Auckland Council is one for the council to make in due course.

24.83 Experts in this country and overseas have recommended to the Commission that there should be no right of appeal to the Environment Court from regional policy decisions. Rather, a procedure should be adopted in relation to the RPS similar to that adopted for national policy statements,²¹ but with the requirement that there will always be a hearing of submissions by independent commissioners. It is the Commission’s view that policy should be made by politicians, not by the courts. The present system means that regional policy is litigated at length and at great public expense. There are several examples in Auckland where territorial authorities and the Auckland Regional Council have opposed each other in appeals to the Environment Court over policy matters. Such appeals can involve other parties as well, and because of their complexity can delay

21 Resource Management Act, sections 45–55.

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the operation of an RPS for a period of years. Obviously, the Commission's structure recommendations would remove the possibility of disputes between territorial authorities and the regional council, but would not remove the possibility of other parties challenging regional policy.

24.84 The Commission accepts that there is considerable value in having the supervision and experience of the Environment Court, particularly when it comes to the relationship between policy and rules. The Commission is also aware that there are many regional councils that struggle to provide adequate resources in preparing regional policy statements. The Environment Court's experience can be very helpful in such circumstances. However, it is crucial that the RPS of the new Auckland Council should be able to be prepared and become operative with the minimum of delay. It is reasonable to anticipate that the resources available to the council, and the political oversight that will be available, will ensure robust policies whose adoption would be justified after their having been through a submission hearing process before experienced commissioners. It is also relevant that many of the regional policies are already well established. We conclude that in the case of the Auckland Council there should be no right of appeal against decisions relating to the RPS. The Commission recommends that the Resource Management Act should be amended accordingly.

24.85 Some submitters raised the issue of requests for private plan changes. In the Commission's view it will be important, at least until the new district plan is operative, that there be a moratorium on private plan changes. The reason for this is that there can be very significant disruption and cost involved in dealing with private plan changes while the district plan itself is going through the submission and appeal process. This, of course, would not prevent changes being made during this time, but they would be by way of variations to the proposed plan and would be instituted only if the Auckland Council was satisfied as to their appropriateness.

Benefits of the Commission's proposal

A regional approach to spatial planning and resource management

24.86 Having an integrated spatial plan and plans for strategic regional infrastructure prioritised by the Auckland Council (which would generally hold the regional purse strings) means that there would be a singular clarity of direction, with a wide range of methods by which to achieve strategic regional outcomes. This would also do away with the inevitable institutional friction created by separate units and levels of local government (regional and territorial).

24.87 This planning framework would provide for rational and evidence-based decision making in the interests of the entire region, without the difficulties that can arise from spatial decision making based on the region's current, separate territorial authority boundaries. Elected representatives would face a wider range of considerations in their policy-making roles, along with a role and duty to consider the inevitable balancing of a

broad range of environmental, social, cultural, and economic factors. This must lead to better decision making.

24.88 This, in turn, will mean that development of the regional policy statement does not need to be slowed down by the current competing financial and “council patch protection” interests and timing misalignments. Rather, it can focus on the delivery of an outstanding regional policy statement consistent with the spatial and infrastructure plans. There will be much less delay related to RMA processes, with only one council having plan- and policy-making duties and powers.

A less complex planning system

24.89 The preparation of the regional plan and one district plan by the Auckland Council will reduce complexity and provide (at the point where the regional plan and the district plan provisions come together) greater clarity for those involved in RMA processes (particularly applicants and submitters) where they operate over wide parts of the Auckland region. Even if the district plan is prepared in territorial sections, there will be a greatly enhanced ability to ensure consistency with the regional spatial plan, the regional policy statement, and the regional plan. Lack of consistency, implementation difficulties, and unintended outcomes would be more easily identified and more easily corrected.

24.90 Having only one regional plan and one district plan for Auckland could initially create a large volume of work for the Environment Court, but once settled would significantly reduce the amount of work going to the Court, reduce time frames and potentially result in quicker turnaround times for the Court on other matters.

24.91 Greater consistency in administration and decision making for consents across the region should be achieved through the simplification of plans, standardisation of rules, and cohesive RMA governance and decision-making processes (including standard delegation approaches to local councils and their staff). This could ensure that the RMA is not perceived (as at present) to be the cause of regulatory obstacles to appropriate development and growth.

24.92 Presently, applicants for resource consents face the possibility of having to prepare applications to a territorial authority and to the regional council for matters within the exclusive jurisdiction of each. There are instances, affecting infrastructure providers in particular, where applications need to be made to more than one territorial authority and possibly the regional council as well. In these cases, applicants must prepare two or more applications, and prepare for one (if the hearing is a joint one) or two hearings, and meet the cost of complying with the potentially conflicting conditions of two or more consenting authorities. The ability to create a “major” or “regional” projects approach means that critical infrastructure or growth projects can be handled by a single regional team with the appropriate level of skill and resources to advance them expeditiously. Moreover, the volume of large or complex resource consents processed in the region may actually diminish because of better alignment between regional and district plan documents.

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Lower costs and better service

24.93 The greater scale of the region and better funding (compared with the current situation in some parts of the region) would help reduce consenting time frames and costs as it would allow

- **Better customer service.** A centralised system could offer web-based transactions to be conducted at any time and on any day (for example, accessing district plans, reviewing notified consents and plan changes/notices of requirement, including all associated information such as submissions, reviewing hearing reports, appeals). It might also provide a single-access phone number and portal for general customer emails and calls to a well-resourced call centre. These would replace the multitude of application forms, websites, pamphlets, and different internal processes which currently exist across the region.
- **Establishment of a core group of specialist staff in-house.** Rather than having to engage consultants, the Auckland Council could generate its own expert input into consent processing and the development of regional and district planning documents, thus reducing delays and costs. (Finding experts who do not have a conflict of interest or are sufficiently experienced to appear in the Environment Court is a problem in certain disciplines.) Specialist staff retention would be enhanced by having a core of peers to support and mentor younger team members – at the moment, councils in the region may have one or two experts who are often under attack from applicants (and often submitters)
- **Establishment and retention of a team of experienced planners.** The Auckland Council would be able to provide planning services in relation to “called in”²² major projects and, if necessary, resource consent appeals. Enhancing the level of experience and skill in-house will ensure that there is the opportunity for professional development and will improve the level of experience and reduce shortages at team leader/senior planner level
- **Reduced legal costs.** There is potential to reduce the legal costs associated with defending council decisions on consents and plan changes, and other RMA processes, by having access to a large enough pool of resources either from an in-house legal support team or outside legal advisers
- **Consistency in relation to prosecution procedures.** Centralising processes under a single, well-resourced team and ensuring that appropriate standards are followed for investigations is likely to result in better compliance, better outcomes for the environment and reduce the amount of work going to the courts.

22 “Called in” refers to the powers proposed for the Auckland Council to call in and determine applications that would otherwise be dealt with at local council level.

Improved resource management

24.94 The preparation of the RPS, regional plan, and district plan by the Auckland Council maximises the opportunity for an integrated approach to be taken to the management of natural resources and environmental values, and to integrate land use planning with infrastructure investment across the region, producing better environmental outcomes

24.95 Having one district plan will reduce the likelihood of rules being overlooked and has the potential result of greater compliance and progress in achieving the RMA's environmental outcomes.

24.96 If compliance and monitoring are undertaken by the Auckland Council, the resulting large monitoring team would ensure sufficient focus and momentum to meet RMA requirements. At present, many councils struggle to fund monitoring of district plan effectiveness, being distracted by pressing requirements to amend plans or resource other projects.

24.97 In summary, the Commission is confident that the changes proposed in this chapter should

- improve ease of access to resource management services
- reduce costs to applicants and ratepayers
- improve the consistency and quality of regional and district plans
- facilitate timely decision making and ensure the prompt implementation of projects essential to Auckland's progress
- enable a holistic approach to the development and growth of Auckland
- provide the framework for a more inclusive and sustainable city.

Recommendations

Auckland needs robust, considered and consistent planning to support the region's ongoing growth and development.

- 24A** The Auckland Council should, immediately following its establishment,
- a) prepare a regional spatial plan and infrastructure investment plan to provide a vision for the Auckland region and to guide growth management, regional and district planning, and public works investment in the region
 - b) begin developing one district plan for the Auckland region (with existing plans to remain in force until replaced).
- 24B** Simplicity of language and controls should be a central objective in the preparation of plans.
- 24C** After the commencement date of the Auckland Council, there should be a moratorium on private plan changes, until the new district plan for the whole of Auckland becomes operative.
- 24D** The Resource Management Act 1991 should be amended to remove the right of appeal to the Environment Court from regional policy statement decisions made by the Auckland Council.
- 24E** The Auckland Regional Policy Statement should be subject to a submission process similar to that which applies to national policy statements and those submissions should be heard by independent commissioners.
- 24F** Auckland Council should consider creating an Urban Development Agency, to operate at the direction of the Auckland Council, with compulsory acquisition powers.

Transition

- 24G** The Establishment Board should undertake preparatory work on the development of the Auckland regional spatial plan and consider the new planning and regulatory requirements when designing Auckland Council's organisation and unified service arrangements.

25. Transport

25.1 The perceived deficiencies of governance for roading and public transport in Auckland loomed large in the submissions made to the Commission¹ and in other material supplied to it by a variety of individuals and organisations. As a consequence, the Commission was concerned to ensure that it was fully apprised of the current governance arrangements and the improvements that were needed.

25.2 In addition to considering the many submissions received regarding this issue, the Commission spoke to representatives of both national and regional government agencies, and interviewed people involved in roading and public transport in the cities that it visited in Australia, Canada, the United States, and England.

25.3 The Commission obtained a research paper on transport issues from a highly regarded expert. A copy of that paper may be found in Volume 4 of this report.² The Commission later evaluated a range of options for a new transport authority, and after considering the various advantages and disadvantages, adopted a preferred path, which forms the basis for the Commission's recommendations in this chapter.

25.4 The primary objective of the Commission's recommendations is to bring all elements of transport, including roading, rail, public transport, and planning for pedestrians and cyclists, under the management of one body, which would be a council-controlled organisation owned by the proposed Auckland Council. The key to the success of that body will be central government participation in important parts of its activities (which are detailed later in this chapter). It is envisaged that this will be achieved through a joint management structure. High-level policy will be the responsibility of the Auckland Council through its Infrastructure Committee. It is intended that local roads will be under the control of the local councils, subject to general policy direction of the Auckland Council.

25.5 The Commission is aware of the Government's intention to promote the construction of infrastructure. At the time of writing, the implications of the Government's proposals for the Auckland region have not been detailed and are therefore not taken into account in this chapter.

Submissions on transport

25.6 More than 25% of all submitters mentioned transport issues. (Further details of the submissions received may be found in Chapter 17, "Transport", in Volume 3.) The majority of them considered there were problems with transport governance. The main concerns with governance were lack of integration between transport modes, slow decision making

1 See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, Chapter 17, "Transport".

2 Mein, Barry, "Transport Governance in Auckland: Situation Analysis", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 191–260.

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for upgrades to the system, and what was seen as the complicated and chaotic nature of current arrangements. The Auckland Regional Transport Authority (“ARTA”) said in its submission,

The duplication of functions within the system results in silo decision-making, some of which is carried out by organisations who may not be best positioned to understand regional needs, and an inability to deliver major and system-wide initiatives. These issues combine to limit the capability of the region to deliver improved outcomes to transport users and the community and increase transaction costs.³

25.7 A common complaint was that there were too many disparate organisations involved in transport decisions. The Employers and Manufacturers Association gave an example of the parties involved in railway development:

As well as ARTA having the electrification and rolling stock responsibilities it is also responsible for station buildings. But ONTRACK is responsible for the tracks and signalling, and local councils (eg Auckland, Waitakere and Manukau city councils) are responsible for the station surrounds such as ‘park and ride’ facilities.⁴

25.8 The commissioned paper by Barry Mein identified deficiencies of the present system. It noted that a large number of organisations have a statutory responsibility for transport in the Auckland region and that the two areas with the most potential for confusion are strategic planning and funding, where responsibilities are divided between different statutory bodies. The Regional Transport Committee of the Auckland Regional Council (“ARC”) prepares the regional land transport strategy (“RLTS”) but is limited in its ability to refer to individual activities or their prioritisation, and has no statutory authority to require other parties to comply with the strategy. Funding responsibilities are also split for local roads and public transport. There is a general shortage of local funding and complexity in the way it is channelled to transport activities. Mein’s report said it is in the area of public transport infrastructure that arrangements are most complicated. Responsibilities for rail infrastructure are divided between ONTRACK (below the track) and ARTA (above the track). For bus and ferry infrastructure, responsibilities are split between ARTA and the territorial authorities. In addition to the statutory organisations with transport responsibilities in the region, there are a number of other government agencies and regional or project-specific groups or forums that engage in transport matters from time to time. These include a number of ad hoc groups established to coordinate the actions of different statutory bodies. A “wiring diagram” was prepared by one of the submitters to demonstrate the complexity of the present system and is reproduced as Figure 25.1.

25.9 Fragmented decision making was identified by all submitters and by the Commission’s consultant as the primary deficiency of the present system.

3 Submission to the Royal Commission on Auckland Governance from Auckland Regional Transport Authority, p. 2. (All submissions are available at www.royalcommission.govt.nz.)

4 Submission to the Royal Commission on Auckland Governance from Employers and Manufacturers Association (Northern), p. 8.

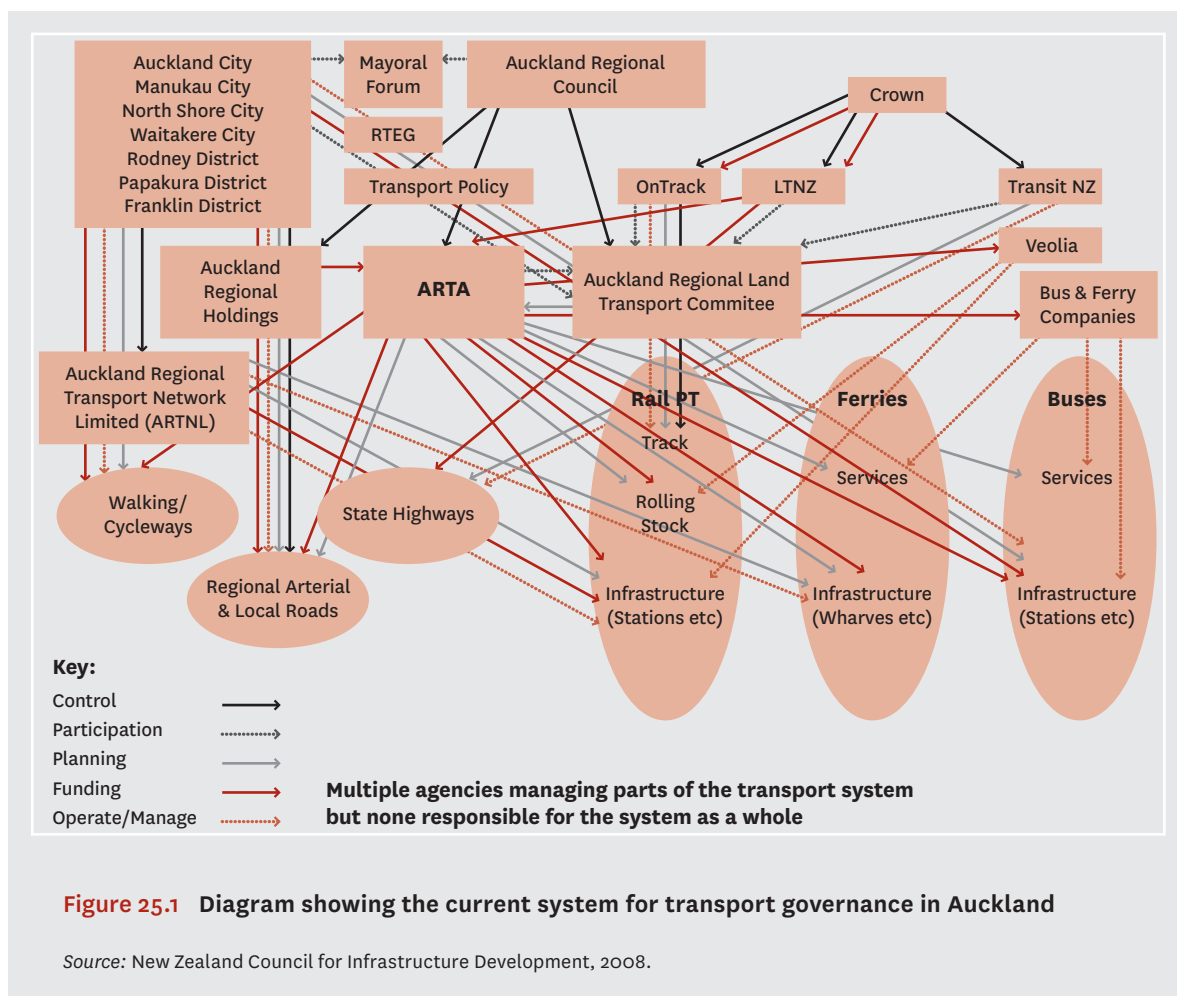


Figure 25.1 Diagram showing the current system for transport governance in Auckland

Source: New Zealand Council for Infrastructure Development, 2008.

25.10 Other deficiencies identified included

- the lack of linkage between roading and land use decisions
- lack of consistency between territorial authorities in the management of arterial roads across the region
- the lack of a clear organisational mandate to take all of the actions necessary to implement a particular transport policy including prioritisation of projects
- the separation of asset management responsibility and associated funding arrangements for different transport modes (road, rail, bus, ferry, cycles), which constrains the ability of decision makers to take an integrated view and can lead to suboptimal outcomes.

Transport case studies

25.11 Several case studies were submitted to the Commission and others are included in Mein's transport paper in Volume 4. One such case study was the central business district ("CBD") to airport link, which was included in submissions by the Committee for Auckland

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and Auckland International Airport Ltd. The importance of this access route was stressed in both submissions. Factors that contributed to its priority as a transport issue were detailed: Auckland International Airport contributes \$19 billion annually to the economy, with 70% of all international travellers arriving or departing through Auckland. A 90% increase in airport traffic to and from the airport precinct is predicted by 2015.⁵ This being the case, it is critical that there be good access to and from the airport to the central city.

25.12 Auckland International Airport's submission expressed frustration at a lack of progress on this important route:

- (a) The provision of a designated clear route between the Airport and the CBD is a priority requirement, and is of city-wide and national significance. However, there is no city-wide policy or guidelines on how this route should be developed, so it has been left to the Airport to advocate for progress. The Airport is now working closely with ACC [Auckland City Council] to advance this project. The Airport has committed significant staffing and financial resources to make relatively slow progress.
- (b) The Airport is very poorly serviced by public transport passenger services. Bus services to and from the Airport are minimal, which is a very unusual outcome for New Zealand's major transport hub. Again, this is a city-wide issue that should be promoted from the "top down", but that is not happening. Although the issue has been identified as a deficiency in regional strategies and plans, it is only recently that any concrete steps have been taken by the various territorial, regional and transportation bodies, to implement improved services.⁶

25.13 The Committee for Auckland reiterated the point that despite numerous studies, reports, presentations, submissions, and agreements, there is still not clarity on who has the ultimate responsibility for this project:

The CBD to Airport link should be a critical part of regional planning. ...
However there is no regional transport body empowered to take a whole network approach – including arterials and motorways – for the benefit of Auckland as a whole. This adversely impacts on the ability to make long-term infrastructural investment planning decisions, across the entire transport system.
Improving the regional focus for transport planning, to drive economic development, is a key issue.⁷

25.14 The Committee for Auckland saw the need for more transport links to the airport from the CBD as being an issue of connectivity, which is vital for successful city-regions. It commented on unclear leadership and strategy on this issue, which has major implications for the Rugby World Cup and Auckland's economic competitiveness, and

5 Submission to the Royal Commission on Auckland Governance from Committee for Auckland, "CBD to Airport Link Case Study".

6 Submission to the Royal Commission on Auckland Governance from Auckland International Airport Ltd, p. 23.

7 Committee for Auckland, "CBD to Airport Link Case Study", p. 7.

recommended “a single empowered regional transport agency with authority to make decisions across the whole transport network that support a competitive city-region”.⁸

25.15 The North Shore Busway, while praised as a concept, was held up as an example of the delays created by fragmentation of decision making. Planning for some form of busway along the northern motorway was part of regional transport plans as early as 20 years ago, in 1989. It featured in each of the RLTS documents from 1993 onwards, but very little progress was possible because of the limits on public transport funding and the asset ownership that existed in the 1990s. In 2001, the Government indicated support for the project, and Transit indicated a willingness to assist in its implementation. Because no one organisation had the responsibility or statutory authority to deliver all the project elements, an ad hoc collaborative approach was developed between Transit, North Shore City, Auckland City, and the ARC. Two further organisations, Land Transport New Zealand and Infrastructure Auckland, were also involved in funding decisions.

25.16 Although the project has been praised as a model of regional collaboration, its success was heavily dependent on the continued participation and goodwill of the individual parties – a situation that was under threat from time to time. The busway finally opened in February 2008, some 15 years after it was first proposed in regional transport plans.

25.17 The problems identified in relation to both the examples set out above will be addressed in the new structure proposed in this chapter. In brief, the proposal is for a Regional Transport Authority that will be a council-controlled organisation and will report to the Infrastructure Committee of the Auckland Council. It is proposed that it will have a partnership relationship with the New Zealand Transport Agency and with ONTRACK. It will have responsibility for regional transport, for strategic planning, and for regional arterial roads. It will have an oversight role in respect of local roads, which will be the day-to-day responsibility of local councils. It will be responsible for preparing Auckland’s transport plan. Full details appear later in this chapter. The responsibilities proposed for the new Regional Transport Authority should enable timely decision making and implementation.

Consultation

25.18 The Commission has consulted with Auckland and central government agencies involved in transport matters.

25.19 Given the high level of dissatisfaction with the present transport arrangements in Auckland, the Commission was particularly interested in the experiences of the cities that it visited as part of its research.

25.20 Perhaps surprisingly, the Commission did not learn much of assistance in either Brisbane or Melbourne. In both places transport arrangements are fragmented and both

8 *Ibid.*, p. 9.

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cities are still searching for solutions. The same may be said for Seattle. In Vancouver the importance of the relationship between urban density and public transport provision was emphasised to the Commission. The Commission was told that frequent public transport services required a greater density of population. Vancouver also emphasised the importance of providing for pedestrians and cyclists in a complete transport system. Vancouver has placed a high priority on making its city attractive to pedestrians and cyclists. Traffic lights in the main streets have been phased so that a pedestrian walking at a normal pace does not have to wait for any length of time before the lights change in the pedestrian's favour. Some streets have been designed to give priority to pedestrians and cyclists. In most of the cities we visited, there was a realisation that building more roads is not the appropriate answer to the problems that cities face. Various commentators have likened building more roads as a cure for traffic congestion to loosening one's belt as a cure for obesity. The point being made is that it is essential to look for alternatives rather than assuming that the answer to such problems will always lie in the construction of more roads. In London, congestion charging is used to manage demand on the roading system, and that city now has a policy that no new roads will be built unless they are necessary for the regeneration of areas.

25.21 Transport in the Vancouver metropolitan area is planned by the South Coast British Columbia Transportation Authority known as Translink. It has responsibility to plan, finance, implement, and operate an integrated transportation system for the Vancouver metropolitan area, which is much greater than just Vancouver city. Translink provides public transport services through contractors and through its own wholly owned subsidiaries. It is governed by a board of directors who are selected for their skills and expertise, and who are required to act in the best interest of Translink. They do not represent any other interests or constituencies. Twelve of the 15 board members are appointed by the Mayor's Council on regional transportation, which is made up of the 21 mayors of the municipalities within the Vancouver metropolitan area. The other three board members are appointed by the provincial government. The governance structure enables Translink to expand beyond its current area to include other municipalities in the future, subject to agreement of the province.

25.22 The Mayor's Council appoints an independent commissioner who is responsible for approval of fare increases where these are above inflation, approval of Translink's plans for annual customer satisfaction surveys, a customer complaint process, and any proposed sale of major assets. The commissioner reports annually to the Mayor's Council on the performance of Translink. Some features of these arrangements commend themselves to the Commission.

25.23 The Commission was impressed by what it learned in Vancouver of the role of the police in relation to bus and train stations. Translink collects incident statistics of crime and public disturbance, which are immediately available and enable the police to be deployed to trouble spots. As a consequence there is a high expectation of safety at Translink's stations. In an interview with the Commission, Assistant Police Commissioner Rob Pope indicated that New Zealand Police would be very happy to cooperate with local government in responding to a similar system.

25.24 An important element in Vancouver's apparently very successful public transport system is the adoption of an integrated ticketing system. There is currently no such system in Auckland although one is planned. The Commission has no doubt that the adoption of an integrated ticketing system is a matter of urgency.

25.25 In London, transport is managed by Transport for London, a statutory body created by the Greater London Authority Act 1999. That Act gives the Mayor of London a wide range of executive powers including the general duty to develop and implement policies to promote and encourage safe, integrated, efficient, and economic transport facilities and services to, from, and within London. Transport for London's role is to implement the mayor's transport strategy. It is directed by a management board whose members are chosen for their understanding of transport matters. The board is appointed by the Mayor of London who also chairs it.

25.26 There has been significant investment in transit over the past 10 years in London. Examples are the Jubilee Line, the Heathrow Express, and the Dockland Light Rail, as well as general improvement to underground and bus systems, together with congestion charging. Efforts are being made to make city streets more attractive to pedestrians and cyclists.

25.27 In Toronto, recent governance reforms have led to the formation of the Greater Toronto Transportation Authority known as Metrolinx. This organisation was created by the Government of Ontario in 2006 and is responsible for transportation planning and public transport in the greater Toronto area and Hamilton, Ontario. Metrolinx is governed by a board made up of appointees from provincial, regional, and city government in the Greater Toronto area. There has been some criticism of this arrangement as the local constituencies of board members constrain their ability to make effective decisions in the interests of the wider metropolitan area. However, in November 2008, the Metrolinx board unanimously approved the regional transportation plan and is now about to start a \$50–80 billion undertaking that will result in continuous transit construction for the next 25 years.

25.28 After his review of international approaches to transport governance in metropolitan regions, the Commission's consultant reached a number of conclusions, two of which are of particular relevance to the Commission:

- **Governance structures appear to be more successful where decision makers are obliged to represent the interests of the metropolitan area as a whole. For Auckland this suggests that political accountability should be at the regional level, rather than to a federation of local councils.**
- **The more successful overseas models have the mandate to both develop and implement strategic plans. For Auckland this implies a stronger alignment between the regional land transport strategy and a broader range of regional**

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responsibilities including public transport, major roads and demand management.⁹

The Commission's proposals

25.29 The Commission's proposals are dependent upon the following assumptions:

- The New Zealand Transport Agency ("NZTA") will continue to perform its statutory functions under the Land Transport Management Act 2003 ("LTMA"; as amended in 2008). The NZTA will therefore have overall responsibility for the planning, development, and management of the State highway network (subject to the joint management arrangements proposed in this chapter); and for the distribution of funding for land transport activities from the National Land Transport Fund.
- Funding for transport activities will continue to be mainly sourced from road users via the NZTA, and from rates collected by the elected regional body. In future, direct user charges (including tolls and congestion pricing) are also expected to provide revenue for transport activities.
- While ONTRACK will continue to be responsible for the development and maintenance of the national rail network, funding for rail infrastructure and services will become part of the responsibilities of the NZTA.

Overview

25.30 The proposal in this chapter is for a new Regional Transport Authority ("RTA") for Auckland, which would replace ARTA, and provide a wider range of regional transport functions. It will be a council-controlled organisation owned by the Auckland Council. The RTA will be responsible for the preparation of the regional transport plan that will be required to give effect to an overarching regional spatial strategy prepared by the Auckland Council. (For further details on this strategy, see Chapter 24, "Planning for Auckland".)

25.31 The RTA will also be responsible for implementing the key elements of the regional transport plan, including the planning, development, and management of arterial roads and all public transport infrastructure, service planning, and procurement. It will have a joint role with the NZTA in the planning and management of State highways and arterial roads in the region.

25.32 The RTA will also be responsible for approving funding for local transport activities undertaken by the local councils, and ensuring that these activities are consistent with the regional transport plan.

⁹ Mein, "Transport Governance in Auckland: Situation Analysis", in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 199.

25.33 The Auckland Council will appoint the RTA Board, and monitor the RTA's performance. It will be responsible for preparing a high-level spatial strategy for the region and a regional infrastructure strategy, setting out regional outcomes and objectives and identifying the level of public funding that will be committed towards achieving those objectives. Within this context, the Auckland Council will be responsible for approving the regional transport plan prepared by the RTA (and the funding requirements associated with that plan).

25.34 A similar approach is now taken by central government, with the preparation of a (non-statutory) New Zealand Transport Strategy, and a statutory Government Policy Statement ("GPS"), to which the NZTA and other Crown agencies are obliged to give effect.

25.35 The Auckland Council will fund the RTA's activities through rates and other revenues (for example, investment incomes).

25.36 It will be apparent from the above that the RTA has major responsibilities and will play a very important role in Auckland's future. It will be essential, therefore, that the new RTA has strong, efficient, and visionary leadership at both the board and management level.

25.37 The following sections provide further details on the RTA's functions.

Strategic planning

25.38 The RTA will have the responsibility for preparing a regional transport plan that will set out the requirements for the management and development of the regional land transport system for the next 10 years, and the associated expenditure and funding requirements. In preparing the plan, the RTA will be required to consult with the bodies referred to in section 78 of the LTMA.¹⁰

25.39 The New Zealand Transport Strategy, which forms the basis for the Government Policy Statement on Land Transport Funding, has seven key components:

- integrated planning
- making best use of existing networks and infrastructure
- investing in critical infrastructure and transport sector workforce
- increasing the availability and use of public transport, cycling, walking, and other shared and active modes
- considering options for charging that will provide general revenue for investment in transport infrastructure and services
- using new technologies and fuel

¹⁰ These bodies include adjoining regional councils and territorial authorities, Accident Compensation Corporation, Ministry of Health, New Zealand Historic Places Trust, New Zealand Railways Corporation, district health boards in the region, Māori, and the public in the region.

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- maintaining and improving international links.¹¹

The RTA has a role to play in relation to each of these components.

25.40 The regional transport plan would be required to give effect to the regional spatial strategy prepared by the Auckland Council, and be consistent with national statutory and policy requirements, including the LTMA and the GPS. In future, the GPS may require some Auckland-specific policies to ensure the Crown's interests in the operation of the State highway and rail networks within the region under the proposals in this chapter are adequately protected.

25.41 The plan would be subject to the approval of the Auckland Council to ensure that

- the plan meets the requirements of the regional spatial strategy, and
- the regional funding required to implement the plan will be made available.

25.42 Currently, section 13(2) of the LTMA requires ARTA to prepare an Auckland regional land transport programme every three financial years and to approve that programme by a date set by the NZTA. Schedule 7 of the Act contains special provisions relating to Auckland. Clause 11 of the Schedule requires the ARC to establish a regional transport committee for the Auckland region and sets out the membership of that committee and the interests that must be represented. Schedule 7 requires the ARC to ensure that the Auckland regional transport committee prepares every six financial years an RLTS for the Auckland region that covers a period for at least 30 financial years. The ARC is required, after considering it, to approve that strategy. The Schedule sets out matters to be taken into account in the preparation of the strategy, the contents of the strategy, and the consultation requirements.

25.43 The establishment of the RTA with responsibility for the regional transport plan would remove the need for a separate regional transport committee and RLTS. Many of the elements of the RLTS can be incorporated into the regional spatial strategy, and matters of detail, including activities and their prioritisation, can be included in the plan. The regional land transport programme required by section 13 of the Act can also be included in the plan. This will require some amendment to the LTMA, but that Act already contains separate provisions for the Auckland RLTS and regional land transport programme. To ensure national consistency, the statutory provisions relating to the plan should be aligned as closely as possible with those of the RLTS and regional land transport programme for other regions.

25.44 The RTA would also be responsible for preparing Auckland's regional public transport plan as required under the Public Transport Management Act 2008. This carries forward the responsibility currently held by ARTA.

¹¹ Ministry of Transport, *Government Policy Statement on Land Transport Funding 2009/10–2018/19*, Ministry of Transport, Wellington, 2008, p. 9.

25.45 In addition to these two statutory plans, the RTA would be responsible for preparing corporate plans including an annual statement of intent (“SOI”) for approval by the Auckland Council.

25.46 Table 25.1 at the end of this chapter summarises the proposed changes to strategic and statutory planning arrangements under this proposal.

Roading

25.47 For the RTA to have effective control over the region’s transport system, it needs to be in a position to influence the development, management, and operation of the major parts of the road network, where the operational needs tend to be focused on efficient movement of people and goods rather than access to private property. The efficiency and effectiveness of these roads can be enhanced by a regionally consistent approach.

Regional arterials

25.48 The RTA will become the road controlling authority for the major arterial roads in the region. ARTA has prepared a draft Regional Arterial Road Plan, which defines regional arterial roads (as roads that link districts or urban areas within the region and connect regionally significant facilities) and identifies the road network within that category. These roads all perform a regional transport function, and this would be the logical starting point for defining regional roads to be controlled by the RTA.

25.49 As the road controlling authority, the RTA will take over governance and financial responsibility for the planning, development, maintenance, and operational management of these roads from the existing territorial authorities.

State highways and regional arterials

25.50 The Commission is aware that section 95(1)(c) of the LTMA provides that one of the functions of the NZTA is to manage the State highway system. It follows that it would be inappropriate for the agency to pass responsibility for the planning, development, and management of State highways to a regional transport authority.

25.51 However, there are significant risks in establishing a new RTA with control over regional arterials if State highways remain under separate management, as this would create additional operational fragmentation between the various levels of the road hierarchy, by introducing three tiers of control (State highways, regional arterials, and local roads), instead of two.

25.52 For this reason, a joint management approach for State highways and regional arterials in Auckland is proposed. This aims to protect the operational integrity of the national highway network, while providing for the maximum possible level of operational integration between State highways and regional arterial roads.

25.53 The joint management model includes the following elements:

- The NZTA retains ultimate control over the development, management, and funding of State highways.

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- Priorities for expenditure are subject to the regional strategic planning process. This is similar to the situation that has recently been established under the LTMA where ARTA is responsible for prioritising State highway projects as part of its regional land transport programme.
- A joint management structure is established between the NZTA and the RTA to oversee the operational management of the State highway and arterial road system in the Auckland region, including maintenance, minor improvement works, traffic operations and management (including traffic signal coordination, ramp signalling, access management, information, signage, and intelligent transport system development), and travel demand management (potentially including toll and congestion pricing mechanisms). The “Alliance Principles” (which provide for joint responsibility) should apply.¹²
- The joint management structure will need to ensure that a close relationship between land use activities and highway function is maintained. In particular, this will require that its activities are consistent with regional resource management decisions and the control of land use activities that impact on the regional network.
- The joint management structure will also be responsible for recommending development proposals for the State highway and regional arterial network for consideration as part of the transport planning process.
- The joint management structure would involve a formal agreement between the parties, including the scope of activities, the governance arrangements between the parties (possibly including a joint management board), funding arrangements, and staff management and dispute resolution procedures.
- Staff for each of the joint activities would be brought together under the joint management structure. This would be similar to the current arrangements for the Traffic Management Unit, which is responsible for the coordinated management of the region’s traffic signals, where traffic operations staff who were previously employed by territorial authorities were transferred to the NZTA. A decision on whether the staff should be managed from within the NZTA or the RTA should be made by agreement between the parties, and should rely on the ability to utilise wider organisational skills and synergies with other functions.

25.54 One of the themes of the Commission’s report is the need for strengthened relationships between central government and the Auckland Council. This is particularly so in the area of transport. To support the joint management structure referred to above, it is the Commission’s view that it is also necessary for there to be regular meetings between the Minister of Transport (and other relevant ministers), the Auckland Council’s Infrastructure Committee, and the mayor. The Minister for Transport, who

12 The “Alliance Principles” are described in the following Transit web pages: www.transit.govt.nz/projects/mhc; www.transit.govt.nz/content/files/technical/ManualSection190_FileName.pdf

would be a member of the proposed Cabinet Committee for Auckland, would take his recommendations to that committee. The Commission suggests that such meetings should take place on at least a quarterly basis. In this way, confidence in the joint management relationship can be developed and enhanced.

25.55 The details of these arrangements will need to be further explored with the Government.

Local roads

25.56 Local councils will have road controlling authority responsibilities for roads at the lower levels of the hierarchy, where the through-movement or journeying function is less important, and the functional priority of the road is more strongly focused on property access and land service. For these local roads, issues of local amenity are a more important consideration, and local council management should enable better integration with other relevant local government functions (including land use planning, urban design, open space provision, utilities) and more responsiveness to local needs.

25.57 The RTA will still have a role in relation to these local roads including funding approvals and ensuring that local management is consistent with the regional plan, where necessary. There may also be merit in the Auckland Council establishing some regional service provision for local roads, to take advantage of possible economies of scale and staff expertise.

25.58 There will need to be a process established to determine the demarcation between regional and local roads, taking into account the functional characteristics of the road, and the size and functions of the local councils. While the “starting point” suggested in this chapter is for regional arterials as defined by ARTA (see paragraph 25.48) to transfer to the RTA, there is likely to be merit in also transferring some further existing district arterials to the RTA, where those roads have significant people and freight-moving functions (as distinct from local access roads). This process should be sufficiently flexible for the allocation of roads between the RTA and local roads to vary over time, according to changing circumstances.

25.59 Wherever the boundary is drawn, particular attention will need to be given to ensuring a consistent interface between RTA and local roads from the users’ perspective.

Public transport

25.60 The RTA would continue to perform ARTA’s existing public transport functions, including the preparation of a regional public transport plan (see paragraph 25.44) and the procurement of public transport services pursuant to that plan. The RTA will also be responsible for the development of associated public transport infrastructure, including ARTA’s current responsibilities for development of the urban passenger rail network and ferry terminals, as well as supporting projects such as the development of integrated ticketing, real-time information such as electronic display at bus and train stops of arrival/ departure times, and so on.

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25.61 In addition, the RTA will take over responsibility for all public transport infrastructure currently provided by territorial authorities, including bus priority facilities on arterial roads, bus stations, park-and-ride facilities, ferry terminals, and rail stations not already controlled by ARTA, bus stops and shelters, signage, and associated street furniture. Although the day-to-day maintenance of some of these facilities may be delegated to local councils, the RTA should retain overall control of standards, design, and development priorities, to ensure that the system is operated in a coordinated manner that is understandable to users.

25.62 The Commission emphasises the importance placed on public transport to enable cities to move to a sustainable future and to support densification. Perhaps more importantly, public transport is essential for deprived parts of the city where owning and fuelling a car are beyond the means of many families and individuals and can cause hardship for others. The Commission also considers that priority should be given to the development of an integrated ticketing system.

Rail

25.63 The Commission emphasises the importance of rail as one of the elements of public transport and again notes that the integrated ticketing system should apply to all modes of public transport.

25.64 There are parallels between rail infrastructure and State highways in the Auckland region. Both are critical elements of the regional transport network, and there would be benefits to the region from having their development and management more closely integrated with the rest of the regional transport system. Both are also part of a wider national network, with operational objectives and protocols that extend beyond the region. ONTRACK's view is that the operational integrity of the rail network is such that it is not appropriate for it to be subdivided into separate regional entities.

25.65 The proposal in this chapter is for a similar arrangement to exist for rail as that proposed for State highways, that is, the establishment of a joint management structure between the RTA and ONTRACK. This would enable a joint approach to issues such as system development, train control, and maintenance. It would also ensure that RTA and ONTRACK were required to consider the needs of both passenger and freight users on the rail network.

25.66 It should be noted that the background assumptions in paragraph 25.29 include the assumption that funding for rail infrastructure will transfer to the NZTA, rather than remaining as a separate Government funding stream.

25.67 It is appropriate in this context to refer to the importance of the road and rail links to the port. The successful operation of the port depends upon rapid and convenient access to and from the port. This is particularly the case with the movement of cargo away from the port to the port company's site at Wiri where it is broken down for onward goods movement. An integrated approach to these transport needs is another matter of high priority.

25.68 As with State highways, the details of these arrangements will need to be further explored with the Crown.

Ferries

25.69 The Auckland ferry system is an important part of Auckland’s public transport. The Commission believes that there is great potential for further development in the future. Cities such as Sydney demonstrate the great contribution that ferries can make to public transport and the part they can play in recreation and tourism. The popularity of the existing ferry system may be gauged from the fact that the services to Devonport and Waiheke Island do not need to be subsidised. Proportionally, and taking into account the number of passengers carried, the subsidy for ferries generally is very much less than that for bus and rail. ARTA’s Passenger Transport Network Plan prepared in 2006, proposes (at page 6) the following improvements to the passenger ferry system:

- upgraded terminals at Bayswater, Beach Haven, and Half Moon Bay
- new ferry terminals at Browns Bay, Takapuna, Te Atatu, Hobsonville, and Island Bay, and the introduction of services
- service improvements as new and upgraded terminals are completed.

Very few of the proposed improvements have yet been undertaken. Given Auckland’s extensive marine frontage, ferries could be expected to play a much greater role in public transport in the future, particularly if there was an intensification of population in the areas served.

Sustainable transport including walking and cycling

25.70 The need for the transport system to make provision for pedestrians and cyclists is increasingly becoming accepted as part of the movement towards sustainable cities.

25.71 The RTA will be responsible for preparing and implementing a sustainable transport plan, which will focus on the steps necessary to deliver the New Zealand Transport Strategy, GPS, and Auckland Council targets and policy associated with sustainability (particularly those related to the desired shift from single-occupant vehicles to public transport and “active” modes including cycling and walking). This includes responsibility for activities under the general heading of “demand management” in the existing RLTS, and the activities identified in the existing ARTA sustainable transport plan.

25.72 The RTA will have a strategic planning responsibility for sustainable transport as part of its transport planning function. This can be expected to include the identification of new infrastructure requirements, for example, the development of a regional network of cycleways, the development of regional standards for walking and cycling, and the development of policies for the promotion of these active modes of transport.

25.73 The RTA will also have some responsibility for the implementation of these plans, although this will be shared with local councils. As a general rule, the responsibility for walking and cycling facilities provided on roads should rest with the relevant road

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controlling authority: for arterial roads, the RTA would have responsibility, and for local roads, the local council.

25.74 Increasingly, however, there is likely to be a role for off-street facilities, especially for cyclists, to provide a safe alternative to on-street travel. To the extent that any such facilities are regionally significant (if they form a core part of the regional cycle network, or provide an alternative to a cycle route on a regional arterial), the responsibility will rest with the RTA.

25.75 Vancouver provides a good example of what may be achieved. A plan for pedestrians and cyclists forms an important part of its transport planning. The plan includes the identification of streets where cyclists and pedestrians have priority. It includes pedestrian refuge islands on roads and other measures to make walking a more pleasant experience. It includes the phasing of traffic lights so that pedestrians wait for a minimum amount of time before getting permission to cross the street. Generally it provides the same priority for pedestrians and cyclists as is provided for other forms of transport. The Commission believes that Auckland should adopt similar policies.

25.76 The RTA should also take responsibility for the coordination of travel planning and educational and promotional initiatives aimed at increasing the number of people cycling and walking, although some of the detailed implementation would be delegated to local councils, which are likely to be better placed to engage community input.

Other transport functions

25.77 The RTA would also take over responsibility for a number of ancillary transport functions, many of which are currently undertaken by territorial authorities, where these have synergy with the RTA's core functions. These functions include the provision of off-street parking (especially in relation to major centres and major arterials), enforcement of bus lanes and clearways on arterial roads, the provision of park-and-ride facilities, and demand management activities.

25.78 The detailed allocation of these functions between the RTA and local councils needs to take account of the scale at which the necessary skills and expertise can best be managed. It is important that the RTA does not become "weighed down" with minor transport functions that are better provided at the local level, as there is a risk that it could lose focus on the efficiency and effectiveness of the regional system as a whole. In general, the RTA should take responsibility for overall planning and coordination, but delegate implementation and operational management as much as possible to local councils.

25.79 The RTA would be responsible for the monitoring of progress towards transport objectives, policies, and actions contained in the regional transport plan (and the relevant parts of the regional spatial strategy). The RTA would prepare a regular monitoring report which measures performance against the targets established in the plan (and the spatial strategy). The monitoring results would be used as an input to the regular review of the plan.

25.80 The Auckland Council would be responsible for monitoring the performance of the RTA against its SOI.

Road pricing including tolls

25.81 The Commission believes that the future introduction of road pricing will be inevitable to provide a potential mechanism to manage demand on major roads, as well as providing a potential revenue stream. Road pricing includes tolling and congestion charging but it can also include charging for the use of all high-demand parts of the roading system. Road charging of that nature is appropriate only where good public transport is available and it will encourage the use of such transport. In principle the Commission is in favour of road pricing as a demand management tool and as a way of addressing the high cost of providing new roads. The concept should be the subject of an urgent Government study. The Commission understands that the technologies to implement road pricing in all its forms are available. The governance arrangements proposed should be able to manage a transition to road pricing in the future.

Governance arrangements

25.82 The RTA as proposed in this chapter would be a council-controlled organisation, responsible to its parent organisation, the Auckland Council. The RTA would be governed by a board appointed by the Auckland Council. The RTA will report to the Infrastructure Committee of the Auckland Council.

25.83 As noted above, the Auckland Council would retain responsibility for overall strategic planning for the region, and this would set the broad strategic context within which the RTA would operate, and identify the general level of public funding available. This would be subject to more detailed agreement through the council's approval of the RTA's regional transport plan and funding proposals.

25.84 The Auckland Council would have final approval of the SOI, following negotiation with and recommendations from the RTA Board. The Council would monitor the performance of the RTA against that SOI.

25.85 Board members would be selected for their individual and collective skills and abilities to prepare and implement plans for the development and management of the transport network in a manner that best achieves its statutory objectives, and meets the objectives set out in the RTA's governing documents.

25.86 In particular, board members will need to have a mix of skills and experience that enable them to make effective decisions on major infrastructure development projects, and also on the ongoing operation of transport systems including both road maintenance and traffic management, as well as public transport operations and contracting. In addition to a member appointed by NZTA,¹³ the following areas of expertise would be advantageous for the RTA Board:

- land use and transport integration

¹³ See section 105(3) of Land Transport Management Act 2003.

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- engineering and infrastructure development
- transport operations
- contracting and procurement
- financial management
- stakeholder engagement and public consultation
- the needs of pedestrians and cyclists.

25.87 The statutory provisions relating to the establishment of the RTA will need to ensure that the board is given sufficient freedom to use these skills and exercise its judgment. Wherever possible, decisions such as those relating to project prioritisation, system management, and operations should be kept free of political interference.

25.88 Because the Auckland Council has ultimate political accountability for funding the RTA however, there will need to be a mechanism that allows it to have influence over those plans where the funding or strategic implications are unacceptable. This may be achieved through the inclusion of a requirement to gain the Auckland Council's approval for decisions of a significant nature (as defined in the SOI). In addition, major projects would need to be included in the Auckland Council's long-term council community plan.

Funding

25.89 The governance model discussed in this chapter assumes that most revenues for land transport in the region will come from regional ratepayers (via the elected regional body) and road users (via the NZTA). Development contributions are also potentially available for new capital expenditure on particular roading projects.

25.90 While these funding arrangements necessitate a clear line of political accountability, it is important that this does not become confused with a detailed funding approval process for individual transport activities. As noted above, decisions on individual activities should be left to the RTA Board, within a framework and overall funding envelope that has been agreed with the Auckland Council through the SOI and annual planning process (subject to the ability to refer significant issues back to the Auckland Council for approval).

25.91 At least in the short term, it is expected the NZTA will have a role in approving funding for transport activities in the region. The RTA will have the responsibility of preparing an overall expenditure programme within the funding envelope established by the NZTA, which can then be submitted to the NZTA as a funding recommendation. Once the RTA and the NZTA have reached agreement or are close to agreement on funding issues, both bodies should then meet with key Government ministers and the Auckland Council Infrastructure Committee. That meeting should reach a decision as to funding which can be submitted for confirmation to the Government and to the Auckland Council. Over time, the approval process for individual activities should be able to move to an outcome-based model, where strategic objectives and the overall funding envelope are

established by the parent organisations, but the tactical decisions on funding priorities are made by the RTA.

25.92 It is presumed that the current funding of administrative costs of ARTA and territorial authorities will continue in favour of the RTA.

25.93 The proposed funding arrangements for the “local share” (the proportion of expenditure not funded from NZTA) will now be included in the overall rate levied by the Auckland Council. The financial assistance grants from the NZTA will all be paid to the Auckland Council. This will require the RTA to develop an agreed mechanism for allocation to local roads that reflects regional priorities and a fair and equitable allocation across the region, while minimising the potential for “pork-barrelling” as local communities compete for funds for local projects. Under this model, political accountability to ratepayers would be via the Auckland Council.

25.94 Future funding options include road pricing (see paragraph 25.81) and value capture from land development or redevelopment. Value capture represents the increase in land value that results from the rezoning of land from development or redevelopment; public agencies then “capture” a portion of that value through taxes, fees, or capital gains. Value capture is being increasingly used to fund transport in the United States¹⁴ and is a product of agencies such as VicUrban in Victoria and Landcorp in Western Australia.

25.95 Should a regional fuel tax be reinstated, it would be determined as part of the preparation of the regional transport plan, and the Auckland Council would be responsible for approving that plan and for the development of a formal proposal for submission to the Minister of Transport for approval.

25.96 It is likely that public transport will continue to be subsidised for the foreseeable future. The council will determine the amount of that subsidy after consultation with the RTA. The RTA will have the responsibility of setting public transport fare levels sufficient to meet that part of the cost of public transport not met by the subsidy. Consideration could be given in the future to the proposed Auckland Services Performance Auditor¹⁵ assuming the responsibilities of the commissioner appointed in Vancouver (see paragraph 25.22).

Alignment with central government policy

25.97 The model outlined in this chapter involves a joint arrangement between the RTA and the relevant Crown agencies (NZTA and ONTRACK) for the management of State highway and rail responsibilities within the Auckland region. The precise nature of this arrangement has not been determined at this stage, and it will need to be subject to more detailed examination with the Crown agencies and the Ministry of Transport. It is possible

14 C E Harris, “Slow Train Coming: The New Zealand State Changes its Mind about Auckland Transit, 1949-1956”, p. 20. [Originally published in *Urban Policy and Research*, Vol 23, No. 1, 2005.]

15 The Commission recommended the appointment of an Auckland Services Performance Auditor to oversee the performance of all Auckland Council activities. See Chapter 32, “Achieving a High-Performance Auckland Council”.

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that the joint management arrangement could evolve over time to allow a greater range of decisions to be made at the regional level.

25.98 However, it is clear that any such arrangement will require sufficient safeguards to be in place to assure the Government that its policy priorities will not be compromised by the regional governance arrangements. In particular, the Government will wish to ensure that the arrangements do not detract from

- the operational integrity of the State highway network
- the operational integrity of the national rail network
- the achievement of central government transport objectives
- the efficient and effective allocation of road user funds for which the Government has political accountability.

25.99 In part, these matters can be addressed through the specific arrangements that will be required for the joint management arrangements for State highways and rail infrastructure. Beyond this, however, the following statutory obligations on the RTA are suggested:

- a requirement for RTA to protect the integrity of the State highway network
- a requirement for RTA to protect the integrity of the national rail network (and, in particular, to ensure the continued functionality of the network for rail freight activity)
- obligations on the RTA (and the elected regional body) to give effect to the GPS and to national strategic objectives as articulated in any national land transport strategy (prepared under the LTMA) or national policy statement (prepared under the RMA)
- a requirement that the relevant Crown agencies be consulted at an early stage of the preparation of RTA plans and strategies.

Land use integration

25.100 The strategic planning responsibility of the elected regional body should provide for the integration of strategic planning for growth and transport at the regional level. At the lower level of the roading hierarchy, providing for the management of roads in combination with other local government functions (such as land use planning, open space, community facilities, and utilities) should also enable integrated planning.

25.101 The area where integration will be most challenging under the RTA model is likely to be on the arterial road network. While arterials have an important through-movement function, they must often also provide for property access, have a strong interface with adjacent land uses, and perform important open space and utility corridor functions. The management of these activities can have a major impact on the efficiency of the road, and conversely, the management of the road can have a major impact on those other activities.

25.102 These interfaces can lead to tensions, especially in sensitive locations such as town centres. There is also a risk that the RTA, with its statutory focus on transport, may overemphasise the transport role of the roads it manages to the detriment of other interests in the wider corridor (urban design, amenity, local land use development, town centre development, and the interests of pedestrians and cyclists).

25.103 To ensure that these tensions are recognised and appropriately managed, it will be necessary to place specific statutory obligations on the RTA to

- give effect to the high-level strategic spatial plan for urban development
- specifically recognise the functional relationships that exist between transport and land use
- consult the local community and the relevant local council in relation to proposals that impact on urban design, amenity, or local land use development near the transport corridors under its control
- prepare, with the relevant local council, joint management plans for key transport corridors
- recognise and give effect to regional sustainability policies, and policies in relation to walking and cycling.

Similarly it will be necessary for local councils to protect the integrity of regional networks when carrying out their land use planning functions.

25.104 There will also be a need to ensure close integration between the RTA and any future Urban Development Agency that may be put in place to actively promote development at key centres in the region. Because of the close relationship between the development and operation of transport infrastructure and centre development, it is important that the development plans of the respective public organisations are closely aligned. This could be achieved by requiring a formal opportunity for the RTA and the Urban Development Agency to provide comment on each others' plans prior to their approval.

Transport integration

25.105 As noted above, a potential problem with the RTA model as proposed is that it will add a third layer of road controlling authority to the existing two-layer model in Auckland, by transferring responsibility for arterial roads from local councils to the RTA. The risk is that this adds a further interface to the current arrangements.

25.106 In part, this can be managed through the proposal that State highways and arterials be subject to a joint management regime. Subject to the robustness of these arrangements, this should reduce the problems associated with the existing interface between State highway and arterial roads.

25.107 The focus then turns to the interface between arterial roads and local roads. The potential integration issues here can be mitigated by a clear delineation between RTA arterials and local roads.

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Skills and expertise

25.108 The establishment of a new RTA with a significant role in roading will require staff expertise that does not currently exist at the regional level. ARTA's current involvement in roading is only through project prioritisation. The skills and expertise in managing major roads are located in the NZTA (formerly Transit New Zealand) and the territorial authorities. There is also the Traffic Management Unit, but this is currently operated by the NZTA (which took over management of territorial authority traffic operations staff when the Traffic Management Unit was established). It would be sensible for this responsibility to be under the control of the proposed joint management regime.

25.109 It may be possible for these people to be relocated into the RTA, but this would be difficult if the NZTA continued to operate State highways separately. Under the joint management proposal for State highways and regional roads outlined earlier in this chapter, the RTA and the NZTA would agree on a staffing arrangement for the joint roading functions as part of their management agreement. NZTA has expertise that can and should be utilised rather than duplicating existing structures.

25.110 While the need for transitional arrangements for human resources is an issue that will need to be addressed for all local government functions, it is important to recognise that there are some particular shortages of skilled people in the transport sector at present, and any transitional arrangements need to be sensitive to the need to retain experienced and skilled staff. Terms and conditions for staff from different agencies will need to be aligned.

Accountability to users and funders

25.111 A further concern is that the RTA could fail to take sufficient account of transport user and community concerns, or lack accountability to those who provide the funds to the RTA. Where an appointed board that is one step removed from the direct political interface between elected members and transport users and/or funders makes the primary decisions, there is a risk that those decisions may not fully reflect their needs or concerns.

25.112 The replacement of the Regional Transport Committee of the ARC also risks losing the input of the various external interests that are currently represented on the committee (including members representing the objectives of economic development, safety and personal security, access and mobility, public health, environmental sustainability, and cultural interests).

25.113 The steps needed to mitigate these risks will be closely aligned with the statutory obligations to give effect to the regional spatial strategy, as discussed above. In addition, there will be a need for

- a clear statutory prescription of RTA and Auckland Council roles, with supporting detail contained in the SOI

- the RTA, SOI, and budget to be agreed between the RTA Board and the Auckland Council, with any funding limits and constraints to be explicit at commencement of planning processes
- a statutory requirement that the RTA Board is appointed with individual and collective expertise to enable the necessary decisions to be made efficiently and effectively
- specific limits on the ability of elected representatives to interfere with operational decisions, subject to a requirement for significant decisions to be referred to the Auckland Council
- a strengthening of the formal consultation obligations of the RTA in preparing its regional transport plan, to specifically seek submissions from people and organisations that represent economic development, safety and personal security, access and mobility (particularly for the elderly and those with disabilities), public health, environmental sustainability, and cultural interests, and from the local councils which in turn should consult with their communities
- a robust system to be set up to register and act on complaints and to monitor the response to those complaints.

Transition issues

25.114 Changes involved in moving from the existing to the proposed new transport governance model are summarised in Table 25.1.

25.115 It will be necessary for the Establishment Board, in association with the Transition Management Group, to appoint interim directors for the new RTA and to establish a proposed management structure for that authority, with the objective of ensuring that the new authority will be able to operate and assume its responsibilities upon the formation of the Auckland Council.

25.116 The Establishment Board and the Transition Management Group will need to ensure the involvement and cooperation of ARTA in the transition of its activities to the new Regional Transport Authority.

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Table 25.1 Summary of proposed changes to transport organisations and processes

Organisation or process	Proposed changes
Auckland Council	Strategic transport planning functions and Regional Transport Committee support functions taken over by new Regional Transport Authority (RTA)
Auckland Regional Transport Authority	Existing functions incorporated into new RTA
Local authorities	Regional arterial road controlling functions and other regionally significant transport-related functions taken over by new RTA
New Zealand Transport Agency	Statutory functions retained, but joint management arrangement with new RTA for State highways; funding responsibilities for rail infrastructure added
Regional Transport Committee	No longer required in Auckland as regional land transport strategy replaced
Regional land transport strategy	No longer required in Auckland; replaced by regional spatial strategy and regional transport plan
Regional public transport plan	Continues as at present, but prepared by new RTA
Regional land transport programme	Continues as at present, but prepared by new RTA and may form part of the regional transport plan

Recommendations

25A A new Regional Transport Authority (“RTA”) for Auckland should be established as a council-controlled organisation with responsibility for the planning, development, and management of arterial roads and all public transport infrastructure service planning and procurement. The RTA should replace the Auckland Regional Transport Authority (“ARTA”).

25B The RTA should prepare, for approval by the Auckland Council, a regional transport plan which will give effect to the regional spatial plan.¹⁶

¹⁶ See Recommendation 24A.

- 25C** The RTA should assume the statutory responsibility for all regional arterial road controlling functions and other regionally significant transport-related functions within the Auckland Council area. All these functions from the abolished local authorities and all ARTA's functions (including assets and staff) should be transferred to the RTA on the establishment date.
- 25D** Local roads should be controlled by local councils with the RTA exercising a funding approval role and ensuring consistency with the regional spatial plan.
- 25E** The New Zealand Transport Agency and the RTA should establish a joint management structure to oversee the operational management of the State highway and arterial road system in the Auckland region. The RTA and ONTRACK should establish a joint management structure to oversee the operational management of rail in the Auckland region.
- 25F** The Minister of Transport and other relevant Ministers should meet with the Auckland Council's infrastructure committee and the Mayor of Auckland on at least a quarterly basis to discuss transport issues.

Transition

- 25G** The Government should promote legislation to implement the proposals in Chapter 25, by amending as necessary the Land Transport Management Act 2003 and the Local Government (Auckland) Amendment Act 2004, and other relevant Acts.
- 25H** The Establishment Board will oversee the establishment of the RTA and appoint interim directors, who will consult with the Auckland Council on a draft statement of intent at an early stage. The interim board of the RTA should appoint an interim chief executive who will work with the Establishment Board on the design of the RTA organisational structure.

26. The Three Waters

Ko te wai te ora ngā mea katoa.
Water is the life giver of all things.

26.1 The Commission's terms of reference invite it to investigate what ownership, governance, institutional arrangements, and funding responsibilities are required to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities.¹

26.2 Services relating to the three waters (water, stormwater, and wastewater), and the management of the infrastructure that underpins those services, are of critical importance to the well-being of the Auckland region. The supply of adequate drinking water and the removal/treatment of wastewater and stormwater are some of the most fundamental needs of towns and cities. These services play a vital role in ensuring the health and safety of the community, a productive economy, and a healthy environment.

26.3 All of Auckland's water supply and disposal infrastructure is publicly owned (including in Papakura where water service operations are contracted to a private company). It constitutes a significant proportion of the region's assets. The assets of Watercare Services Limited (Watercare) alone are valued at around \$2 billion.² In 2006/07 the Auckland water services industry had revenue of around \$600 million.

26.4 Access to water is a fundamental human right. New Zealand has ratified the International Covenant on Economic, Social and Cultural Rights and the General Comment on Water. This provides that

The human right to water entitles everyone to efficient, affordable, physically accessible, safe and acceptable water for personal and domestic uses.³

26.5 Some of the key issues the Commission addresses in this chapter are

- how the region's water service providers should be owned and governed and, in particular, whether there should be vertical and/or horizontal integration of the seven retail and two bulk suppliers

1 See Appendix A: Terms of Reference.

2 Watercare Services Limited, *Annual Report 2008*, Auckland, p. 2 (available at www.watercare.co.nz, accessed February 2009).

3 United Nations International Covenant on Economic, Social and Cultural Rights, General Comment No. 15 (2002) on Articles 11 and 12 – The right to water (available at www.converge.org.nz/pma/water.htm, accessed March 2009).

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- how demand management can be encouraged to reduce the future capital expenditure required, restraining costs and prices
- how to ensure that environmental considerations are adequately taken into account
- how Māori interests in water should be addressed.

26.6 One of the most important decisions is whether or not the industry should be integrated, with a single regional body providing all water services in the Auckland region. In making this decision, the Commission focused on whether integration would result in appropriate environmental management, better demand management, and cost savings so that prices can be restrained.

26.7 This chapter is structured as follows

- a brief overview of the state of the industry
- a more detailed consideration of the relevant issues
- the Commission's recommendations.

Appendix 26.1 provides a historical background to the water industry in today's Auckland region.

26.8 As is required by its terms of reference, the Commission's recommendations relate to the Auckland region only. The Commission notes, however, that a recent report suggests that water services should be addressed on a national basis, and that there should be a national regulatory body.⁴ It recommends that the regulatory body should, amongst other things, develop and administer pricing controls on the provision of water and wastewater services to customers when these are billed on a volumetric basis, and should administer and allocate resources available in any central government funding programmes.⁵

Overview – the state of the industry

26.9 The Auckland water services industry is not in a state of crisis, but neither is it working as well as it should.

26.10 The Auckland region is fortunate to have good sources of water. There are 10 large, water-storage lakes in the Waitakere and Hunua ranges. There are also a number of smaller, underground sources. Around 10% of the region's water is drawn from the Waikato River, and this figure is likely to increase. The Waikato River is an important

4 *National Water Industry 2008 Report Card and Road Map*, report for the New Zealand Council for Infrastructure Development by GHD Limited and PriceWaterhouseCoopers, Auckland, September 2008, p. v, (available at www.nzcid.org.nz accessed February 2009).

5 *Ibid.*, p. vi.

backstop source, although water drawn from there is more expensive because of the cost of pumping it to Auckland.

26.11 The quality of treated water in Auckland is high by both New Zealand and international standards, with a Ministry of Health “Aa” grading (see discussion at paragraphs 26.82–26.84).

26.12 The two wastewater treatment plants at Mangere and Rosedale are also of high quality, helping to minimise the environmental impact of treated wastewater entering our harbours.

26.13 Aucklanders are not profligate water users. By international standards, Auckland’s water use is fairly moderate and has remained relatively static in recent years (see paragraphs 26.114–26.115). Nonetheless, significant savings could be made if per capita demand for water were reduced. Hundreds of millions of dollars could be saved through deferred capital expenditure on water and wastewater infrastructure if water demand management were applied consistently throughout Auckland (see paragraph 26.125).

26.14 One obstacle to water conservation is the age and condition of the pipe network, which in some areas is plagued by leaks. For example, Metrowater has water-loss rates of around 18%,⁶ or more than 7 million cubic metres per year.⁷ This equates to more than \$2.5 million worth of water,⁸ which must be paid for through higher water costs for the remaining water. Metrowater is working to address this issue.⁹

26.15 The total volume of treated potable water lost each year through leaks from the networks of Auckland’s water retailers is around 16 million cubic metres, representing 11% of the water volume processed by these organisations annually.¹⁰

26.16 Another obstacle to water conservation is the different priorities applied by each of the seven water retailers in Auckland. Some are much more committed to demand management than others. It is understandable that the water retailers, who are not directly responsible for the large capital expenditure involved in sourcing and treating water, and who make money from selling water, may not always emphasise demand management principles which could help defer expenditure.

26.17 One significant operational concern, which represents a major environmental threat, is in relation to stormwater. There is no detailed plan for stormwater management and funding in Auckland. Runoff, from roads in particular, is degrading and polluting Auckland’s waterways. In wet weather, a combination of groundwater and stormwater

6 Auckland Water Group, *Auckland Water Industry Annual Performance Review 2006/07*, p. 30 (available at www.aucklandcity.govt.nz/council/documents/awireview, accessed February 2009).

7 Ibid., p. 30.

8 This is the wholesale cost only, i.e. the amount Metrowater pays to Watercare.

9 Auckland Water Group, *Auckland Water Industry Annual Performance Review 2006/07*, p. 3. In 2006/07 Metrowater repaired more than 600 leaks, saving more than 1.5 billion litres per year, or about 3% of its annual purchase volume from Watercare.

10 Ibid., p. 30.

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infiltrates the wastewater networks and causes overflows of sewage. Contaminant levels in some estuarine sediments and freshwater streams have reached, and often exceed, the recognised international sediment quality criteria for the protection of aquatic life.¹¹

26.18 In terms of governance, the Auckland water services industry is beset by the same problems which the Commission has encountered in relation to many other areas. In particular, numerous plans and reports have been prepared but because of the fragmented nature of the industry they have resulted in little action (see paragraphs 26.62–26.81).

26.19 There is a different water retailer in each of the seven districts/cities in Auckland. In some areas, a council department is responsible for retail water supply. In other areas, retail water supply has been outsourced to an independent provider. In each area, different philosophies and priorities apply. For example, in Manukau City priority is placed on keeping water affordable, and in Waitakere City greater priority is placed on environmental concerns. The retail price of water varies markedly across the region (see paragraphs 26.58–26.61).

26.20 The fragmentation of the industry has also led to poor regional planning and decision making. The industry has acknowledged this issue and is attempting to address it. Recently, all industry participants agreed on a joint planning initiative called the Three Waters Project. This is a voluntary process in which industry participants develop an agreed strategy to manage regional water, wastewater, and stormwater issues (see paragraphs 26.75–26.81).

26.21 The Three Waters process has been helpful, but because it is a voluntary process it is not suitable for resolving difficult or contentious issues. Even if an agreement can be reached on a particular issue, that agreement is not binding. Issues can be revisited time and time again, and often are. For example, the Three Waters process has previously identified the Rosedale Wastewater Treatment Plant, owned by the North Shore City Council, as the most appropriate choice for a second regional wastewater treatment facility once the Mangere Wastewater Treatment Plant reaches capacity. The Rosedale plant can potentially service 1.5 million people and no other option is as cost-effective for the region. Nonetheless, the adoption of the Rosedale plant as a regional facility is in doubt, because there is no entity with the power to make it happen (see paragraphs 26.88–26.94).

26.22 Similarly, the Commission was advised that proposals to develop consistent infrastructure design standards, particularly for wastewater pipelines, have been rejected. As a result, under current arrangements there is no consistency in the type of pipes used in the network, with obvious cost implications.

26.23 Since 2003, members of the industry have also cooperated to produce an extremely useful and well-presented publication called the *Auckland Water Industry Annual*

11 Gardiner, Laurie and Armstrong, Bill, "Identifying Sensitive Receiving Environments at Risk from Road Runoff", *Land Transport New Zealand Research Report 315*, Wellington, 2007, Appendix B, p. 39 (available at www.landtransport.govt.nz/research/reports, accessed February 2009).

Performance Review, which compares the performance of industry participants across a range of key indicators. Under present arrangements, however, it is not clear what use is made of this report.

Current organisational structure

Summary of structure

26.24 There is one wholesale supplier of bulk water in the Auckland region – Watercare. Watercare supplies bulk water to six of the seven territorial authorities. Franklin District Council has its own water supply scheme.

26.25 All of the seven territorial authorities provide retail water and wastewater services in their districts. Four (Rodney, North Shore, Waitakere, and Franklin) do so directly. Two others (Auckland and Manukau) provide these services through council-controlled organisations (“CCOs”), Metrowater and Manukau Water respectively. Papakura District Council provides these services under a franchise agreement with United Water, a privately-owned organisation.

26.26 Watercare provides wastewater treatment and disposal services to four of the six councils to which it supplies bulk water. North Shore City Council and Rodney District Council undertake their own wastewater treatment and disposal, and there are also a number of smaller plants across the region.

26.27 All local authorities are individually responsible for provision of stormwater services.

26.28 There is one environmental regulator for water quality and coastal water management for the whole region – the Auckland Regional Council (“ARC”). It is possible that some environmental issues will be regulated at a national level at some stage in the future (see paragraph 26.143)

26.29 All of the region’s water infrastructure is publicly owned. Some of the pipe network is regional, and is owned by Watercare. Other parts of the network are owned by the seven territorial authorities.

Watercare Services Limited – structure and functions

26.30 Watercare is a council-owned organisation (“CO”). A CO is an organisation in which a local authority (or authorities) holds or controls some voting rights or has the right to appoint one or more of the directors. In other words, a local authority has an interest in the organisation’s governance, but not necessarily a controlling interest. (This is a key difference between a CO and a CCO. CCOs are more closely controlled by their local authority owners, who hold at least 50% of the voting rights or have the right to appoint at least 50% of the directors.)

26.31 There are, however, a number of Watercare-specific provisions in the Local Government Act 1974 that make its governance structures closer to those of a CCO than

26. The Three Waters

a CO. For example, Watercare is required to have a statement of corporate intent, like a CCO.

26.32 The 1974 Act also requires Watercare to

manage its business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of that business and the maintenance of the long-term integrity of its assets.¹²

26.33 Watercare's governance arrangements are complex and somewhat unusual.¹³ Watercare is owned by the six territorial authorities it supplies, and the number of shares of each of the six territorial authorities is based on the number of water connections in each area. Auckland City Council has the greatest shareholding in Watercare (41.6%), followed by Manukau City Council (25.1%).

26.34 The shareholders are represented by the Watercare Shareholders' Representative Group, which comprises two representatives from each of the shareholding councils. Decisions of the Shareholders' Representative Group are binding on all shareholders provided they are made by representatives who together hold at least 75% of all shares in Watercare. The Shareholders' Representative Group is assisted by an Officers' Working Group made up of employees from the shareholding councils.

26.35 Watercare also has a seven-member board of directors who are appointed by the Shareholders' Representative Group to manage the organisation. The relationship between the board of directors and the Shareholders' Representative Group is often a point of tension.

26.36 The objectives of Watercare are set out in an annual statement of corporate intent, which is a published document that contains both strategic directions and key initiatives and performance targets that have been agreed on by both the board and the Shareholders' Representative Group. For example, Watercare's current statement of corporate intent includes the following targets:¹⁴

- to develop by 30 June 2009 a new, region-wide model for forecasting demand
- to implement a rising block-tariff pricing structure based on the long-run marginal cost of water (the first "block" of water sold is charged at a fairly low price – additional water is charged at a higher rate)
- to maintain the public health grading of water treatment and networks at "Aa"

¹² Local Government Act 1974, Part 44C, section 707ZZZS.

¹³ Watercare's governance framework is explained, including the obligations of its shareholders, by the Office of the Auditor-General in its 2001 report entitled *Good Governance – Local Authority Governance of Subsidiary Entities, Part 3: Watercare Services Limited* (available at www.oag.govt.nz/2001, accessed February 2009).

¹⁴ Watercare Services Limited, *Statement of Corporate Intent for the three year period commencing 1 July 2008*, Auckland, 2008, pp. 4–7 (available at www.watercare.co.nz, accessed February 2009).

- to ensure that during a drought with a 1% probability of occurrence, demand can be met with 15% residual capacity in its reservoirs
- to achieve 90% or more of customers who rate Watercare as “good”, “very good”, or “excellent” using an annual satisfaction survey
- to target an “A” credit rating from the Standard & Poors rating agency
- to ensure that pricing methodology enables revenue to be set so as to recover all costs and provide for an adequate level of debt servicing.

26.37 Watercare has two standing consultative and advisory committees which provide input into company plans and projects:

- the Māori Advisory Group (which represents mana whenua¹⁵ interests)
- the Environmental Advisory Group.

26.38 Watercare draws water from 12 sources (10 water-storage lakes, one underground water source, and the Waikato River). It treats the water and supplies it to six local network operators, who on-sell it to more than 1.2 million customers in the Auckland region.

26.39 Watercare also operates a regional wastewater network. It receives wastewater from four local network operators (Auckland City, Waitakere City, Manukau Water, and United Water) and treats it at the Mangere Wastewater Treatment Plant. It also regulates trade waste discharges from businesses and has over 600 trade waste customers.¹⁶

26.40 Table 26.1 summarises Watercare’s ownership structure and the services it provides to each of the territorial authorities in the Auckland region.

Water services in Manukau City

26.41 Retail water and wastewater services in Manukau City are supplied by a CCO, Manukau Water Limited. Manukau Water is wholly owned by Manukau City Council, and has around 102,000 residential and commercial customers.

26.42 The ownership of retail water and wastewater assets, and the responsibility for providing these services to the community, was transferred from Manukau City Council to Manukau Water Limited on 3 July 2006. Manukau City Council still, however, approves the level and structure of charges for water and wastewater services.¹⁷ Manukau Water advised the Commission that the adoption of a CCO model has led to increased efficiencies.

15 Mana whenua – local Māori with ancestral ties to the land.

16 Trade waste control is managed by Watercare under the Auckland Regional Council’s trade waste by-law 1991 and the Auckland Metropolitan Drainage Act 1960, pursuant to the Local Government Act 1974, Part 44C, section 707ZZZS(1)(f).

17 Manukau City Council’s rights and role in Manukau Water Limited are set out in the company’s Statement of Intent July 2008 to June 2011, at p. 7 (available at www.manukauwater.co.nz, accessed March 2009).

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Table 26.1 Watercare Services Limited's ownership structure and services

Watercare's owners	Shareholding %	Customers	Bulk water	Wastewater collection and treatment
Auckland City Council	41.6	Metrowater (wholly owned by Auckland City Council)	✓	✓
Manukau City Council	25.1	Manukau Water (wholly owned by Manukau City Council)	✓	✓
Waitakere City Council	16.7	Waitakere City Council	✓	✓
North Shore City Council	11.5	North Shore City Council	✓	–
Papakura District Council	3.7	United Water (operates under a franchise agreement with Papakura District Council)	✓	✓
Rodney District Council	1.4	Rodney District Council)	✓	–
Franklin District Council	–	–	–	–

Source: Adapted from Watercare Services Limited, *Annual Report 2007*.

26.43 Manukau Water purchases bulk water and wastewater supply, collection, and treatment services from Watercare. It manages some of its own wastewater treatment at a plant at Beachlands, and has an initiative under way for a wastewater system for the Kawakawa Bay community.

Water services in Papakura District

26.44 In the Papakura District, retail water and wastewater services are provided by a private company, United Water International Pty Limited (United Water). In April 1997, Papakura District Council entered into a 30-year franchise agreement (with a 20-year right of renewal) with United Water to provide water services to around 15,000 residential and commercial customers in Papakura. United Water is responsible for the setting of tariffs and customer billing, subject to certain contractual constraints. The most important of these constraints is a requirement that the prices charged are lower than the regional average.

26.45 Papakura District Council has retained ownership of the relevant assets, which include water and sewerage mains, one pumping station, and one header tank/reservoir. The franchise agreement requires that the assets be in better condition at the end of the franchise agreement period than they were at the beginning of this period.

26.46 The franchise agreement also requires United Water to extend, modify, replace, and repair, at its cost, the infrastructural assets as required in order to provide effective water services in Papakura District. All permanent improvements become the property of Papakura District Council.

26.47 The operation of the franchise agreement is monitored through independent reviews of United Water’s pricing structure each year, and five-yearly reviews of the condition of the assets. These reviews are carried out by Papakura District Council’s engineering consultants, who also carry out ongoing reviews of water quality in conjunction with the Department of Health and Watercare. The Commission was advised by Papakura District Council that the terms of the agreement can make it difficult to monitor the contract effectively.

Water services in Auckland City

26.48 Retail water and wastewater services in Auckland City are supplied by a CCO, Metrowater. Metrowater is wholly owned by Auckland City Council. It has a six-person board of directors, who are responsible to the council. Auckland City Council approves the level and structure of water charges.¹⁸

26.49 Metrowater supplies retail water services to around 167,000 residential and commercial customers. It also collects wastewater and transports it to Watercare’s wastewater mains for treatment at the Mangere Wastewater Treatment Plant.

26.50 The islands of the Hauraki Gulf, such as Waiheke, Great Barrier and Rakino Islands, are not connected to Auckland City’s water or wastewater networks. Island residents rely on water collected in rainwater tanks for drinking water and septic tanks for wastewater disposal. There is also a small-scale wastewater treatment plant on Waiheke, which is owned and operated by Metrowater. It services some commercial areas where on-site disposal systems had become unsatisfactory.

Water services in North Shore City

26.51 Retail water services in North Shore City are provided by the council directly, not via a CCO or third party. North Shore City Council purchases bulk potable water from Watercare and delivers it through the council’s pipe network to around 74,000 residential and commercial customers.

26.52 Wastewater is pumped to the Rosedale Wastewater Treatment Plant, which is also owned by North Shore City Council. After treatment, the effluent is discharged through an outfall pipe into the sea. The current outfall pipe is 600 m long – a \$116 million project is under way to install a new outfall pipe which is over 2.5 km long and has a capacity six times greater than the current outfall pipe.¹⁹

Water services in Rodney District

26.53 Retail water services in Rodney District are provided by the council directly, not via a CCO or third party. Rodney District Council services around 18,000 residential and

¹⁸ The company’s targets are set out in its annual statement of intent available at www.metrowater.co.nz (accessed February 2009).

¹⁹ Wayne Thompson, “Shore’s new pipeline inching way out to sea”, *New Zealand Herald*, 29 January 2009. Trade waste control is managed by the council under the North Shore City Bylaw 2000, Part 9, Trade Waste. The council regulates trade waste discharge from businesses and has over 730 trade waste customers.

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commercial customers. Being a rural area, large parts of Rodney District have neither water nor wastewater reticulation services.

26.54 Rodney District Council purchases bulk potable water from Watercare to service the Hibiscus Coast area, but otherwise relies on separate sources within Rodney District, such as bores and rivers, for the district's water supply. Rodney District Council also provides all wastewater services within its area.

Water services in Waitakere City

26.55 Water services in Waitakere City are provided by the council directly, not by a CCO or third party. Waitakere City Council purchases around 16 million cubic metres of bulk potable water from Watercare each year, which it distributes to around 61,000 residential and commercial customers. It also collects wastewater and transports it to Watercare's wastewater mains for treatment at the Mangere Wastewater Treatment Plant.

Water services in Franklin District

26.56 Water services in the Franklin District are provided by the council directly, not via a CCO or third party. The council has around 13,000 residential and commercial customers.

26.57 Franklin is unique in that it is not connected to the rest of the Auckland region's water, wastewater, or stormwater infrastructure. Franklin District Council owns, maintains, and develops its own 11 water and six wastewater treatment plants and associated reticulation systems.

Pricing structures

26.58 Throughout the Auckland region, water is metered and charges reflect the actual amount of water used. This is quite unusual in New Zealand at present. The introduction of metering and volumetric charging for water has assisted in moderating demand (see paragraph 26.116).

26.59 The price charged for water varies throughout the Auckland region. For example, it is \$1.28 per cubic metre in Manukau City, and \$1.48 per cubic metre in Waitakere City. Direct pricing comparisons are complicated, however, as there are also variations in service fees (annual fees, connection fees, and so forth), and prompt payment discounts.

26.60 Most wastewater and stormwater services are funded through rates. However, Auckland City and Papakura District wastewater charges are based on water consumption as a proxy for a volumetric charge. Non-residential users in Manukau City also pay for wastewater on the basis of a notional volumetric charge.

26.61 In Auckland City, Metrowater's residential wastewater charges are based on 75% of the total water supplied. For example, a customer using 1,000 litres of water would be charged for 750 litres of wastewater. (The other 25% is an allowance for water used in the garden, which does not enter the wastewater system.) In the Papakura District, United Water's wastewater charges are based on 80% of the total water supplied.

Previous industry reviews

26.62 Auckland’s water services industry has been the subject of numerous reviews, which were made available to the Commission.²⁰ Many of these reviews identified the same issues, such as the benefits of regional decision making, but unfortunately have resulted in little action.

26.63 In November 1998, the Government announced a review of the delivery of water services in the Auckland region. As a result, in May 2000 an industry stakeholders’ forum was held. All the territorial authorities in the Auckland region (except Franklin District Council which has its own separate structure for water services) participated in this review.

26.64 The key conclusions included the following:

- The region’s infrastructure in some of its older parts included ageing and damaged assets.
- The performance of individual operators and the industry as a whole was very difficult to assess. One of the key problems identified was the lack of mandatory or agreed standards and information disclosure.
- The region was in the process of investigating options to mitigate the effects of untreated stormwater discharges and over 1,000 wastewater overflows per year.
- The effects of the overflows and the cumulative effect of the pollutants suspended in untreated stormwater were not fully understood. The costs associated with addressing these impacts would be very significant.

20

- LEK Partnership & Northington Partners, *A Watertight Future*, 1995
- Credit Suisse First Boston, *Reform of the Water Industry*, 1995
- Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st Century*, 2000
- Parliamentary Commissioner for the Environment, *Beyond Ageing Pipes: Urban Water Systems for the 21st Century*, 2001
- Worley Consultants, *The Quality and Reliability of Auckland’s Water and Wastewater Services*, 2000
- Cap Gemini Ernst & Young, *Providing incentives for efficiency and price-minimisation*, 2000
- Cap Gemini Ernst & Young, *Reducing costs by amalgamation*, 2000
- Cap Gemini Ernst & Young, *Increasing Competition in Potentially Contestable Parts of the Industry*, 2000
- Marsden Jacob Associates, *Appropriate Methodology for the Pricing of Water and Wastewater Services*, 2001
- LEK Consulting, *Commentary on report by Marsden Jacob Associates entitled “Appropriate Methodology for the Pricing of Water and Wastewater Services 12 November 2001”*, 2002
- National Economic Research Associates, *Rationalisation Options Study – A Report for Auckland City and Metrowater*, 2003
- PriceWaterhouseCoopers et al., *Funding Auckland Regional Stormwater – An Options Analysis*, 2004
- Saha International, *Review of the Auckland Water Services Industry – Current state analysis*, 2006.

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- The main driver of cost increases in the water industry was the \$4.7 billion forecast capital expenditure over the following 17 years.
- There was poor regional coordination of the capital expenditure and maintenance plans of the operators.

26.65 Many of these issues still face Auckland's water services industry today.

26.66 In December 2000 and February 2001, the participating territorial authorities endorsed three possible options for reform, which were put to the public for consultation.²¹ These were described as follows:

- **Improved status quo:** no change to the way the region's water industry was organised, but greater voluntary industry cooperation and coordination.
- **Shared network:** all the pipes in the region being owned by one public entity, with the retail end of water and wastewater being opened up to competition.²² Competing operators would have access to the pipe network. Bulk water supply and wastewater treatment would remain with a single entity in the short term at least.
- **One provider:** combining Auckland region's entire water services industry into a single entity, which would be governed proportionately by current industry owners.

26.67 All three options required

- assets to remain in public ownership
- the disclosure of performance
- some form of regulatory body.

26.68 A possible fourth option (two vertically integrated entities consisting of "Northwest Water" serving Rodney, North Shore, and Waitakere, and "Southeast Water" serving Auckland, Manukau, and Papakura) was rejected.

26.69 A Cap Gemini Ernst & Young report dated 30 June 2000, which was prepared for the key industry participants, identified significant potential savings that could be achieved as a result of integration.²³ It concluded that annual operating cost savings of 5% (excluding implementation costs and tax) would be possible if the industry were fully

21 *Auckland Region Water, Stormwater & Wastewater Review – Progress Report on the General Consultation Process and Iwi Consultation*, Auckland Water Steering Group, Auckland, 12 June 2001, p. 5.

22 North Shore City did not support this option.

23 Cap Gemini Ernst & Young, *Reducing costs by amalgamation*, report for Auckland Water Steering Group, 9 June 2000, p. 5.

integrated (that is, if the “one provider” option were adopted).²⁴ It noted that establishing a fully integrated entity would ensure effective decision making concerning investment. It also observed, however, that adopting a fully integrated model would require significant reliance upon governance and regulatory frameworks to place external checks on investment decisions.

26.70 In February–March 2001, consultation was undertaken with the general public. This process included public submissions and hearings. The “one provider” option was preferred by most of the respondents (68%).²⁵

26.71 However, the industry reform and regulatory review process then stalled. In part this was because of a lack of consensus amongst industry stakeholders.

26.72 A number of other reviews have been carried out in relation to Auckland’s water services industry in recent years. The most recent of these, dated July 2006, was carried out by Saha International Limited and included a summary of 11 prior expert reports on the industry.²⁶

26.73 The Saha report highlighted a number of concerns in relation to Auckland’s water services industry, including the following:

- The industry structure was fragmented.
- There was a role for regulation.
- Considerable scope existed for greater coordination and cooperation, particularly in the area of capital expenditure.
- Different stakeholders had different priorities and objectives.
- Large-scale investment was required to deal with stormwater issues.

26.74 According to the Saha Report, investment planning needed to be better integrated, both across the “three waters” and across the region as a whole.

The Three Waters Project

26.75 The Three Waters Project is a joint planning initiative between all territorial local authorities and local network operators in the region. It started in November 2004 and

24 Ibid., pp. 24 and 67. Also the report done for the Commission in February 2009 by Taylor Duignan Barry (*Financial Analysis: Re-organisation of the Councils in the Auckland Region*), adopts a range of efficiencies in water and wastewater capital expenditure of \$10 million to \$13 million per annum, based on an assumed 5% saving in capital expenditure from unified planning. (See Appendix B, p. 761.)

25 *Auckland Region Water, Stormwater & Wastewater Review – Progress Report on the General Consultation Process and Iwi Consultation, Auckland Water Steering Group*, p. 7. The report noted that 2,307 written submissions were received from the public – a summary of the submissions analysis is set out in Appendix A of the report.

26 Saha International, *Review of the Auckland Water Services Industry – Current state analysis*, Auckland, 27 July 2006, p. 104.

26. The Three Waters

is being led and facilitated by Watercare. The ARC, as the regional regulator of water quality, is participating as an observer.

26.76 The Three Waters Project is a voluntary process in which industry participants agree on the best way in which to approach various regional issues. Its purpose is to develop an agreed strategy for the delivery of water services in the Auckland region to the year 2100.

26.77 In order for an issue to be considered as part of the Three Waters Project, the delivery of the outcome must require significant joint planning at a regional and local level. Generally, there is a minimum requirement of \$10 million cost for an issue to qualify for inclusion in the process.

26.78 Stakeholder participation in the Three Waters Project has proved variable. Some of the organisations involved have participated actively, attended most meetings, and provided detailed responses to draft documents. They have a good understanding of the regional issues and have participated in robust, constructive debates on all key aspects. Other organisations have been less committed to the process.

26.79 A draft Three Waters Strategic Plan was published in April 2008.²⁷ It proposed a number of key strategic directions,²⁸ including

- reducing the per person demand for water by 15% of 2004 levels by 2025²⁹
- substituting rainwater and/or treated wastewater for 10% of the remaining potable water use by 2025³⁰
- continuing to use the Mangere Wastewater Treatment Plant as the primary regional wastewater treatment facility for the next 15–20 years, with a combination of both Mangere and Rosedale Wastewater Treatment Plants in the longer term.³¹

26.80 Industry stakeholders have recently provided submissions on the draft. The responses demonstrate a mixed level of support for the sort of regional initiatives outlined above. It is clearly difficult to obtain a regional consensus on strategic issues, particularly as many of the stakeholders involved are under statutory obligations to operate in the interests of their particular area.

26.81 Another difficulty is that industry stakeholders who may have supported a particular strategy at the time the draft plan was prepared, subsequently took a different view. One reason for this is the electoral cycle – the constant influx of newly elected representatives makes voluntary, long-term cooperation difficult. Naturally enough, local body members

²⁷ *Three Waters Draft Strategic Plan Discussion Version*, Watercare Services Limited, Auckland, April 2008.

²⁸ The Commission notes that the matters dealt with by the Three Waters plan are the types of policy issues that should be approved by the Auckland Council (see paragraph 26.194 concerning the statement of corporate intent).

²⁹ *Three Waters Draft Strategic Plan Discussion Version*, Watercare Services Limited, p. 57.

³⁰ *Ibid.*, p. 57.

³¹ *Ibid.*, pp. 38, 44, and 50.

are reluctant to be bound by the comments and views expressed by their predecessors, but this causes problems with long-term planning. The *Three Waters Final 2008 Strategic Plan*, which also includes the three key strategic directions referred to above, was published in December 2008.³²

Drinking/potable water

26.82 The quality of the Auckland region’s water supply is generally of a high standard, with a Ministry of Health “Aa” grading. Recent upgrades have been undertaken to collection and treatment assets in the region.

26.83 Until very recently, New Zealand had been unusual among developed nations in relying almost entirely on voluntary mechanisms to safeguard the treatment and distribution of drinking water. However, the Health (Drinking Water) Amendment Act was enacted in 2007, requiring suppliers to take all reasonably practicable steps to comply with the New Zealand Drinking Water Standards. These standards have existed since 1984 but compliance with them was not mandatory.

26.84 The introduction of this Act will increase compliance costs in relation to the water services industry nationally, but the Commission understands that most of Auckland’s water supply already complies with the new Act.

Wastewater

26.85 Wastewater is water disposed of from homes, offices, and industry. It comes from toilets, sinks, showers, washing machines, and industrial processes.

26.86 Around 133 million cubic metres of wastewater is treated in the region annually.³³ Most of this (104 million cubic metres) is treated by Watercare at its Mangere Wastewater Treatment Plant.³⁴ A further 21 million cubic metres is treated by North Shore City Council at its Rosedale Wastewater Treatment Plant.³⁵ There are also a number of smaller, local treatment plants.

26.87 The wastewater treatment plants at Mangere and Rosedale are both state-of-the-art and provide a high level of treatment. However, the wastewater reticulation network in older parts of the Auckland region is inadequate. Particularly in Auckland City, some of the pipes are too small and some are old and damaged, allowing infiltration from stormwater and groundwater.

32 *Three Waters Final 2008 Strategic Plan*, Watercare Services Limited, Auckland, December 2008 (available at www.watercare.co.nz, accessed March 2009).

33 Auckland Water Group, *Auckland Water Industry Annual Performance Review 2006/07*, p. 9.

34 *Ibid.*, p. 9.

35 *Ibid.*, p. 9.

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26.88 One of the most important challenges facing the Auckland water industry at present is identifying a second regional wastewater treatment facility. The average daily flow limits of the existing resource consents at the Mangere plant will be reached by about 2027. Even if the resource consents were extended, allowing for increased discharges, the Mangere Wastewater Treatment Plant is expected to reach its full capacity between 2050 and 2070.³⁶

26.89 One possibility for a second regional facility would be extending the Rosedale Wastewater Treatment Plant at Albany, which is owned by the North Shore City Council. It was recently upgraded to service around 225,000 people. If it were extended further, it could potentially service around 1.5 million people.³⁷

26.90 There are two other possible options (a western plant or a central plant), but these are both unproven possibilities and would be much more expensive even if they proved to be feasible. It has not yet been confirmed whether the site identified for the western plant is suitable for wastewater treatment, and no specific disposal site has been identified. In the case of the central plant option, no site for wastewater treatment has been found and no specific disposal site has been identified. There would also be major resource consent issues with both of these options.

26.91 Indicative costs for a Rosedale expansion and the two other potential options are³⁸

- Rosedale expansion \$290 million
- western plant \$460 million
- central plant \$620 million.³⁹

26.92 The Commission understands that while there would also be resource consent issues involved in extending the Rosedale plant, upgrading could be undertaken within current consent loads for nitrogen (the key constraint).

26.93 The Three Waters Final Strategic Plan concluded, after comprehensive investigation, that

In a fully regional context ... there do not appear to be any compelling reasons for not using Rosedale as a second regional facility, provided appropriate controls are put in place.⁴⁰

26.94 Nonetheless, the Commission understands that North Shore City Council is still requesting that further investigations be carried out to try and identify another site.

36 *Three Waters Final 2008 Strategic Plan*, Watercare Services Limited, p. 43.

37 Watercare Services Limited, *Information provided to the Royal Commission on Auckland's Governance*, 11 April 2008, p. 12.

38 Watercare Services Limited supplied these figures in response to a request from the Commission. The data relate to an initial treatment capacity for an extra 100,000 people at each of the plants – the costs are not directly comparable above that level.

39 This is a conservative estimate which assumes very favourable resource consent conditions.

40 *Three Waters Final 2008 Strategic Plan*, Watercare Services Limited, p. 48.

Stormwater

26.95 Stormwater is rain that runs off roofs, roads, and other impermeable surfaces. The Resource Management Act 1991 recognises stormwater as both a natural resource to be protected and a hazard to be managed carefully.⁴¹ Captured as drinking water, it is a valuable resource.

26.96 Generally, stormwater is channelled through the stormwater drainage system to outfalls in streams and on beaches – or, in areas with volcanic soils, to soak holes in the underlying rock.

26.97 Stormwater is not usually treated before it runs into the environment. Toxic pollutants from cars, as well as animal wastes, oils, and sediments, are mixed with the stormwater runoff. These substances pollute fresh and marine water environments and pose a public health risk. It is estimated that approximately 50% of stormwater contaminants are contributed by transport systems such as roads.⁴²

26.98 Population growth in the Auckland region has increased the total area of impervious surfaces. Impervious surfaces generate greater volumes and peak flows of stormwater. Where there is natural ground cover, only 10% of rainfall runs off the surface. In an urbanised environment, runoff volume can increase to as much as 95%.⁴³ Excessive stormwater flows result in

- increased flooding and overflows of untreated wastewater
- stream erosion and loss of aquatic habitat
- lower water quality and contamination of streams and coastal waters.

26.99 Each of the seven territorial authorities owns and operates its own stormwater assets, and each imposes different rules about issues such as the location of stormwater soak holes and permitted levels of impermeable surfaces.

26.100 Stormwater management and infrastructure is typically funded from rates income. This funding source has proved to be inadequate⁴⁴ and stormwater is still causing serious environmental problems across the region – stormwater runoff is often highly polluted, contaminating waterways. A 2004 report on Auckland’s stormwater observed,

Auckland’s stormwater problems have now reached a critical point. Contamination of the region’s harbours has been building over time, and has therefore escaped the attention of the Auckland community. However, the effects are difficult to reverse, and

41 Resource Management Act 1991, section 30.

42 PriceWaterhouseCoopers, Infrastructure Auckland, and the Auckland Region’s Territorial Authorities, *Funding Auckland Regional Stormwater: An Options Analysis*, Auckland, February 2004, pp. 7–8.

43 The Boston Consulting Group, Infrastructure Auckland, and Auckland Regional Council, *Auckland Regional Stormwater Project: An Action Plan to Deliver Improved Stormwater Outcomes*, Auckland, May 2004, p. 9.

44 *Ibid.*, p. 42.

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even maintaining current quality levels requires a significant increase in stormwater investment. Action needs to be taken now, to limit the levels of further degradation.⁴⁵

26.101 In 1992, the Auckland Regional Services Trust was established to manage regional assets such as the Ports of Auckland. In 1998, it was replaced by Infrastructure Auckland,⁴⁶ which was created with the objective of using funds from its investments to address Auckland's problems in relation to transport and stormwater.⁴⁷ It made available a \$150 million notional allocation for stormwater capital works, targeted at improving stormwater quality.⁴⁸ Territorial authorities were able to apply to Infrastructure Auckland for funding, and by May 2004, it had approved \$40 million in grants for stormwater management projects.⁴⁹

26.102 In February 2004, a PriceWaterhouseCoopers report highlighted the inadequacy of the remaining Infrastructure Auckland funds to address stormwater issues.⁵⁰ It recommended that Infrastructure Auckland should retain its holding of funds to leverage a larger capital fund. It also recommended implementing a charge on impervious surfaces, supplemented by an allocation of road user charges.⁵¹

26.103 In March 2004, Infrastructure Auckland engaged Boston Consulting Group to work with the ARC and the territorial authorities to develop a more effective way to use the remaining stormwater funds to address regional water quality issues.⁵² The report concluded that there would be insufficient funds to address these issues over the next 20 years, and placed a strong emphasis on the need for regional planning and leadership in this area.⁵³ It also recommended the implementation of targeted rates for stormwater, and suggested that the region should pursue additional funding sources for capital works. It suggested petrol taxes, emissions charges, or roading charges, because of the link between road runoff and stormwater contamination.⁵⁴

45 PriceWaterhouseCoopers, Infrastructure Auckland and the Auckland Region's Territorial Authorities, *Funding Auckland Regional Stormwater: An Options Analysis*, p. 52.

46 Infrastructure Auckland was created on 1 October 1998. It performed two distinct functions: first, it managed the region's investments in Ports of Auckland Ltd, America's Cup Village Limited, Northern Disposal Systems Ltd and its Treasury Fund; and second, it funded infrastructure projects in the region by way of grants generated through its revenue and capital base – although it was required to use income in preference to capital.

47 PriceWaterhouseCoopers, Infrastructure Auckland and the Auckland Region's Territorial Authorities, *Funding Auckland Regional Stormwater: An Options Analysis*, p. 18.

48 Ibid., p. 46.

49 The Boston Consulting Group, Infrastructure Auckland and Auckland Regional Council, *Auckland Regional Stormwater Project: An Action Plan to Deliver Improved Stormwater Outcomes*, p. 7.

50 PriceWaterhouseCoopers, Infrastructure Auckland and the Auckland Region's Territorial Authorities, *Funding Auckland Regional Stormwater: An Options Analysis*, pp. 49–50.

51 Ibid., p. 49.

52 The Boston Consulting Group, Infrastructure Auckland and Auckland Regional Council, *Auckland Regional Stormwater Project: An Action Plan to Deliver Improved Stormwater Outcomes*, Auckland, May 2004.

53 Ibid., Executive Summary pp. 3–6.

54 Ibid., p. 41.

26.104 Currently, issues relating to stormwater funding are still largely unresolved, and the Commission understands that at least some of the Infrastructure Auckland funds earmarked for stormwater issues were not used for that purpose. In some areas, such as Auckland City, major investment is required.

26.105 Stormwater is also an area in which close cooperation is needed between industry participants. For example, Metrowater is currently separating many of the combined wastewater/stormwater pipes in Auckland City into dedicated stormwater and wastewater systems. Keeping stormwater out of the wastewater system will reduce the number of wastewater overflows.

26.106 However, because all the pipes form part of one interconnected network such changes need to be managed carefully. Watercare needs, and has planned for, a certain amount of stormwater to dilute the wastewater it receives at the Mangere Wastewater Treatment Plant. (Also, the high level of toxic pollutants in some stormwater – particularly runoff from major roads – means that it is inappropriate for it to be flushed into natural waterways and out to sea without being treated first.)

26.107 In some cases, a more cost-effective solution to the problem of wastewater overflows is not separation of the wastewater and stormwater networks, but increasing the overall holding capacity of the system so that it does not overflow during high rainfall events. Investing in off-site holding facilities for wastewater and stormwater would enable more efficient use of the Mangere Wastewater Treatment Plant by giving greater control over its throughput at any given time. It would even out the peaks and troughs, but increase the overall average. This illustrates the importance of managing the system as a regional network.

26.108 One facility that will contribute to the holding capacity of the network is already under construction at Hobson Bay. During the design of this project, Watercare concluded that a 3.4 m diameter tunnel would be sufficient to meet regional overflow guidelines. However, through joint planning with Metrowater it was identified that building a larger, 3.7 m diameter tunnel would provide cost savings to the region of approximately \$35 million, because the additional cost of the larger tunnel would be more than offset by reductions in expenditure required by Metrowater/Auckland City in relation to sewer separation.⁵⁵ This is an example of successful voluntary industry cooperation.

26.109 Another, larger project for the construction of a “central interceptor” holding facility with significant capacity has been agreed to, in principle, by all industry participants. The more difficult issue of its funding (which will exceed \$1 billion) is unresolved, however, highlighting the limitations of voluntary cooperation as a means of decision making.

26.110 The governance of stormwater systems is fairly complex. On the one hand, stormwater forms part of the overall water cycle and needs to be considered together

55 The capital investment required would be reduced in respect of sewer separation works, inflow and infiltration reduction works, local wastewater storage facilities, and stormwater infrastructure upgrades.

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with drinking water and wastewater. (In some cases, stormwater and wastewater even flow through the same pipes, mixed together.)

26.111 On the other hand, in many cases stormwater issues such as flooding and erosion are highly localised, and stormwater management is linked closely with open space management and land use. The submission from Rodney District Council said,

Stormwater has different characteristics from those of water supply and wastewater. Typically it is closely connected to land use and development, is handled through a mixture of piped networks and open channels and there is greater public interface. Spending and capital projects tend to be discretionary also.

Because of the link to land use and development, meaning that stormwater problems can be improved or worsened by land use decisions, and because flooding issues are mostly highly localized, we consider that stormwater should continue to be the responsibility of territorial authorities.⁵⁶

Investment in infrastructure and demand management

Relationship between demand management and infrastructure costs

26.112 Most of the costs of water supply and disposal are tied up in infrastructure networks. Building new pipes, dams, and treatment plants may meet demand, but this can also have lasting negative effects on the environment. It also involves significant cost.

26.113 International priorities in water management planning are shifting from managing supply to managing demand and catchment management planning. The change in approach recognises that existing resources need to be better managed, with more efficient use of resources and less waste.

Auckland's water use

26.114 In New Zealand's climate, we need a mere two litres of drinking water each day to keep us alive and healthy.⁵⁷ In Auckland we have water networks that deliver, on average, over 300 litres per person per day of potable water (see Figure 26.1). This usage is fairly moderate by international standards,⁵⁸ but there is room for further reduction.

26.115 In the late 1980s and early 1990s, per capita water consumption dropped. This occurred as a result of drought, the relocation of high water users such as meat works and other manufacturing industry outside the Auckland region, and the introduction of universal metering/volumetric charging. Since that time, overall water consumption per person has been relatively stable.

56 Submission to the Royal Commission on Auckland Governance from Rodney District Council, p. 19. (All submissions are available at www.royalcommission.govt.nz.)

57 Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, Wellington, June 2000, p. iii (summary available at www.pce.govt.nz).

58 *Three Waters Final 2008 Strategic Plan*, Watercare Services Limited, p. 50.

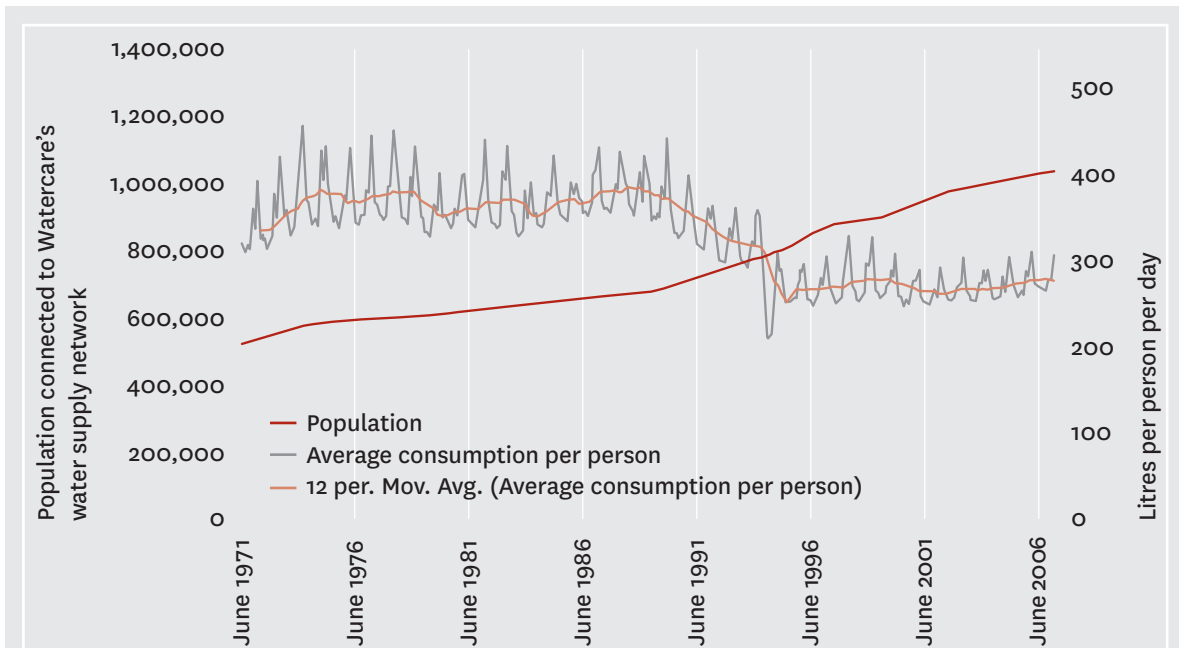


Figure 26.1 Population and average gross consumption of water per person per day

Source: Auckland Water Industry Annual Performance Review 2006/2007.

Demand management tools

26.116 In the Auckland region water is metered, and the charges customers pay for reticulated water are based on the amount of water actually consumed. This is one way of encouraging consumers to be mindful of the amount of water they use. According to a report of the Parliamentary Commissioner for the Environment, “there is substantial evidence that metering leads to a marked and sustained reduction in both peak demand and annual usage. Typically in New Zealand, reductions in annual use following the introduction of metering are at least 15% as demonstrated by Auckland City Council and Tasman District Council.”⁵⁹ Where metering and volumetric charges have been introduced both within New Zealand and elsewhere, peak demand has been reduced consistently by between 20% and 40%.⁶⁰

26.117 Besides metering and flow-based charging, there are a number of other methods of managing demand including

- water audits for large users

59 Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, p. 25.

60 New Zealand Water & Wastes Association, “Managing domestic water demand – the case for metering and volumetric charging”, media release, 22 December 2008, p. 1 (available at www.nzwwa.org.nz/comment_and_submissions.html#mediareleases, accessed March 2009).

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- reducing leakage
- managing water pressure
- encouraging conservation through communication and education
- using rainwater tanks and/or locally treated wastewater, especially for non-drinking water purposes such as toilet flushing or garden watering
- using surface runoff and grey water for irrigation
- using treated wastewater for certain industrial uses
- promotion of efficient appliances and systems
- pricing mechanisms such as block tariffs and volumetric charging for wastewater, as well as water.

26.118 International trends favour more stringent building regulations to help reduce water demand in the home. For example in Australia, Victoria was the first state to implement a national efficiency standard (the 5 Star Standard) in its building regulations.⁶¹ Since July 2005, all new houses and apartments in Victoria have had to meet the 5 Star Standard energy efficiency and water management requirements. The 5 Star Standard requires

- 5 Star energy efficiency for the building fabric
- water-efficient taps and fittings
- either a rainwater tank for toilet flushing or a solar hot water system.⁶²

26.119 From 1 May 2008, the 5 Star Standard was extended to apply to all relocated homes and alterations to existing homes.⁶³ (Only partial compliance is required for some smaller-scale renovations.)

26.120 According to the Victorian Building Commission, residents who install a rainwater tank use 20% less reticulated drinking water.⁶⁴ The use of rainwater tanks also reduces the volume of stormwater runoff from roofs.

Current demand management initiatives

26.121 The 2004 Auckland Water Management Plan “From the Sky to the Sea”, (a joint initiative by Watercare, the ARC and the six local network operators), set out an agreed approach to water efficiency for the region.⁶⁵ This is not proving successful. The objective

61 What you need to know about – 5 Star for new houses, home renovations and relocations, Building Commission, Victoria, Australia, March 2008, p. 2 (available at www.buildingcommission.com.au, accessed March 2009).

62 Ibid., p. 3.

63 Ibid., p. 3.

64 Ibid., p. 3.

65 *From the Sky to the Sea*, Auckland Water Management Plan by the region’s water authorities, Auckland, 2004, p. 12 (available at www.watercare.co.nz, accessed March 2009).

was to reduce per capita water demand by 5% over 20 years. A review of the Plan was carried out in late 2006, and showed that per capita consumption had increased slightly, not decreased.⁶⁶

26.122 Watercare’s strategic performance objectives, set out in its statement of intent, require it to promote conservation of the region’s water resources.⁶⁷

26.123 As discussed in paragraphs 26.79–26.81, the Three Waters Final Strategic Plan, published in December 2008, proposes

- (a) a per person demand reduction of 15% of 2004 levels by 2025
- (b) meeting 10% of total demand by using treated wastewater and stormwater.

26.124 Regional priorities for demand management include the completion of a household study on residential water use, continued leakage reduction, initiatives for industrial water efficiency, formulation of pricing strategies that would reduce waste, and promotion of water-efficient appliances and systems.⁶⁸

Potential cost-savings

26.125 One of the largest potential efficiency gains to be realised in the Auckland water services industry is through demand reduction, leading to a slower rate of investment in new major capital expenditure. If the Auckland region were able to achieve 15% reduction in water demand and 10% beneficial use of stormwater and treated wastewater by 2025 as proposed in the Three Waters plan, the next major upgrade of the Waikato River source (requiring full duplication of the existing system including a new intake and raw water main, a new treatment plant, and a new treated water pumping station and pipeline into Auckland costing about \$300 million) could be postponed from 2026 to around 2046. (See Figure 26.2.)

Effect of integration

26.126 A crucial issue for the Commission to determine is whether it would be easier to monitor and regulate demand if water services planning and delivery were undertaken by a single entity (this is discussed further under the heading “Integration”).

26.127 There are differing views on this. For example, the Commission received a well-researched submission from Waitakere City Council opposing vertical integration of the water industry on the basis that (amongst other things) it would work against demand

66 *Three Waters Final 2008 Strategic Plan*, Watercare Services Limited, p. 55.

67 Watercare Services Limited, *Statement of Corporate Intent for the three year period commencing 1 July 2008*, Auckland, 2008, p. 4, (available at www.watercare.co.nz, accessed February 2009).

68 The agreed regional priorities are set out in Watercare’s December 2008 Asset Management Plan, p. 25 (available at www.watercare.co.nz, accessed March 2009).

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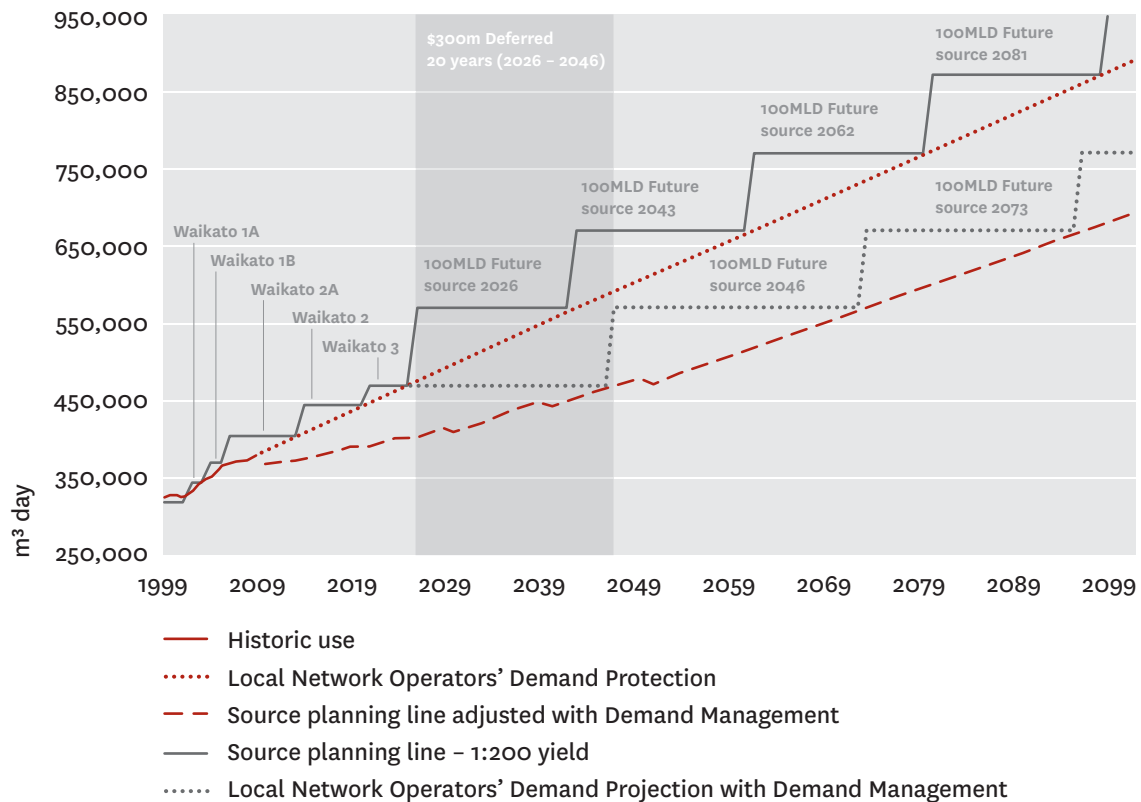


Figure 26.2 Water demand table

Source: Watercare Services Limited.

management.⁶⁹ The submission identified two paradigms of water management that are prevalent worldwide:

- **Predict and provide:** This has been the dominant model over the past 100 years in an environment where supply was relatively unconstrained. It is based on projecting demand by looking at past trends and lifestyles, and building capacity to deliver to that projected demand. This model leads to large-scale, capital-intensive infrastructure solutions.
- **Sustainable use:** This model is based on understanding the ecology of water resources as complex systems with multiple sources, multiple demands, multiple impacts and constraints. This model tends to lead to smaller-scale, locally sensitive responses to both the supply and demand of water consumption. It is the underlying paradigm informing integrated water resource management (“IWRM”).⁷⁰

69 Submission to the Royal Commission on Auckland Governance from Waitakere City Council, p. 29. This submission is discussed further in paragraphs 26.151–26.155.

70 Integrated water resource management was adopted as best practice in 1992 by the United Nations Conference on the Environment in Rio de Janeiro and has been re-endorsed by every international UN conference on water since then (information supplied to the Royal Commission by Waitakere City Council).

26.128 The Commission needs to ensure the governance structures for Auckland’s water services industry reinforce and support the paradigm shift away from “predict and provide” to “sustainable use”.

26.129 Some people consider that it would be easier for a single, regional body to manage the water cycle sustainably, treating it as one interconnected network and promoting demand management consistently across the region. The Commission agrees with this view.

Pricing

26.130 Water and wastewater affordability for households is an indicator which is increasingly being examined internationally.⁷¹ In the Auckland region, the average annual residential water and wastewater bill of \$670 represents 0.8% of the total average household income before tax.

26.131 In real terms, water and wastewater charges have remained fairly constant in recent times. In fact, from 1999 to 2006/07 there was an effective (real) price decrease of 8% across the region. The Consumers Price Index increase from 1999 to 2006/07 was 18.7% and the cost increase in the weighted average standard residential water and wastewater bill was 10.7% over the same period.⁷² (See Figure 26.3.)

26.132 Water prices are now increasing in real terms, however, as a result of ongoing increases in the cost of planned maintenance, chemicals, energy, capital expenditure, and the cost of providing for growth in the Auckland region. Future water and wastewater costs are expected to exceed the rate of inflation.⁷³

26.133 Water is an essential service, which must be made available to all residents in the Auckland region regardless of income. Water affordability will need to be monitored closely no matter what sort of governance structures are implemented.⁷⁴

71 Water affordability is used as a key indicator for sustainable development in the United Kingdom.

72 Auckland Water Group, *Auckland Water Industry Annual Performance Review 2006/07*, p. 37 (available at www.aucklandcity.govt.nz/council/documents/awireview, accessed February 2009).

73 Watercare Services Limited, *Annual Report 2008*, p. 55 (available from www.watercare.co.nz, accessed February 2009).

74 In its statement of intent July 2008 to June 2011 at p. 5, Metrowater has an annually monitored target that a household water bill remains less than 2% of average household income (see www.metrowater.co.nz).

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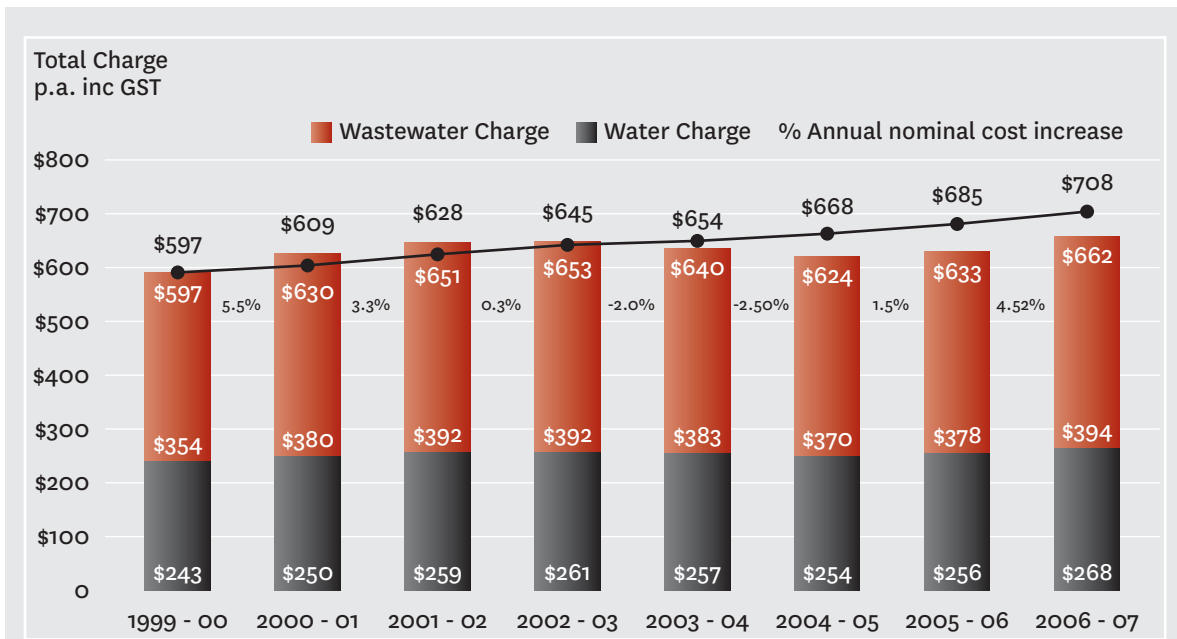


Figure 26.3 Weighted average costs for standard residential users of water and wastewater

Source: Auckland Water Industry Annual Performance Review 2006/2007 (prepared by North Shore City Council).

Māori issues

26.134 Māori have always valued water for practical purposes such as drinking, mahinga kai,⁷⁵ transportation, and irrigation.⁷⁶ Water is also a tāonga⁷⁷ and is central in ritual and healing processes.⁷⁸

26.135 Māori distinguish between seven different categories of water. In the context of claims before the Waitangi Tribunal, and other environmental management cases, the mixing together of different types of water has been a major concern. Practices such as diverting and combining waters from different sources or catchments, or discharging water that contains or has contained human, animal, toxic or industrial wastes into another body of water, both degrade and damage the mauri⁷⁹ of the water, and are offensive to Māori.⁸⁰ Māori believe that waters containing wastes and pollutants should be discharged onto the land for proper purification by Papatūānuku.⁸¹

75 Mahinga kai – places where food and other resources are traditionally gathered.

76 Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, p. 11.

77 Tāonga – valued resources, assets, prized possessions both material and non-material.

78 Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, p. 11.

79 Mauri – essential life force, the spiritual power and distinctiveness of each person and object.

80 Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, p. 11.

81 Papatūānuku – the ancestral elemental Mother, the earth, the land.

26.136 As noted above, Watercare has a Māori Advisory Group, which was established to provide independent advice to Watercare’s management on activities that affect mana whenua. The Māori Advisory Group consists of individuals who meet the following criteria:

- iwi⁸² affiliation within the Watercare operational area
- knowledge of tikanga Māori⁸³
- knowledge of Resource Management Act processes
- knowledge of water-related issues
- knowledge of their geographical area.

26.137 Currently, the Māori Advisory Group comprises representatives from Ngāti Whātua, Ngāti Pāoa, and Tainui.

26.138 The Commission received at least one comment expressing the view that while it is positive that this advisory group has been established, it needs to be strengthened to ensure Māori concerns are given appropriate consideration. The Commission agrees with this view, as discussed in paragraphs 26.208–26.210.

Environmental issues

26.139 Some of Auckland’s most valuable assets are its beautiful harbours, beaches, rivers, and streams. Aucklanders value being able to swim, play, fish, and collect food in and around our waterways. Clearly, it is incumbent on the citizens and leaders of the region to maintain and enhance its environmental integrity for the future.

26.140 Discharges and overflows from wastewater systems, and polluted stormwater entering waterways, all have adverse environmental effects on Auckland’s water system.

26.141 Climate change may worsen the situation. High rainfall events put pressure on stormwater systems, causing flooding and erosion.⁸⁴ They also cause stormwater and groundwater to infiltrate wastewater systems, resulting in overflows. Drought has obvious negative impacts. In addition, there is a strong relationship between air temperature and demand for water.⁸⁵

26.142 The ARC controls the discharge of contaminants into water through the issue of resource consents. It also undertakes investigations and monitoring of the impact of stormwater quality in the Auckland region, and undertakes a programme of monitoring coastal receiving waters in Auckland urban areas. As discussed in paragraph 26.100,

82 Iwi – tribal grouping.

83 Tikanga Māori – customary correct way of doing things, traditions.

84 *Three Waters Draft Strategic Plan Discussion Version*, Watercare Services Limited, p. 21. Work undertaken by North Shore City Council suggests a wet weather wastewater overflow occurring once a year at present could occur twice as often in the future.

85 *Ibid.*, p. 21.

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the effects of contamination of the region's harbours are now difficult to reverse, and even maintaining current quality levels will require a significant increase in stormwater investment.

26.143 The Commission understands that the Government is proposing to expand the existing Environmental Risk Management Authority into an environmental protection agency with increased responsibilities, including developing national policy statements and national environmental standards.

Integration

26.144 The Commission received a number of submissions suggesting that all water services in the Auckland region should be delivered by one, fully integrated regional entity. The reasons given included gaining operating cost savings through efficiency and economies of scale, better decision making, consistency of standards for design and construction (for example, a single software application to model all networks), and ability to focus on the bigger issues such as demand management.

26.145 In the Commission's view, the industry should be integrated if that would lead to appropriate environmental management, better demand management, and cost savings. These three considerations were the main focus of the Commission's inquiry.

26.146 As noted above, the Cap Gemini Ernst & Young report "Reducing Costs by Amalgamation" (2000) concluded that integration would lead to annual cost savings of around \$9.9 million.⁸⁶

26.147 Some of these cost savings would be in relation to operating expenditure, for example reducing duplication in areas such as billing, geographical information systems, call centres, and management structures.

26.148 However, the most significant cost savings would be likely to arise in relation to capital expenditure, not operating expenditure. If a single entity controlled the entire network, it could plan much of its capital expenditure more effectively. For example, if the bulk water supplier were also responsible for the relationship with customers and had direct control over the various factors which impact on water demand, it would be in a better position to plan and predict future water requirements and the capital expenditure required.⁸⁷

26.149 The most obvious disadvantage of integration is that it would concentrate monopoly power.

26.150 Of course, even under the current regime, most users do not have the option of switching between water service providers – each local network operator has an effective

86 Cap Gemini Ernst & Young, *Reducing costs by amalgamation*, report for Auckland Water Steering Group, p. 5.

87 *Ibid.*, p. 67. The Cap Gemini Ernst Young report reinforced the benefits of unified asset and investment planning to optimise savings on capital expenditure.

monopoly within the particular part of the Auckland region it services. Although it is possible (to some extent) to compare and contrast the performance of the different local network operators, it is unlikely their effective monopoly status affects pricing.

26.151 The Commission received a detailed submission from Waitakere City Council, which suggested a number of other potential disadvantages arising from vertical integration.⁸⁸ These included

- claims of cost efficiency through vertical integration are mostly unsubstantiated with savings unlikely to be achieved – increased efficiency in administration and maintenance functions is not guaranteed
- the vertical integration of water would result in a loss of market tension between the wholesale provider and retailers (although the Commission notes that whether this tension has a competitive effect is questionable)
- a larger, more centralised entity would be more distant from local democratic control, resulting in a loss of community focus and engagement – large entities with a single focus do not have the culture, competencies, or closeness to achieve conservation-focused demand management
- a larger, more centralised entity would be more likely to implement capital-intensive solutions, rather than small-scale, diverse, and community-based solutions that follow best international practice for sustainability (IWRM, described below)
- vertical integration is unlikely to address the key issues associated with land use planning and stormwater management (although the Commission observes that neither do present arrangements).

26.152 The Commission does not accept the view of the Waitakere City Council for reasons set out in other parts of this chapter. The Commission has given particular consideration to the assertion that integration would hinder the adoption of IWRM, which is regarded internationally as representing best practice for the industry, particularly from an environmental perspective. There are suggestions in the literature that IWRM requires a decentralised approach:

IWRM ... also seeks to introduce an element of decentralised democracy into how water is managed, with its emphasis on stakeholder participation and decision making at the lowest appropriate level.⁸⁹

26.153 However, there is no specific IWRM blueprint or model – rather, it is a system to be tailored to particular circumstances. It could be implemented at a regional level, and there may be benefits in doing so. A regional body with responsibilities across all

88 “Vertical Integration: Three Waters and Sustainable Catchment Management”, information supplied to the Royal Commission on Auckland Governance by Waitakere City Council, April 2008, pp. 4-5.

89 See Integrated Water Resource Management website at www.archive.cap-net.org (accessed March 2009).

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the three waters is well placed to take a broader, holistic view of the “water cycle” as an interconnected system.

26.154 The Parliamentary Commissioner for the Environment has commented that one of the specific environmental issues that needs to be addressed in relation to New Zealand’s urban water systems is

the lack of integrated management of catchments, wastewater and stormwater, eg total water cycle planning and integrated water supply, wastewater and stormwater.⁹⁰

26.155 He went on to say,

Successful long-term management of the urban water system will require integrated management of water services ... Solutions are needed to support more efficient resource use and to recognise the important linkages between the different water service components of water supply, treatment, use, and disposal of wastewater and stormwater. The water service supply and disposal components cannot be considered as separate entities and split like the electricity and gas generation, distribution and retail networks if the services are to be ecologically and economically robust and socially just.⁹¹

Proposed organisational structure

26.156 Some submitters suggested that in order to ensure the greatest possible accountability, the regional tier of council (that is, as proposed, the elected Auckland Council) should take direct responsibility for supplying water services in the Auckland region rather than employing a CO or CCO structure.

26.157 On the other hand, some submitters suggested that a CO or CCO structure would lead to better decision making in a “long-term” industry such as the water services industry, especially in relation to decisions about investment in infrastructure. It was suggested that these decisions need to be taken at some distance from the political whims of the day; the short electoral term means that there is a fairly constant “churn” of elected representatives.

26.158 One option would be for Watercare to expand its operations, and to provide retail water services as well as bulk water and wastewater services across the region. A number of submitters indicated that they thought Watercare was functioning well.

- [Watercare has] a record of achieving sustainable development and a robust system of accountability in the form of quadruple bottom line reporting to stakeholders.⁹²

90 Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, p. 18.

91 Ibid., p. 31.

92 Submission to the Royal Commission on Auckland Governance from the Property Council New Zealand, p. 56.

- Watercare delivers required outcomes efficiently and is considered to be one of the more effective of the Auckland entities ... However, it is difficult to measure cost effectiveness.⁹³

26.159 However, if Watercare were to provide retail water services as well as its current services this would involve a major “scaling up” of its operations. At the moment, it supplies bulk water to six customers and has around 600 trade waste customers. There would be significant organisational changes required for Watercare to provide retail water and wastewater services to hundreds of thousands of customers across the Auckland region.

Performance oversight

26.160 Some industry reports have suggested that if the water services industry were to be integrated, an independent regulatory body should also be established to offset the concentration of monopoly power.⁹⁴

26.161 It has been suggested that regulation would be truly effective only if an informed regulatory body had price-setting or price-capping powers, rather than merely advisory powers.⁹⁵

26.162 One disadvantage of a price-based system of regulation, however, is that it can sometimes remove the incentive for suppliers to invest in maintaining and improving infrastructure. Suppliers may try to keep costs as low possible by cutting corners in areas such as customer service and maintenance. Another disadvantage is that if a price cap is imposed, actual pricing can often tend to match or closely approach that cap, regardless of other market factors. It would also be very difficult for the independent regulator to set or adjust prices appropriately in the absence of any direct comparators.

26.163 Another possible form of regulation is a rate-of-return model, in which the prices charged are based on the actual costs incurred, plus a certain profit margin or rate of return.

26.164 The advantage of this model is that it does not encourage suppliers to skim on areas such as the quality of service provided or investment in infrastructure. On the other hand, it may encourage suppliers to move too far in the other direction, as it

93 Submission to the Royal Commission on Auckland Governance from the Employers and Manufacturers Association (Northern), Appendix 5.

94 The “Final Report of the review by LEK Partnership and Northington Partners Report on the Structure of the Auckland Water Industry” (1995) recommended regulation should be based on a “light handed” approach with implementation through a review by the Ministry of Commerce involving an “expert auditor” to assess performance and fair customer contracts to cover service standards and delivery. The CS First Boston Report (1995) recommended any market power problems caused by monopolisation should be regulated through a light-handed regulatory regime relying on the Commerce Act and information disclosure requirements.

95 The options for regulation are set out in the findings and recommendations to councils arising from the *Auckland Region Water, Wastewater and Stormwater Review*, March 2002, p. 29.

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does not reward efforts to improve efficiency. Infrastructure managers are more likely to face adverse consequences from service failure than from substantial cost overruns (the causes of which are less apparent). This can result in utilities “gold-plating” their systems.⁹⁶

26.165 A third possible model is a “light-handed” approach based on, for example,

- the establishment of a region-wide customer service charter
- performance monitoring through a rigorous statement of corporate intent
- mandatory disclosure of certain information, such as asset management plans, leakage rates, and response times to customer queries and complaints (the type of information currently published voluntarily in the annual Auckland Water Industry Annual Performance Review)
- the establishment of an independent Auckland Services Performance Auditor, with responsibility for monitoring the performance of the industry and providing information to the public and other interested parties.

26.166 There are also international benchmarking models which can help assess performance. Watercare has adopted an annual benchmarking framework developed by the Water Services Association of Australia, which compares four aspects of the business (civil maintenance, mechanical and electrical maintenance, customer service, and asset management processes) on a four-yearly rotation. Watercare’s statement of corporate intent requires it to achieve upper quartile ranking against its peers through this benchmarking process, which it has achieved.

26.167 In 2008, the Water Services Association of Australia combined with the International Water Association in benchmarking water companies not just in Australia and New Zealand, but also the United States, Singapore, Hong Kong, and the Middle East. The Commission was advised that interim results demonstrate that Watercare’s performance place it in the top 10% of companies benchmarked for its approach to the forward planning, acquisition, operation, maintenance and replacement, and rehabilitation of assets.

26.168 One example of a highly regulated water industry is in Britain, where the water market is fully privatised. The regulatory body, the Office of Water Services, compares and contrasts the results of different water companies, and requires poorly performing suppliers to do better. In addition, large water customers (users of more than 50 million litres per year) have the option of choosing their water supplier from a range of companies.

96 National Economic Research Associates, *Rationalisation Options Study: A Report for Auckland City and Metrowater*, Sydney, December 2003, p. 9.

Commission's views

Integration of drinking water and wastewater services

26.169 The Commission considers that it is essential to have an integrated approach to planning and investment in infrastructure at the regional level. Accordingly, it considers that the Auckland Council should have overall responsibility for setting policy relating to the three waters. The Auckland Council will be well placed to take an overview of how land use, transport, and other interventions impact on the three waters.

26.170 The Commission considers that (subject to certain limited exceptions⁹⁷) all water and wastewater services in the region should be provided by a single council-controlled organisation owned by the Auckland Council.

26.171 The Commission believes that these arrangements will lead to better demand management, better environmental management, and cost savings.

Demand management

26.172 The Parliamentary Commissioner for the Environment has identified the current fragmentation of the industry as an impediment to demand management:

Where there is a wholesaler/retailer split in water services as in Auckland, the absence of a requirement to undertake demand management at both regional and territorial level means that demand management can be given a lower priority except in times of drought. This represents a lost opportunity to increase the overall efficiency of the water system.⁹⁸

26.173 Certainly, demand management initiatives are not proving to be successful under the current fragmented industry structure. Leaving demand management in the hands of retailers, be they independent commercial entities (such as United Water), CCOs (such as Metrowater), or local authorities themselves – all of which benefit from the profits of water supply – creates conflict between the application of demand management tools and the desire to maximise profits.

26.174 The Commission believes that if a single entity were responsible for the supply of both bulk and retail water and wastewater services, demand management targets are much more likely to be achieved. One reason for this is that capital works relating to water supply and disposal will be funded by the same entity that sells the water and disposes of it, so there will be financial incentives to keep demand within steady, planned parameters.

⁹⁷ The Auckland Council will decide whether the CCO will service rural areas such as the Franklin and Rodney Districts (see paragraph 26.181). Also, Papakura District Council has entered into a long-term contract with a private water services company (United Water) and that agreement will remain in place (see paragraphs 26.44–26.47 and 26.189–26.190).

⁹⁸ Office of the Parliamentary Commissioner for the Environment, *Ageing Pipes and Murky Waters: Urban water system issues for the 21st century*, p. 32.

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26.175 In light of the importance of demand management, and the financial and environmental implications it has for the region, the Commission recommends that the region's water services provider should be required by legislation to promote demand management.

Environmental management

26.176 Better demand management will, in itself, have positive environmental effects. These include a reduced water take, reduced use of electricity for pumping water, reduced use of chemicals for treating water, less construction of capital works such as dams, and less wastewater to be treated and discharged into the environment.

26.177 In making Watercare a part of the Auckland Council, it is necessary to ensure that environmental concerns are properly addressed. There will be a separate committee and cost centre to deal with regulatory issues. It will be important, as well, that there be a code of conduct advising councillors on the appropriate limits of interference with the regulatory role of the Auckland Council. Additionally, in this instance there will be separation between Watercare as a CCO and the environmental regulatory functions of the Auckland Council.

26.178 The Commission considers that Watercare's Environmental Advisory Group should remain in place.

Cost savings

26.179 The Commission also expects that integration will give rise to efficiencies. Better demand management will lead to opportunities to defer investment in infrastructure, and integrated planning in relation to infrastructure investment will result in available capital being applied in the most effective manner.

26.180 Duplication in management structures, billing, asset management and network control systems, call centres, and information and communication technologies systems will also be eliminated. Operating efficiencies will be gained through integrated master planning, and shared services (with Auckland Council) and purchasing.⁹⁹

Franklin and Rodney Districts

26.181 The Commission considers that the Auckland Council should decide whether the more rural areas of Franklin and Rodney should be included in the regional arrangements – that is, whether, or to what extent, homes and businesses in those areas should have their water and wastewater services provided by Watercare.

99 The potential efficiencies are set out in Chapter 32, "Achieving a High-Performance Council", and the Taylor Daignan Barry financial report, *Financial Analysis: Re-organisation of the Councils in the Auckland Region* (appended as Appendix B, pp. 746–776).

Corporate structure

26.182 The Commission considers that the region’s water and wastewater service provider should be operated as a CCO, with expert directors. The Auckland Council should make decisions on policy objectives and provide strategic direction.

26.183 The water industry involves long-term planning and investment decisions. These decisions should be made by Watercare’s board within the overall policy and financial framework adopted by the Auckland Council.

Watercare Services Limited

26.184 The Commission considers that Watercare is the obvious choice as a vehicle to provide water and wastewater services to the Auckland region. Watercare already has regional functions and appears to be operating well under current arrangements.

26.185 The Commission recommends that Watercare should continue to control the regional dams, weirs, bulk water and wastewater reticulation and treatment systems. Subject to any exceptions determined by the Auckland Council, Watercare should have new statutory rights to control all water assets and operations,¹⁰⁰ wastewater assets and operations,¹⁰¹ and retail assets and functions within the Auckland region.¹⁰² Inevitably, it will also have some responsibility for stormwater given that many of the wastewater pipes in Auckland City also carry stormwater.

26.186 In common with all other asset transfers, no question of payment will arise (see Chapter 20, “Funding and Financial Management Arrangements”).

Scaling up

26.187 In order for Watercare to take over the supply of retail water services in addition to its current operations, significant changes will be required. At present, it has only a few, large customers (the six water retailers and some trade waste customers). Under the proposed arrangements this would increase to hundreds of thousands of customers across the region with the related complexity of managing customer enquiries, metering, billing, collections, and communication.

26.188 The requisite scaling up will be a complex task, which is likely to involve a transition period of at least 12 months. This is an area that will require close attention by the Establishment Board (see Chapter 33, “Managing the Transition”). The Commission envisages that the Establishment Board will take an oversight role in relation to the integration of retail water suppliers into Watercare, providing such assistance as

100 Including pump stations, reservoirs, transmission mains, and “small bore” distribution network, telemetry systems and meters.

101 Including collection and storage assets, reticulation systems, trade waste regulation and management, and wastewater treatment plants at Rosedale, Army Bay, and Kawakawa Bay.

102 Including appropriate information and communications technology systems, billing systems, metering systems, and call centres.

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necessary to the Watercare Board and chief executive through the Transition Management Group (see Chapter 33, paragraph 33.55).

Relationship with United Water

26.189 The Commission received a submission from Papakura District Council noting that any transition to an integrated provider would require careful negotiation with existing suppliers. Naturally, this issue is of particular importance in Papakura because in 1997 the Papakura District Council entered into a 30-year contract with a private water company, United Water. This contract includes a 20-year right of renewal.

26.190 The Commission expects that, for the time being at least, the long-term contractual arrangements entered into between United Water and Papakura District Council will remain in place. It will be a matter of commercial negotiation between Watercare and United Water whether Watercare will take over retail water services in Papakura District before the end of United Water's contractual term.

Ownership and governance of Watercare

26.191 Currently, Watercare is owned by six territorial authorities in various shares. As noted above, the Commission recommends that in future it should be owned by the Auckland Council and operated as a CCO.

26.192 At present, Watercare is a CO, but there are a number of Watercare-specific provisions in the Local Government Act 1974 that require it to operate in a way that gives it greater similarities to a CCO than a CO.¹⁰³ For the sake of consistency and simplicity, the Commission recommends that, under the new arrangements, Watercare operate as a CCO.

26.193 The Auckland Council, with advice from an independent Appointments Advisory Panel¹⁰⁴ would be responsible for appointing the board of directors and setting Watercare's statement of corporate intent. The Shareholders' Representative Group would no longer be required.

26.194 The Commission envisages that the policy decisions to be made by the Auckland Council and agreed with Watercare's board for inclusion in the statement of corporate intent, will include matters such as

- any pricing targets (such as the "CPI-x" model adopted by Watercare in the past¹⁰⁵ – this sort of target is likely to be particularly applicable in the period after

¹⁰³ Local Government Act 1974, Part 44C, sections 707ZZZR–707ZZZS.

¹⁰⁴ See further discussion in Chapter 21, "Council Organisations and Council-Controlled Organisations".

¹⁰⁵ CPI-x is an incentive-based form of price/revenue control. Changes in price or revenues of controlled goods or services are limited to the increase in a general price index, such as the Consumers Price Index ("CPI"), minus a factor (x) determined by either the board of a public good company or a regulatory authority (such as the Commerce Commission), in order to reflect anticipated efficiency gains or productivity growth which will lower the cost of producing the regulated goods and services.

For six years from 1 July 2001, Watercare implemented a voluntary CPI-x price regulation. This initiative was proposed by Watercare's management and endorsed by its board. A CPI-x pricing regulation system also applies in the United Kingdom, although it is imposed by a regulator rather than being implemented voluntarily. The regulatory authority, Office of Water Services, sets the efficiency factor "x".

amalgamation, when it should be possible for significant efficiency gains to be realised)

- efficiency targets in relation to unit costs (for example, labour and capital productivity, unit costs of outputs)
- the relevant “drought standard”
- credit rating targets
- water quality targets (within the parameters permitted by the Health (Drinking Water) Amendment Act 2007)
- policy guidelines for ameliorating the financial impact of water pricing on vulnerable customers
- demand management targets
- IWRM principles
- customer satisfaction surveys.

26.195 The Commission believes that it is important that all assets relating to Auckland’s water services remain in public ownership. Section 130(3)(a)–(c) of the Local Government Act 2002 provides that a local government organisation must not

- use assets of its water services as security for any purpose
- divest its ownership or other interest in a water service except to another local government organisation
- lose control of, sell, or otherwise dispose of, the significant infrastructure necessary for providing water services in its region or district, unless, in doing so, it retains its capacity to meet its obligations.

26.196 These provisions should continue to apply.

Stormwater

26.197 Stormwater services are complex and involve different considerations from those of water and wastewater. At present, the region is lacking a definitive, detailed plan for stormwater management.

26.198 The Commission agrees with the conclusion reached by the Boston Consulting Group that regional leadership and coordination, along with local implementation, are integral to successful stormwater management.¹⁰⁶

26.199 The Commission recommends, therefore, that the Auckland Council should be responsible for stormwater policy and setting regional priorities, and determining the extent to which responsibilities for the delivery of stormwater services should be shared

¹⁰⁶ The Boston Consulting Group, Infrastructure Auckland and Auckland Regional Council, *Auckland Regional Stormwater Project: An Action Plan to Deliver Improved Stormwater Outcomes*, Auckland, May 2004, p. 17.

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between local councils and Watercare.¹⁰⁷ Watercare will need to be involved with both planning and service delivery, especially in relation to Auckland City, where much of the stormwater system comprises combined stormwater and wastewater pipes. As discussed further in Chapter 8, “Environment, Urban Design, and Heritage”, the Commission recommends that Watercare should be required to prepare a stormwater action plan.

26.200 The Commission notes that a report prepared by PriceWaterhouseCoopers in 2004 recommended that stormwater services should be funded by implementing a charge on impervious surfaces, supplemented by an allocation of road user charges. It is outside the Commission’s terms of reference to make any recommendations on this issue.

Pricing

26.201 Watercare has a statutory obligation to maintain its prices at a minimum level, subject to obligations to be an effective business and to maintain its assets in the long term (see paragraph 26.32).

26.202 As mentioned at the beginning of this chapter, New Zealand has ratified the International Covenant on Economic Social and Cultural Rights and the General Comment on Water, which entitles everyone to affordable water for personal and domestic uses. Given New Zealand’s ratification of this covenant, coupled with concerns about the negative social impact of unduly high water prices, the Commission considers that Watercare’s current pricing obligations are an appropriate mechanism for the future.

26.203 Demand management (which should be achievable notwithstanding restrictions on price increases) and the resulting impact on restraining capital expenditure should assist in holding tariffs.

26.204 In the Commission’s view, both water and wastewater charges should be calculated on a volumetric basis¹⁰⁸ in accordance with the total amount of water consumed. This will assist with demand management.

26.205 In the interests of demand management, Watercare should continue to have the flexibility to use “block tariffs” in its pricing structures.¹⁰⁹ This would mean that the first “block” of water is charged at a fairly low price, but any water used over and above that amount is charged at a higher rate. The purpose of block tariffs is to ensure that everyone has access to enough water for basic necessities at a reasonable rate, but this cheaper rate does not apply to additional, more discretionary use. This system already applies in Franklin, where the first 200 cubic metres per six months costs \$1.93 per cubic metre, and every cubic metre above that costs \$2.44 per cubic metre.

107 This is supported by recommendations in the Government-initiated *Auckland Region Water, Wastewater and Stormwater Review (1999–2002)*, which found that stormwater catchments and infrastructure need to be planned in an integrated way but stormwater should not be amalgamated with water and wastewater without a technical review.

108 As wastewater is not metered, this would be a notional volumetric assessment based on water consumed.

109 Watercare introduced a block tariff on 1 July 2008, but Auckland’s water retailers have not introduced the tariff at the retail level. For block tariffs to be effective in terms of demand management they need to operate at the retail level.

26.206 The Commission has given careful consideration to the issue of whether there should be uniform charges for water services across the region despite

- differing costs of delivery
- different condition of infrastructural assets
- different historic costs that ratepayers in various areas have met.

26.207 The Commission considers that it would be unworkable for different tariffs to apply, and that one of the main benefits of an integrated structure is consistency across the region. It recommends, therefore, that there should be uniform charges for water and wastewater across the region.

Māori representation

26.208 The management of water is an important kaitiaki¹¹⁰ issue and mana whenua engagement is essential.

26.209 The Commission considers that the approach taken by Watercare to date is sensible, and it recommends that the role and functions of the Māori Advisory Group should continue.

26.210 As discussed in Chapter 22, “Māori”, the Commission considers that representatives to the Māori Advisory Group should in future be appointed by the Mana Whenua Forum, using the existing criteria set out in paragraph 26.136. It recommends that these arrangements be safeguarded in legislation (see Chapter 22).

26.211 The Commission notes that Māori interests in the provision of water services throughout the region will also be safeguarded as a result of having guaranteed mana whenua representation on the Auckland Council.

Environmental issues

26.212 The Commission considers that the Auckland Council will be well positioned to establish, monitor, and enforce appropriate environmental standards.

26.213 It will have a strong focus on policy and direction rather than service delivery, which will be carried out by the CCO, Watercare. Its broader, regional focus will give it greater options. It could, for example, investigate initiatives similar to those in Australia that require all new houses to install rainwater tanks, low-flow taps and shower fittings, and water-efficient toilets.

26.214 The Commission does not recommend the establishment of an Auckland Regional Environmental Protection Agency at this stage. It is possible that this type of body may be established at a national level at some point. (The Commission notes that the Government is proposing a national environmental protection agency.)

110 Kaitiaki – guardianship.

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26.215 As noted above, the Commission recommends that Watercare should be under a statutory obligation to promote demand management. This will have significant environmental benefits.

26.216 The Commission believes that it is highly desirable that the principles of IWRM be translated into Watercare's statement of intent to the greatest extent possible.

Performance oversight

26.217 The Commission recognises that Watercare will have increased monopoly power under the new structure. Without appropriate checks and balances, this could lead to

- over- or under-investment in assets and in maintenance
- poor quality of service to the consumer
- inefficient operations
- unjustifiably high prices to the consumer
- unjustifiably high dividends to the shareholder.

26.218 The Commission considers, therefore, that some form of regulation will be necessary. It recommends a relatively light-handed regulatory approach at the outset (see below), with the potential for stronger regulation if required over time. The effectiveness of this initial light-handed approach should be reviewed within 5 years of the establishment of the Auckland Council.

26.219 Heavy-handed regulatory regimes (such as that of the Office of Water Services in Britain) involve significant cost and, in the absence of real concern about the way in which an industry is operating, may be of questionable value. The Commission notes that the need for regulation is greater in a privatised industry, such as the water industry in Britain.

Current protections to continue

26.220 Watercare's monopoly power can be tempered in part by continuing the "public good" design principles entrenched in Watercare's current governance model. The Commission recommends that the following features be retained:

- A professional board of directors is responsible for the company achieving its statutory purpose, which is to "manage its business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of the business and the maintenance of the long term integrity of its assets".¹¹¹ Thus Watercare remains a minimum price operator whose retained surpluses and returns on assets are minimal.
- The board has an express obligation to maintain asset integrity, minimising the risk of under-investment in the city's water and wastewater infrastructure.

111 Local Government Act 1974, Part 44C, section 707ZZZ(1)(a).

- There is a prohibition on paying a dividend (thus removing potential subsidisation and high-rate-of-return issues evident in the current Metrowater arrangements). It is anticipated that efficiency surpluses will be applied to reducing customer prices.
- There is a constitutional requirement that the directors govern the company in accordance with the statement of intent and that its financial strategies must be consistent with the achievement of economic efficiency, intergenerational equity, and the optimal cost of capital.

Auckland Services Performance Auditor

26.221 In addition, the Commission recommends that an Auckland Services Performance Auditor should be appointed. This person would have oversight not only of Auckland's water services industry, but all Auckland Council activities to provide assurance to the elected council and the public that the Auckland Council is providing high-quality services in a cost-effective way. This would be a very senior role, which would need to be undertaken by a person who enjoys the trust and confidence of the Auckland public. The role of the Auckland Services Performance Auditor is discussed in more detail in Chapters 21, "Council Organisations and Council-Controlled Organisations", and 32, "Achieving a High-Performance Auckland Council".

Legislative changes that will be required

26.222 Legislative amendments will be required in order to

- grant Watercare the power to provide retail water and wastewater services
- require Watercare to promote demand management
- provide for the Māori Advisory Group as a statutory body
- establish an Auckland Services Performance Auditor.

26.223 Existing statutes that will need to be amended or repealed include the Local Government Act 1974, the Resource Management Act 1991, the Auckland Metropolitan Drainage Act 1960, and the North Shore Drainage Act 1963.

26.224 In due course, the overall legislative regime for the three waters will require a complete overhaul, but at this stage the Commission is recommending only those changes necessary to give effect to the proposals in this report (see Chapter 31, "Statutory Reform").

Transitional arrangements

26.225 The transitional arrangements to be put in place in respect of the three waters are discussed in Chapter 33, paragraphs 33.30 and 33.55.

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26.226 These arrangements will include asset and staff transfers from the existing territorial authorities to Watercare (such as retail water and wastewater assets) and to the Auckland Council (such as stormwater assets).

26.227 Engineers, planners, and scientists are crucial to Auckland's infrastructure plans, and it is critical that robust retention arrangements are made to secure these skills during the transition period.

Recommendations

- 26A** The Auckland Council should have overall responsibility for setting policy in relation to the three waters.
- 26B** Subject to Recommendations 26C and 26D, Watercare Services Limited should assume statutory responsibility for all water and wastewater services within the Auckland Council area. The water and wastewater operations (including assets and relevant staff) of all abolished local authorities should be transferred to Watercare Services Limited on the establishment date. This includes the water and wastewater operations of Rodney District Council, North Shore City Council, Waitakere City Council, Papakura District Council, Franklin District Council, Metrowater, and Manukau Water Limited.
- 26C** In urban areas, all drinking water and wastewater services should be supplied by one council-controlled organisation (Watercare Services Limited) owned by the Auckland Council. (This is subject to existing contractual arrangements in Papakura.)
- 26D** The Auckland Council should determine whether and/or the extent to which Watercare Services Limited will supply retail water and wastewater services in rural areas such as Franklin and Rodney.
- 26E** No compensation should be payable for the transfer of water-related assets from the existing territorial authorities to the Auckland Council.
- 26F** All assets relating to Auckland's water services should remain in public ownership.
- 26G** The Auckland Council should determine the extent to which responsibilities for the delivery of stormwater services are shared between local councils and Watercare Services Limited.

- 26H** The current obligation on Watercare Services Limited to maintain prices for water and wastewater services at minimum levels (subject to obligations to be an effective business and maintain its assets in the long term) should continue. So too should the prohibition on paying a dividend.
- 26I** Watercare Services Limited should be required by legislation to promote demand management.
- 26J** Both water and wastewater charges should be calculated on a volumetric (or notionally volumetric) basis.
- 26K** Uniform charges for water and wastewater should apply across the region.
- 26L** The “public good” protections in Watercare Services Limited’s current governance model should continue. These protections relate, amongst other things, to efficient management of the business, pricing, and maintaining asset integrity.¹¹²
- 26M** Watercare Services Limited should be required to prepare a stormwater action plan.

Transition

- 26N** The Establishment Board will have an oversight role in relation to the integration of local water network operations into Watercare Services Limited. This integration will be undertaken by Watercare Services Limited. Watercare Services Limited should consult with the Establishment Board on the development of a draft statement of intent and agree on appropriate efficiency targets for the integration.

¹¹² See discussion at paragraph 26.220 of this volume.

Appendix 26.1: Historical background

Auckland constructed its first significant water reticulation system sourced from the Auckland Domain in 1866. In 1877, the water reticulation system was supplemented by the construction of a storage lake at Western Springs supported by a pump station and two city reservoirs. In the early 1900s, Auckland City Council started work on the construction of a series of dams and storage lakes in the Waitakere Ranges designed to use gravity to supply Auckland's growing needs. The Waitakere sources were stretched by the post-war economic boom of the 1950s. With the urbanisation of Auckland, further water storage capacity was created with the construction of a number of dams forming lakes in the Hunua Ranges and a new water treatment plant at Ardmore.

From 1880, sewer systems were developed in a number of Auckland's original suburbs. In 1914, construction was completed of Auckland's first reticulated sewerage network including the Hobson Bay pipeline, the storage tanks at Okahu Bay (now Kelly Tarltons) and the main outfall works at Ōrākei. Oversight of the work was provided by a new municipal authority comprising representatives from Auckland City Council and the suburban boroughs. The authority was called the Auckland and Suburban Drainage Board.

Capacity for the system was reached in the 1930s with Ōrākei becoming polluted with the volume of raw sewage being pumped into the sea. In 1944 the board (now known as the Auckland Metropolitan Drainage Board) resolved to replace the Ōrākei outfall with a controversial plan to build tanks and treat the sewage with sludge drying beds on Browns (or Motukorea) Island in the inner Hauraki Gulf and dispose of the residue into the sea. After a number of petitions, inquiries, and reports the Browns Island option was abandoned in favour of a treatment plant at Mangere. The Mangere Wastewater Treatment Plant was opened in 1960. Subsequently, the Mangere plant has undergone a significant upgrade which has included the decommissioning of the oxidation ponds and the restoration of the Manukau Harbour foreshore.

In 1962, the North Shore Drainage Board authority comprising representatives of a number of North Shore boroughs, built and commissioned the North Shore's first treatment plant at Rosedale with its associated trunk sewers to serve the growing north-harbour suburbs. Rosedale and its associated infrastructure has since undergone significant and ongoing upgrades to meet demand and environmental requirements.

In 1965, the bulk water supply assets of the Auckland City Council (which comprised the majority of the region's bulk water supply assets, including the city-wide reticulation system) were vested in the then recently formed Auckland Regional Authority. Since then, councils have managed distribution of water supply from the bulk metering points to households and premises within council boundaries.

In the late 1980s, the local government regime underwent nationwide reorganisation. The Auckland Regional Authority was dissolved, together with numerous "borough" and "city" councils, and was replaced with the ARC and seven territorial local authorities. The ARC was made responsible for the bulk water and wastewater functions of the Auckland region and all the related assets were transferred to the ARC.

In 1992, ARC's bulk water and wastewater assets were transferred to a new organisation, Auckland Regional Services Trust. In 1992, the trust formed Watercare Services Limited as a local authority trading enterprise to manage the provision of regional bulk water and wastewater services across Auckland. In 1998, ownership of Watercare was transferred from Auckland Regional Services Trust to the Auckland, Manukau, North Shore, Papakura, Rodney, and Waitakere councils.

In the past eight years Watercare has constructed significant new regional bulk water and wastewater infrastructure. Since 2002, the Waikato Water Treatment Plant and pipeline have been commissioned and the plant's capacity incrementally developed. The Mangere water treatment plant has been upgraded and the replacement of the Ōrākei main sewer with the construction of a tunnel is under way.

In 1997, a CCO (Metrowater) was established by the Auckland City Council to provide retail water services in Auckland City. In the same year, United Water was awarded a 30-year contract (with a 20-year right of renewal) by Papakura District Council to provide retail water services in that area. In 2006, Manukau City set up a CCO (Manukau Water) to provide retail water services to Manukau City. Water remains a council-managed service in the other territorial local authorities.

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“Jobs, knowledge use and economic growth will gravitate to those societies that are the most connected, with the most networks and the broadest amount of bandwidth – because these countries find it easiest to amass, deploy and share knowledge in order to design, invent, manufacture, sell, provide services, communicate, educate and entertain. Connectivity is now productivity.”

Thomas Friedman, *The Lexus and the Olive Tree*, HarperCollins, London, 2000.

27.1 The Commission’s terms of reference invite it to consider what governance and funding responsibilities are required to “support and enhance ... the performance of the Auckland region as a growth engine in the New Zealand economy”, including the ability of the region to “compete internationally as a desirable place to live, work, invest, and do business”.¹

27.2 This chapter considers the importance of information communications technology (“ICT”) to the international competitiveness of Auckland.² It considers New Zealand and Auckland’s progress in implementing broadband infrastructure.³ It examines the various roles local government is playing in developing ICT infrastructure delivered by high-speed broadband. Policy and governance issues are considered and recommendations made. The chapter then turns to a brief review of e-government.⁴ It examines government policy and Auckland Council’s progress towards making more online services available to the public. Finally, the chapter outlines the Commission’s recommendations for broadband and an e-government strategy.

27.3 In the past, network infrastructure such as roads, rail, electricity, postal services, and the telephone have become vital to modern economies. ICTs, particularly broadband, are considered to be this millennium’s critical network infrastructure. Governments are

1 See Appendix A, Terms of Reference.

2 ICT refers to a combination of telecommunications networks, devices, and services that capture, transmit, and display data, information, and pictures electronically. ICT includes infrastructure networks (including the internet and the transmission networks), mobile phones, personal computers, data centres, and software applications and digital services.

3 Broadband is commonly referred to as high-speed data transmission service, which allows users to access the internet and other digital services at significantly higher speeds than through a dial-up modem. Broadband internet access to homes and business premises is delivered over five types of technology, namely digital subscriber lines (DSL) using copper wire connections, wireless, satellite, cable, and optic fibre.

4 “e-government” refers to the use by government of information technologies (such as telecommunications, the internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government. These technologies can serve a variety of different ends: better delivery of government services to citizens, improved interactions with business, citizen empowerment through access to information, or more efficient government management.

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likening broadband to electricity and the telephone in its economic importance to future competitiveness. It is the major driver of the move from production-driven industry towards service and knowledge-based enterprises where skill, speed, and innovation are required to develop information-based services.

27.4 In New Zealand there are numerous studies assessing the long-term benefits of broadband and ICT.⁵ The Auckland Regional Broadband Advisory (“ARBA”)⁶ has estimated that if 60% of Auckland households and businesses used ultra high-speed broadband there could be up to a \$1.7 billion gain in regional gross domestic product over the long term.⁷ The New Zealand Institute estimates high-speed broadband could produce annual economic benefits of \$2.7 to \$4.4 billion for New Zealand.⁸

27.5 For cities, ICT infrastructure, particularly broadband, is an important element in attracting businesses (particularly the multinationals), people, and investment, and improving access to global markets. As people gain access to high-speed broadband they are developing new and innovative services based on technology and knowledge.

27.6 In addition to its economic potential, ICT has a social dimension, shaping the design of “connected” cities and communities. High-speed broadband coupled with e-commerce, videoconferencing, and teleworking has further potential to reduce environmental impacts by reducing the need for air travel, roads, and public transportation infrastructure.⁹ It can help reduce the costs of running a business and improve people’s productivity. All sectors of the community are benefiting from ICT services delivered by broadband “anyplace, anywhere at anytime”.

Broadband

27.7 The broadband industry in New Zealand has two components – the fixed or mobile network wholesale infrastructure on which data is transmitted, and the broadband retailers who access the infrastructure to provide the broadband internet packages to consumers. Telecom New Zealand is the dominant wholesale broadband infrastructure

5 Notable examples include the Covec Report, *Open Access Broadband in Auckland: Demand, Costs and Benefits*, prepared for the Auckland Regional Broadband Advisory, June 2008 (available at www.tuanz.org.nz), *The Auckland Regional Broadband Advisory Report*, *The Auckland Broadband Imperative – Enabling Transformation in the Auckland Region* (a white paper for broadband in Auckland, version 1.0), January 2008 (available at www.aucklandplus.com), the ICT Taskforce report, *Breaking Through the Barriers*, June 2003 (available at www.nzte.govt.nz/common/files/ict-final-report.pdf).

6 ARBA has representation from all Auckland councils and the Ministry of Economic Development.

7 Covec, *Open Access Broadband in Auckland: Demand, Costs and Benefits*, p. 8.

8 The New Zealand Institute, *Assessing New Zealand’s Current Broadband Path: The Need For Change*, March 2008 (available at www.nzinstitute.org).

9 The Climate Group, *Smart 2020: Enabling the low carbon economy in the information age*, April 2008 (available at www.theclimategroup.org).

The Smart 2020 report notes that teleworking can reduce the commuting car mileage travelled by teleworkers by up to 77% and reduce traffic congestion at peak times. The report suggests that video conferencing has the potential to replace local road trips and up to 20% of air travel.

provider using copper wires and digital subscriber lines (“DSL”)¹⁰ technology to deliver broadband services to the home and businesses. Copper wire technology is used in 69% of all broadband connections.¹¹ Seventeen percent of users access a wireless broadband service to connect remotely to the internet.¹² Wireless offers portability in metropolitan areas and a low-cost alternative to reach rural areas. Cellular networks also provide wireless broadband internet access via a cellphone or a computer. Eighteen percent of the total users in the country have fibre optic or coaxial cable direct to the home or business, which provides the highest quality and fastest data transmission.¹³ Fibre optic to the home or business premises is considered to provide the highest quality broadband. Telecom and Vodafone are the two dominant wholesale cellular providers. Broadband retailers include TelstraClear, Slingshot, Woosh, Orcon, Telecom, and Vodafone among others.

27.8 High-speed broadband has three related factors: the transmission speed of the connections, the quality of the access device, and the information services and content being accessed over the connections.

Economic importance

27.9 New Zealand has been slow to invest in high-speed broadband. New Zealand and Auckland lag behind other countries and cities that are more advanced in rolling out broadband networks that are capable of transmission speeds that will keep up with a dynamic and ever-changing technology.¹⁴ Figure 27.1 illustrates New Zealand’s position relative to other developed countries including Australia. The OECD data show New Zealand has

- a relatively low number of broadband subscribers
- a high level of dial-up internet connections
- a low level of fibre optic cable-based high-speed internet access
- a high level of copper-based DSL broadband internet access.¹⁵

27.10 Until recently New Zealand has lacked competition in broadband infrastructure provisioning, with Telecom New Zealand dominating in the key telecommunications service and infrastructure areas (including ownership of the copper wire link between the exchange and the home or business premises). As a result of recent reforms, including the

10 DSL is a broadband technology that enables high-speed internet access to a home or business over a standard copper telephone line.

11 Statistics New Zealand, *Information and Communication Technology in New Zealand: 2006*, Wellington, 2007, p. 74 (available at www.stats.govt.nz).

12 Ibid., p. 74.

13 Ibid., p. 74.

14 The *Economist* magazine’s Intelligence Unit has recently published its 2008 assessment of e-readiness (being a measure of the quality of a country’s ICT infrastructure). New Zealand ranks 16th behind Australia (which ranks 4th), representing a fall in ranking from 14th place in 2007. Economist Intelligence Unit, *E-readiness rankings 2008: Maintaining momentum*, 2008, p. 5.

15 www.oecd.org/sti/ict/broadband.

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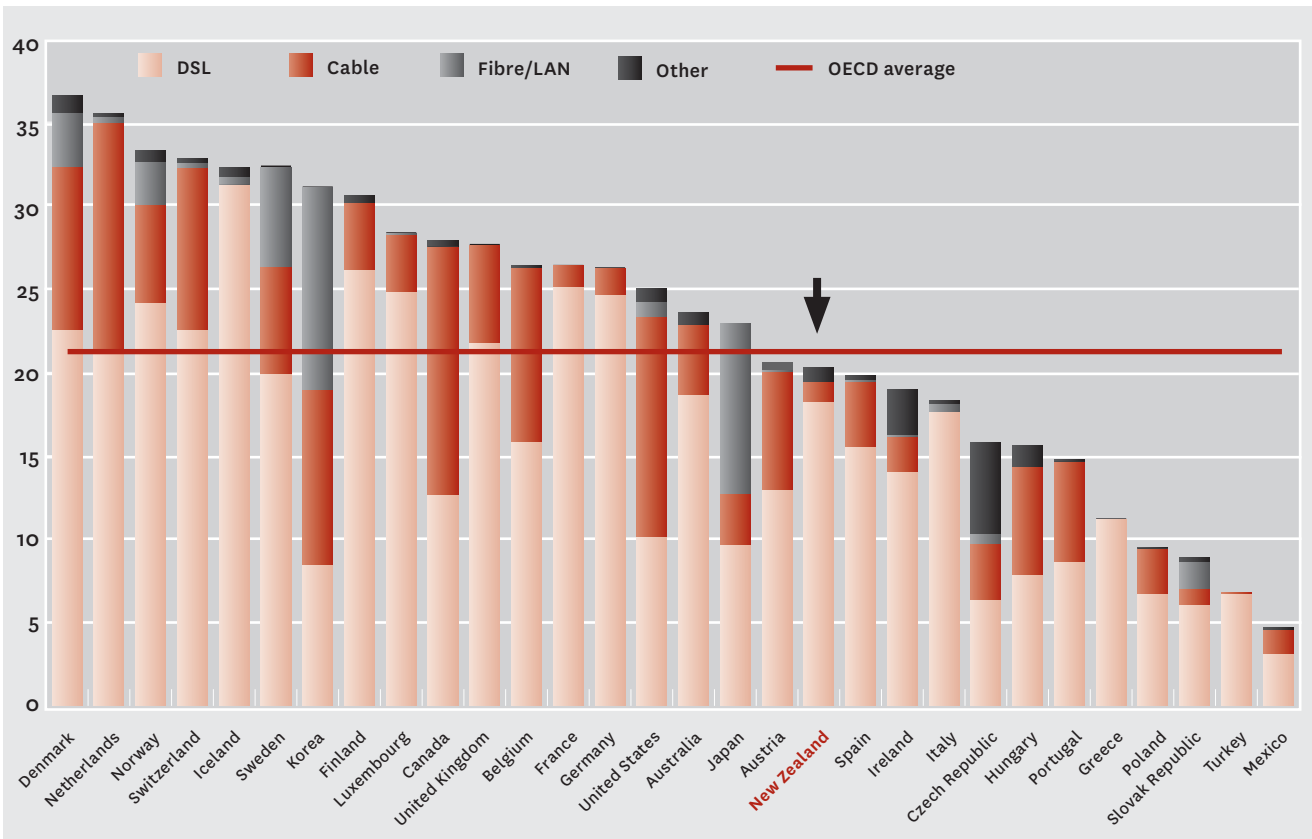


Figure 27.1 Broadband subscribers per 100 inhabitants, by technology, June 2008

Source: Organisation for Economic Co-operation and Development, *OECD Broadband Statistics* (available at www.oecd.org/sti/ict/broadband).

introduction of the unbundling of Telecom’s wholesale services giving “open access”¹⁶ to local loop circuits and bitstream services, competition is improving.

27.11 However, there has been relatively slow development in advanced broadband services, and there are a relatively small number of service providers and high comparative prices for internet access in New Zealand. This is of concern to the New Zealand Government, which intends to invest up to \$1.5 billion in an ultra-fast broadband network with a “fibre-to-the-home” aspiration connecting 75% of New Zealanders as an important part of its economic strategy.¹⁷

27.12 Notwithstanding the slow start for broadband, the internet is already playing a large role in New Zealand. Over one million New Zealand homes now have access to it. Public libraries provide public access to it. More than 69% of New Zealanders use

16 “Open access” is a term generally meaning that access to a broadband cable (and sometimes network hardware) is available to service providers on an equal footing.

17 See national.org.nz/Article.aspx?articleId=28767 and www.beehive.govt.nz/release/government+readies+new+moves+broadband.

it or have access to the internet via a mobile phone.¹⁸ The widespread use of mobile technologies is driving the convergence of previously separate information communication technologies. For example, voice, data, and video are now shared on devices such as mobile handsets, personal digital assistants, and televisions.

Performance issues

27.13 The OECD has found that the value of broadband is particularly significant in the large service sectors such as financial services, business services, and transportation, which comprise a large part of the Auckland economy.¹⁹ An improved service is therefore important to expanding this part of Auckland's economy. According to Statistics New Zealand, 43% of households in the Auckland region subscribe to broadband services, which is a low level compared with leading international cities.²⁰ Access to broadband is limited over a significant area of the Auckland region, particularly the rural area, largely because of the distance of homes and premises from Telecom's broadband exchanges.

27.14 As broadband services develop they are creating new ways for people to do business and are opening up new markets for products and services. For example, services such as Skype telephone and videoconferencing services,²¹ digital film production such as that carried out by Weta Workshops in Wellington, internet banking, on-demand television and video content all rely on high-speed, high-quality broadband. Auckland's lack of high-speed, high-quality broadband is constraining Auckland from participating fully in the new "digital" economy.

27.15 Telecom plans to spend \$1.4 billion nationally to roll out upgraded broadband infrastructure over its copper wire lines to homes and businesses over the next four years. It has been noted that in total the private sector has signalled new investment of \$3 billion in broadband and mobile networks by 2012.²² The Ministry of Economic Development notes that while this new investment will create a better platform for competition, "some form of supplementary action to leverage faster and greater private sector investment in ultra-fast broadband is needed if New Zealand is to continue to close the gap with other OECD countries".²³

27.16 There are two underlying concerns with current broadband investment. The first is that it is insufficient to achieve the Government target of servicing 75% of New Zealand homes and premises. The New Zealand Institute estimates this broadband target

18 Statistics New Zealand, *Information and Communication Technology in New Zealand: 2006*, pp. 8 and 14.

19 OECD Directorate for Science, Technology and Industry, Committee for Information, Computer and Communications Policy, *Broadband and the Economy – Ministerial Background Report DSTI/ICCP/IE(2007)3/FINAL*, 2008, p. 24 (available at www.oecd.org/dataoecd/62/7/40781696.pdf).

20 Statistics New Zealand, *Information and Communication Technology in New Zealand: 2006*, p. 74.

21 Skype is a voice over internet protocol which allows users to make free voice and video calls over the internet to anyone else who has Skype (www.skype.com).

22 Ministry of Economic Development, "Briefing for the Incoming Minister", November 2008 (available at www.med.govt.nz, accessed February 2009).

23 *Ibid.*, p. 7.

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requires an investment of between \$4 to \$5 billion.²⁴ The second concern is that Telecom's technology is designed to deliver a maximum 20 Mb/s broadband by 2011. Given that comparatively, international broadband speeds are getting faster and faster, the 20 Mb/s target is not sufficient to place New Zealand in the top half of OECD broadband service by 2012. Top-performing OECD broadband services are delivering speeds of around 50 Mb/s today. It can be expected that those speeds will soon increase by up to 1 Gb/s as the top half of the OECD improves its infrastructure to meet demand.²⁵

27.17 There are a number of structural challenges for New Zealand in its broadband roll-out. First, as countries increase the pace of investment in broadband, the bar continues to be raised for New Zealand in terms of population reach and standards of transmission speed. Today's targets will be redundant tomorrow. Secondly, Auckland's sprawl and geographic features present permanent challenges to achieving a ubiquitous broadband network that allows access for the majority of households and businesses. Finally, unlike the United States, Asia, and Europe, there are no significant fixed-line cable operators offering competition with Telecom New Zealand for fixed-line services to the home.

27.18 Faced with similar structural challenges, an increasing number of cities and governments internationally are building and operating publicly owned broadband networks. Johannesburg is in the final stages of a tender for the provision of a municipal broadband network. Singapore, Korea, and Sweden are well advanced with plans to have open-access national fibre networks. Singapore is planning a minimum speed of 1 Gb/s and already has a high level of broadband uptake with over 76% of households able to access the internet at home and 99% of those households able to connect to broadband.²⁶

27.19 In Australia, Government is funding broadband "aggregation brokers" to generate and promote demand for broadband services by communities. These brokers include local councils which are being extensively used to generate community demand (particularly institutional demand) for broadband services and negotiate deals with service providers in advocacy and facilitation roles.²⁷

The role of local government

27.20 A number of New Zealand local authorities are well advanced in developing urban fibre networks as investors and owners. Wellington City Council has invested funds in broadband infrastructure. It is well ahead of Auckland in the planning and roll-out of broadband infrastructure. Wellington's broadband infrastructure plan has been in place for over 12 years and has been credited with enabling the growth and success of its thriving digital film industry. Investment started in 1995 with the CityLink project which

24 www.nzinstitute.org/Images/uploads/Delivering_on_the_broadband_aspiration.pdf, p. 12.

25 A 1 Gb/s data transfer rate is equivalent to 1,000 Mb/s (megabits per second).

26 Infocomm Development Authority of Singapore statistics (available at www.ida.gov.sg, accessed February 2009).

27 Department of Broadband, Communications and the Digital Economy, *Demand Aggregation Broker broadband program*, 2007 (available at www.dbcde.gov.au, accessed February 2009).

provided open access broadband to the Wellington central business district and Petone. Smartlinx 3 Limited was established in 2004 as a joint public and private initiative. Porirua, Hutt City and Upper Hutt City councils are shareholders. Wellington City has been active in advocating the deployment of the second trans-Tasman fibre cable to the city, as one of two projects critical to its regional economic development strategy.

27.21 Christchurch City Council has formed a special-purpose subsidiary, Christchurch City Networks Limited, to deploy an open access fibre network within the central business district. Hamilton City Council has a joint venture company with private investors and the company has an outsourcing arrangement for the operation of its open access fibre network.²⁸

Broadband in Auckland

27.22 Research has found widespread user dissatisfaction with Auckland's current broadband capacity – its speed (both download and upload capacity), availability, reliability, and inflexible charging regimes. Auckland households reported the following reasons for not having broadband access – unavailable in their local area (5%); high cost (58%); dial-up access was considered sufficient (30%); and concern about suppliers and service (16%).²⁹

27.23 The Commerce Commission's 2008 Broadband Performance Report rates New Zealand's internet service providers' performance across all New Zealand's city centres.³⁰ Broadband performance between New Zealand cities showed variability. Auckland's performance is lagging behind Hamilton's and only marginally outperforms the other three city centres as illustrated in Figure 27.2.

27.24 The role of local government in broadband infrastructure development varies with councils playing advocator, facilitator, and investor roles. In the past, Government funding has been provided to local government by way of a grant from a funding pool. Auckland local government has allocated \$20 million in the various annual plans to broadband initiatives.³¹ This, however, is a small part of the estimated \$1.1 billion investment Auckland needs to deliver an internationally competitive high-speed broadband service to households and businesses with ducted fibre to the home or to premises.³²

28 Local Government New Zealand, *Councils in the digital age: A progress report on local initiatives relating to the Digital Strategy*, May 2008, pp. 47 and 48 (available at www.lgnz.co.nz).

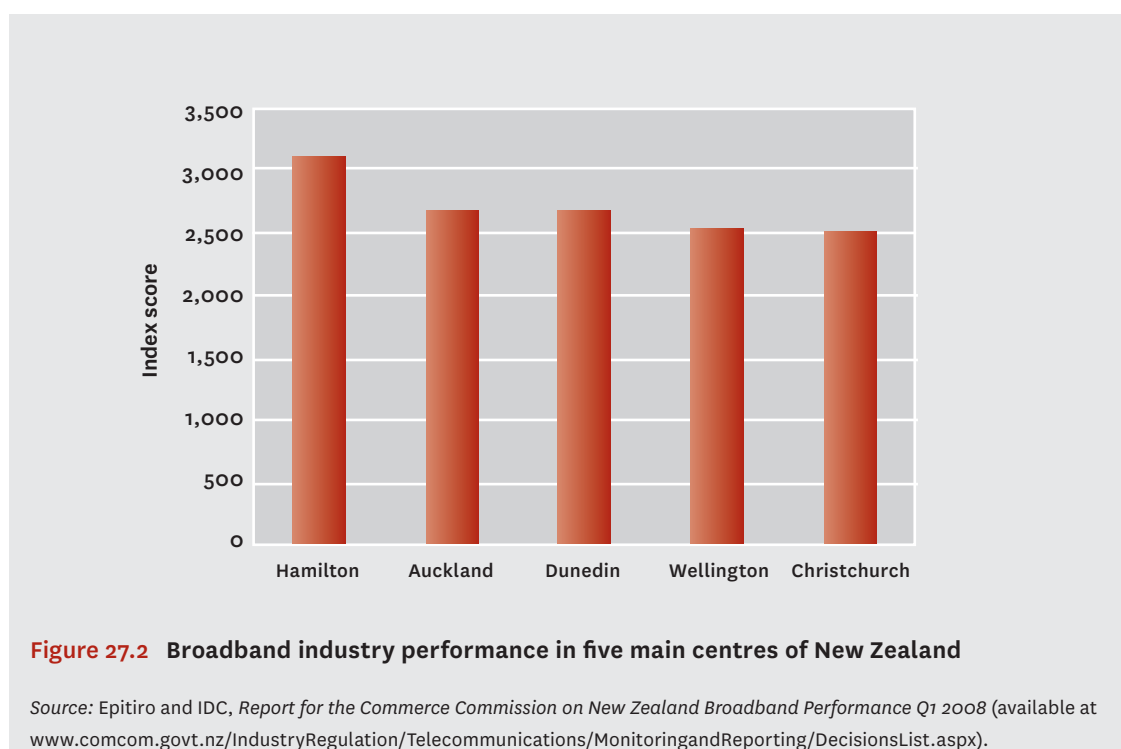
29 Statistics New Zealand, *Information and Communication Technology in New Zealand: 2006*, p. 77.

30 Eptiro Technologies and IDC, *A Report for the Commerce Commission on New Zealand Broadband Performance Q1 2008*, March 2008, pp. 13 and 14 (available at www.comcom.govt.nz/IndustryRegulation/Telecommunications/MonitoringandReporting/ContentFiles/Documents/March%2008%20broadband%20report.pdf). The index measures the technical performance of internet service providers over a number of locations and at different times.

31 Assessed from current long-term council community plans.

32 Covec, *Open Access Broadband in Auckland: Demand, Costs and Benefits*, p. 68.

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27.25 The Auckland region’s councils have recognised the strategic importance of broadband to the region in the “One Plan”.³³ The Auckland Regional Broadband Advisory, a group of local and central government officials, is advocating the use of a common approach across Auckland. However, progress in implementing a unified plan has been slow. ARBA’s recommendations are not binding on councils in the region, many of which have gone their own way in broadband infrastructure investment.

27.26 Steps taken by ARBA to date include research, promotion, and lobbying.³⁴ ARBA research has found that there are grounds to regard broadband network provision in Auckland as a case of market failure justifying some degree of public sector involvement and investment.³⁵

27.27 There are a number of private and public sector initiatives under way involving broadband infrastructure within the Auckland region.³⁶ These have largely been undertaken as separate projects by individual councils supported by Government funding. North Shore City Council is particularly well advanced with its partnership with Vector Limited. Vector has an open access 500 km fibre optic network including a 50 km urban fibre network in partnership with the North Shore City Council. This network has been partially funded by central government and provides high-speed broadband services to

33 The “One Plan” is a strategic framework for multi-agency infrastructure planning for Auckland.

34 The Auckland Regional Broadband Advisory Report, *The Auckland Broadband Imperative – Enabling Transformation in the Auckland Region*.

35 Covec, *Open Access Broadband in Auckland: Demand, Costs and Benefits*, pp. 98–99.

36 Local Government New Zealand, *Councils in the digital age: A progress report on local initiatives relating to the Digital Strategy*, p. 17.

council offices, 40 schools, public libraries, and community-owned facilities on the North Shore. The objective of the council is to provide a degree of revenue certainty to Vector to encourage it to invest further in high-speed broadband in its area.

27.28 ARBA has facilitated a collaborative approach with councils to develop a framework for the development of broadband infrastructure across the region. Confidentiality constraints have inhibited councils from sharing information for a number of each other's projects. ARBA's advocacy role is weak. Policy and funding fragmentation, the slow pace of converting regional plans into action, and the inability to quickly leverage joint council planning, tendering, and shared network approaches in the region represent a significant economic constraint for Auckland.

27.29 Manukau City has an optic fibre pilot in Flat Bush and will be requiring fibre-to-premises in new greenfield housing developments. The council is also considering laying a conduit in all new road works. Waitakere City Council has developed an online portal to encourage residents and businesses to establish websites. It is working to promote digital literacy and is advocating private sector investment in the district. The council is currently evaluating funding needs for inclusion in council plans. Within the ARBA planning framework, Auckland City Council is currently negotiating with a preferred partner to deliver a publicly accessible wireless network in the central business district. It is understood that this will be offered free of charge.

27.30 It is imperative, if Auckland is to progress to a state where broadband can be delivered as regionally critical infrastructure, to draw together all the various local government and central government initiatives into a regional framework, with a view to obtaining the best economies of scale and network technology outcomes.

Submitters' views on broadband

27.31 Submitters to the Commission highlighted the importance of a world-class broadband network to facilitate private and public sector productivity and performance, and to promote citizen participation in global communities. An open access network infrastructure and fibre-to-premises were seen as the key components of improving Auckland's connectivity competitiveness. It was argued that using public-private partnerships for communications infrastructure would deliver the optimal mix of performance, transparency, and accountability.

27.32 Submitters expressed a strong and consistent view that broadband should be considered by local government as a key infrastructure asset alongside transport and water. On this basis they considered that it should be handled at regional level with regional responsibility for budget, plans, and strategies related to broadband infrastructure development.

27.33 A range of options were put forward for how broadband should be managed. Some envisaged an infrastructure authority which would include responsibility for a broadband plan. Other submitters suggested that the provision of broadband infrastructure should be run along commercial lines, in partnership with the private sector or as some form of

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State-owned enterprise. Some submitters proposed that local government should own infrastructure assets including broadband.

The Commission's view

27.34 There is wide recognition that the pace of investment and delivery of high-speed broadband in Auckland will need to be accelerated for businesses in particular to be internationally competitive.

27.35 The key question is: what role should Auckland Council play in the development of broadband infrastructure? Local government has been involved in a range of roles including promoting and investing in broadband infrastructure. Auckland Council can also play a significant role in streamlining the regulatory aspects of a critical infrastructure roll-out and will be a significant purchaser of ICT for operational needs.

27.36 It is apparent that broadband, even at current service levels, is playing a significant part supporting and connecting economic and social activity in Auckland and internationally. Auckland has improving levels of broadband access, but broadband quality, price, and speeds are not internationally competitive. The problem is that the world is moving faster than Auckland to adopt high-speed broadband. Auckland's broadband infrastructure needs to be improved, quickly.

27.37 The policy challenges for Auckland are to

- ensure ICT planning is integrated into the region's economic development and infrastructure planning framework
- develop a broadband policy, funding, and delivery strategy for the region
- assess the cost/benefit trade-offs that may need to be made between competing infrastructure needs (such as transport, stormwater, water and wastewater, and broadband)
- exploit critical mass and raise the level of funding and investment across the region
- have sound collaboration and partnering processes with Government agencies and the private sector on rolling out broadband infrastructure
- develop the organisational capacity to perform the various roles required by public policy.

27.38 It is apparent to the Commission that investment in broadband infrastructure will involve a mix of central, local, and private sector funding. Given infrastructure's economic significance to the city, it requires closely co-ordinated public sector advocacy and planning with the telecommunications industry on a national and regional scale.

27.39 Auckland needs a change of approach to the current disconnected policy development for broadband infrastructure investment across the region. Planning and

delivering an integrated high-speed broadband network needs to harness scarce, expert resources for the region, and the current approach acts as an impediment. Voluntary cross-council collaborative initiatives are slow and lack the formality and certainty needed if a mix of public and private investment is to be sought and leveraged.

27.40 The Commission notes that Auckland will need to have a more cohesive regional strategy that is capable of driving co-investment, and generating adequate funding and economic incentives to encourage improved deployment of broadband by the private sector. The challenge is to ensure Auckland has the appropriate public sector governance mechanisms and expertise in place to

- take a regional network view of broadband infrastructure
- work in collaboration with central government and the private sector to ensure Auckland's broadband infrastructure needs are addressed.

The Commission considers that it is up to the Auckland Council to decide what position it will take in investing in broadband infrastructure. This will depend on a number of considerations including the Government's as yet unannounced policy on broadband.

e-government

27.41 The Commission considers e-government has considerable potential to transform the way council services are delivered and to provide better quality public services at lower cost.

Government policy

27.42 In conjunction with the digital strategy, the Government has developed an e-government strategy to improve the public's on-line access to public services.³⁷ The New Zealand e-government strategy has two ambitious targets for central and local government. The first is that by 2007, ICT will be integral to the delivery of government information, services, and processes. This target has not been achieved by local government. The second is that by 2010, the operation of government will be transformed as Government agencies and their partners use ICT to provide user-centred information and services and achieve joint outcomes.

27.43 Central government has implemented a number of new service initiatives using the internet including

- the use of smart forms to incorporate companies online
- a single central government website that gives the user the ability to access information and the capability to search for information available across all central government departments³⁸

37 Details of the New Zealand Government's e-government strategy can be found at www.e.govt.nz.

38 The New Zealand Government portal is available at <http://newzealand.govt.nz/>.

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- a web-based earthquake and volcanic hazard monitoring and information system
- a public consultation “Wiki” website³⁹ to promote public engagement allowing online feedback on the drafting of the new Police Act for consideration by a government Select Committee reviewing submissions.

27.44 To achieve e-government targets, Government has adopted a whole-of-government approach to ICT to create an integrated information infrastructure. The Government has also implemented a mandatory set of common standards and policies for cross-agency collaboration, citizen engagement, authentication, identity, privacy, and data sharing protocols called the e-Government Interoperability Framework.⁴⁰ These tools allow public services to be networked across departmental boundaries to make information more accessible to people, with robust governance controls.

The significance of e-government

27.45 In New Zealand, the e-government strategy has been designed to demonstrate the strategic significance of digital infrastructure.⁴¹ It seeks to improve the quality of public administration and services and to provide greater opportunities for the public to participate in democratic institutions and processes. It is designed to make public information more accessible through the use of the internet. A high-speed broadband network is acknowledged as an essential enabler for effective e-government services. The strategy expressly includes local government. There is no current e-government strategy for Auckland. The Commission considers e-government is of strategic importance to the region. It underpins the effectiveness and efficiency of 21st century governance for Auckland.

27.46 In 2008, the United Nations undertook a comparative survey of 192 countries for e-government readiness.⁴² The survey evaluated the application of ICT by governments. New Zealand ranked 18th overall. The top 10 included Australia, Sweden, Denmark, Canada, and the United Kingdom. The survey’s introduction explains why e-government is important:

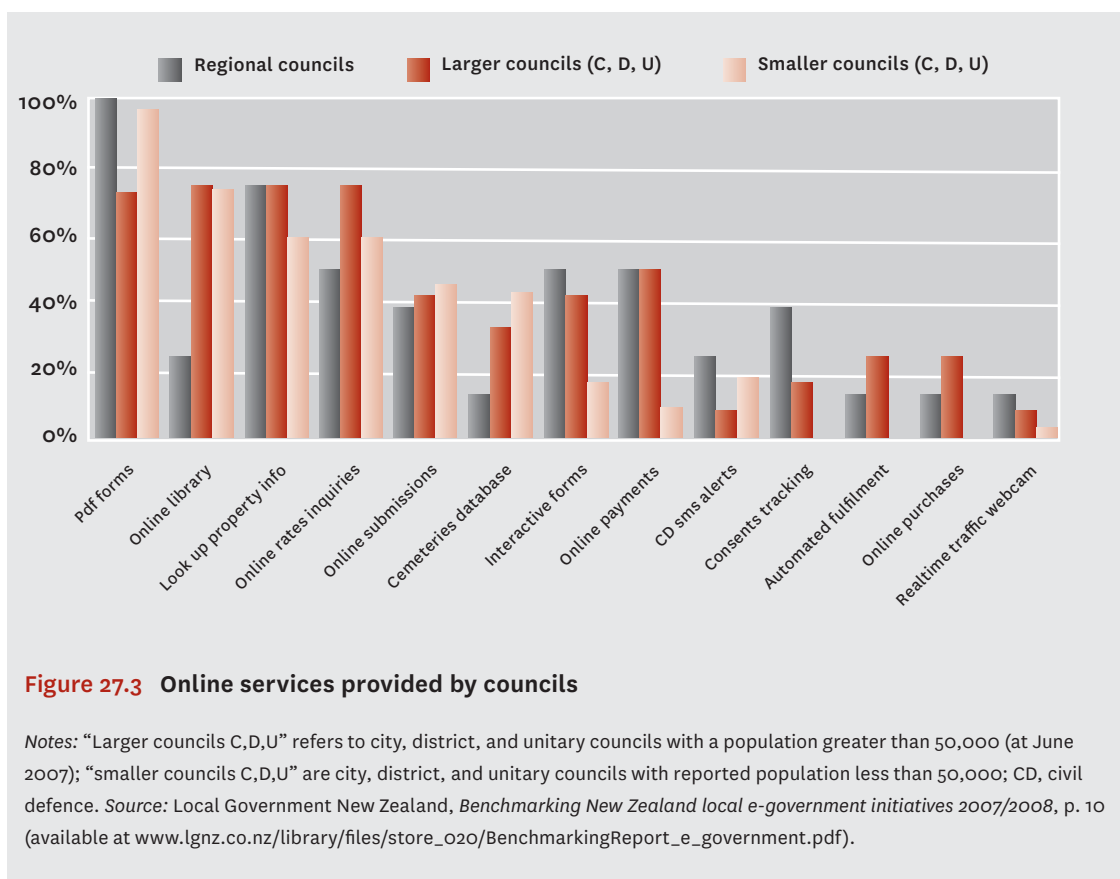
E-government can contribute significantly to the process of transformation of the government towards a leaner, more cost-effective government. It can facilitate communication and improve the coordination of authorities at different tiers of government, within organizations and even at the departmental level. Further, e-government can enhance the speed and efficiency of operations by streamlining processes, lowering costs, improving research capabilities and improving documentation and record-keeping.

39 A social networking tool.

40 Details of the Government framework can be found at www.e.govt.nz/standards/e-gif.

41 www.e.govt.nz.

42 Department of Economic and Social Affairs Division for Public Administration and Development Management, *United Nations e-Government Survey 2008: From e-Government to Connected Governance*, United Nations, New York, 2008, pp. 19–21 (available at <http://unpan1.un.org/intradoc/groups/public/documents/UN/UNPAN028607.pdf>).



However, the real benefit of e-government lies not in the use of technology per se, but in its application to processes of transformation – including greater citizen participation and harnessing constructive knowledge exchange.⁴³

The significance of online service delivery

27.47 A recent survey by Local Government New Zealand has showed only 15% of the councils surveyed had e-government service policies and strategies.⁴⁴ The survey identifies a lack of resources as the primary reason for the low up-take of e-government services. A few councils provide online payment facilities for rates and other charges (see Figure 27.3). Most of the council websites offered downloadable application forms. Few councils offer online interactive application forms or consents tracking.⁴⁵ The majority of service interactions with councils surveyed are relatively high-cost face-to-face visits (47%) and by telephone (24%).⁴⁶

43 Ibid., Executive Summary, p xii.

44 Local Government New Zealand, *Benchmarking New Zealand local e-government initiatives 2007/2008*, p. 4, (available at www.e.govt.nz/resources/research/benchmark-2007-2008.pdf).

45 Local Government New Zealand, *Benchmarking New Zealand local e-government initiatives 2007/2008*, p. 10.

46 *Public Satisfaction with Service Quality 2007: The Kiwis Count Survey*, State Services Commission, Wellington, April 2008, p. 14 (available at www.ssc.govt.nz/upload/downloadable_files/Public-Satisfaction-with-Quality-2007-_Kiwis-Count.pdf).

27. Information and Communications Technology

27.48 The survey noted that the adoption by councils of the technologies required to drive increased interactive online services has been slow.⁴⁷

27.49 Generally, local government's progress towards achieving the e-government targets lags behind central government. Adoption of central government's interoperability framework and common ICT standards is poor.⁴⁸ Adoption of these elements of ICT infrastructure is essential in achieving cost-effective online delivery for Auckland Council services.

27.50 There is a high level of ICT duplication in Auckland local government with at least 10 call centres, eight or more data centres, and over 20 separate major local government-related websites across the region. Each stand-alone website has different ways of presenting and making available public information. There are no common IT standards for the councils in the region. A single website or "portal" is a common feature of government today allowing a user to search for information across public sector or council organisations with ease.

27.51 Compared with international trends, Auckland is generally lagging behind in delivering interactive services using telephone, internet, and mobile channels. Auckland should be more proactive in driving and creating demand for ICT services, including broadband, by providing service delivery leadership for new online services, generating expectations and demand for these sorts of services. Democratic engagement with people should be extended by increasing the range of services and service channels accessible online.

27.52 The internet is driving the development of new approaches to democratic processes. A class of internet user has adopted the notion of sharing by publishing their views on the internet through community networks such as YouTube and MySpace. Governments are starting to use this desire for interactivity to solicit opinion and feedback, or by acting as facilitators in online discussions between citizens – for example, the "blog" written by the New Zealand government as an on-line channel for improved citizen communications.⁴⁹

27.53 Internationally, local governments are collaborating and joining up to provide shared services across council boundaries, or adopting collective approaches to common activities such as procurement and tendering. Worcestershire County Council and six other district councils have been working together to create the Worcestershire Hub.⁵⁰ This is a "one stop shop" for the public to access all local government services in person, over the phone, and on the internet. The service provides a network of customer centres throughout Worcestershire, where members of the public can go in to discuss any issue,

47 Local Government New Zealand, *Benchmarking New Zealand local e-government initiatives 2007/2008*. This benchmarking exercise found that only 10% of the councils surveyed were using the All-of-Government authentication framework and no councils surveyed were using the government shared network.

48 Ibid., p. 5.

49 <http://blog.e.govt.nz/>.

50 <http://hub.whub.org.uk/home/hubindex.htm>.

regardless of which of the local authorities they need to deal with. With 1,700,000 enquiries each year, the Hub is ensuring that a high proportion of enquiries are resolved at the first point of contact.⁵¹

27.54 The popularity of social networking websites is growing rapidly. As well as creating links between people in society, greater connectivity is driving more online interactions between governments, politicians and citizens. People are getting greater access to information presented by governments and using the internet for voting, two-way consultation and informal feedback on policy. This is greatly assisting the democratic process and ensuring a high level of local community involvement. In Bristol, the British equivalents of New Zealand's community boards are using internet-based forums to improve two-way local government communications on matters of local interest.⁵²

27.55 Governments are increasingly providing online services to citizens such as applications for planning, permits, and essential information. Natural and other disaster prevention and warning management systems also rely heavily on ICT. In Kuwait City, the building code requires new buildings to have access to broadband which is built into the utility infrastructure alongside electricity and water services. Internationally, public infrastructure is increasingly dependent on ICT, from traffic lights through to control of water reticulation and sewage systems, as well as congestion management, air traffic control, and emergency management.

27.56 A number of cities are developing operating models with less carbon impact assisted by e-government. For example, many paper-based services are being moved to an electronic environment. Transactions that have required face-to-face interaction to prove identity are now being undertaken over the internet. In England and Wales, all planning authorities are now accepting planning applications via a planning portal.⁵³

The Commission's view

27.57 The Commission expects that Auckland local government will be able to provide people with access to services whether it be by telephone, internet, mobile phone, or face to face. The internet is now the preferred service channel for an increasing number of people. Auckland Council services need to respond and be more integrated, personalised, and accessible. Auckland Council should adopt targets equivalent to best international practice for the percentage of online transactions it undertakes.⁵⁴

27.58 Unification offers a significant opportunity for Auckland Council to demonstrate leadership in broadband. Broadband networks and interactive e-government services can

51 www.worcestershire.gov.uk/home/wcc-cs-lads-agendas-cabinet-181208-item9.pdf.

52 <http://forums.e-democracy.org/groups/bristol-bris>.

53 www.planningportal.gov.uk/parsol.

54 In a number of councils in the United Kingdom, including Birmingham, Newcastle, and Surrey, all council services can be accessed electronically via a variety of channels, including the internet, kiosks, and telephone.

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be used to extend the range of local government services available to Aucklanders. This opportunity is explained further in Chapter 32, “Achieving a High-Performance Auckland Council”.

27.59 The Commission is of the view that Auckland Council should take a whole-of-government approach to ICT and service delivery. Central government’s interoperability framework should be adopted including the common standards and policies for government agency collaboration, citizen engagement, authentication, identity, privacy, and data sharing protocols. These governance tools will allow improved communication and interaction between central government and Auckland Council, and Auckland Council and its communities. The deployment of a broadband network infrastructure to support Auckland Council’s operations in various locations could also provide the opportunity for improved collaboration with appropriate Government agencies.

27.60 The Commission has made recommendations on Auckland Council’s unified service delivery arrangements including the development of an ICT strategy in Chapter 32.

Recommendations

- 27A** The Auckland Council should work with central government to prepare a regional broadband infrastructure investment and management plan for the Auckland region, consistent with New Zealand's Government broadband policy.
- 27B** Broadband infrastructure planning should be undertaken by the Auckland Council, whose role will include
- a) acting as the leader, advocate and promoter of broadband investment for the Auckland region with central government and the telecommunications industry.
 - b) acting as the bulk funding applicant for central government broadband investment funding on behalf of the region and its communities if required.
 - c) taking responsibility to act as regional public broadband investor and manager if required.
- 27C** The Auckland Council's ICT infrastructure and functions should be managed centrally with a single information technology infrastructure and communications platform and common standards.
- 27D** The Auckland Council should prepare an e-government strategy as an intrinsic part of its proposed unified service delivery and information systems plan.
- 27E** The Auckland Council should consider setting targets for online service delivery consistent with leading international public service practice.

Transition

- 27F** The Establishment Board should prepare an interim information systems and e-government strategy for Auckland Council, including those elements set out in detail in Chapter 32.

28. Electricity

28.1 The terms of reference invite the Commission to consider what governance and institutional arrangements and funding responsibilities are required

to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities to support and enhance—

- (i) the current and future well-being of the Auckland region and its communities; and
- (ii) the performance of the Auckland region as a growth engine in the New Zealand economy and in its role as a key transport hub for New Zealand and the Pacific region; and
- (iii) the ability of the Auckland region to compete internationally as a desirable place to live, work, invest, and do business; and
- (iv) the ability of the Auckland region to respond to economic, environmental, cultural, and social challenges (for example, climate change);¹

28.2 Secure energy supply is essential for Auckland’s well-being and economic performance. Families and businesses rely on there being a dependable electricity supply. And in a city that is planning for growth, Aucklanders need to be confident that its future capacity requirements are being met.

28.3 In 1998, Auckland’s central business district was brought to its knees by an extraordinary chain of cable failures within Auckland’s distribution network, causing six weeks of outages and disruptions. The economic cost was high. Long-term economic losses to New Zealand were estimated at 0.1%–0.3% of gross domestic product. The crisis forced the vacation of 54% of premises in the affected area and had an impact on 70,000 workers and 7,500 residents. Hundreds of businesses had to close temporarily, with major loss of income and production.² The crisis has left a perception that security of electricity supply is a problem for Auckland, representing a risk consideration for international companies looking to establish operations in the city.

28.4 In 2006, extreme weather events caused a failure at Transpower’s Otahuhu substation, disrupting power supplies to large areas of Auckland for some days. In 2003 and 2008, Auckland, along with the rest of New Zealand, experienced security of supply issues caused (in 2003) by a prolonged drought, declining Maui gas reserves and an insufficient coal stockpile at Huntly. In 2008, in addition to drought, the sudden and unexpected closure of the gas-fired New Plymouth power station and one half of the Cook Strait high-voltage direct current link caused supply shortages.

¹ See Appendix A: Terms of Reference.

² See Auckland Regional Council website, “Civil Defence Emergency Management, Technological (man-made) hazards, Infrastructure failure” (available at www.arc.govt.nz, accessed February 2009), and *New Zealand Herald*, 20 February 1998.

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28.5 In February 2009, further electricity disruptions affected Auckland's eastern suburbs after the failure of a transformer during routine maintenance of Transpower's Penrose substation, causing sewage overflows into the Waitemata Harbour and widespread economic and social disruption. In the main, these series of events over the past 11 years were caused by transmission events rather than a shortage in generation capacity.

28.6 These ongoing disruptions clearly represent a significant economic risk for Auckland. The lack of official mechanisms for local government to manage this risk, to advocate for Auckland's needs, and to ensure there is an internationally acceptable security of energy supply for Auckland provides a case for strong leadership for the city to advocate in respect of these issues.

28.7 The Auckland region is, like all major cities, reliant on energy sourced from outside the region, which requires a strong transmission grid capable of withstanding one or two contingencies without blackout. It also requires a strong distribution network with multiple connections to the grid, and the capability for rapid reconfiguration in the event of more than one problem.

28.8 This chapter summarises the electricity supply issues for Auckland, what needs to be done to address those issues, and how the governance arrangements proposed by the Commission should work to help reduce electricity supply risks for the city.

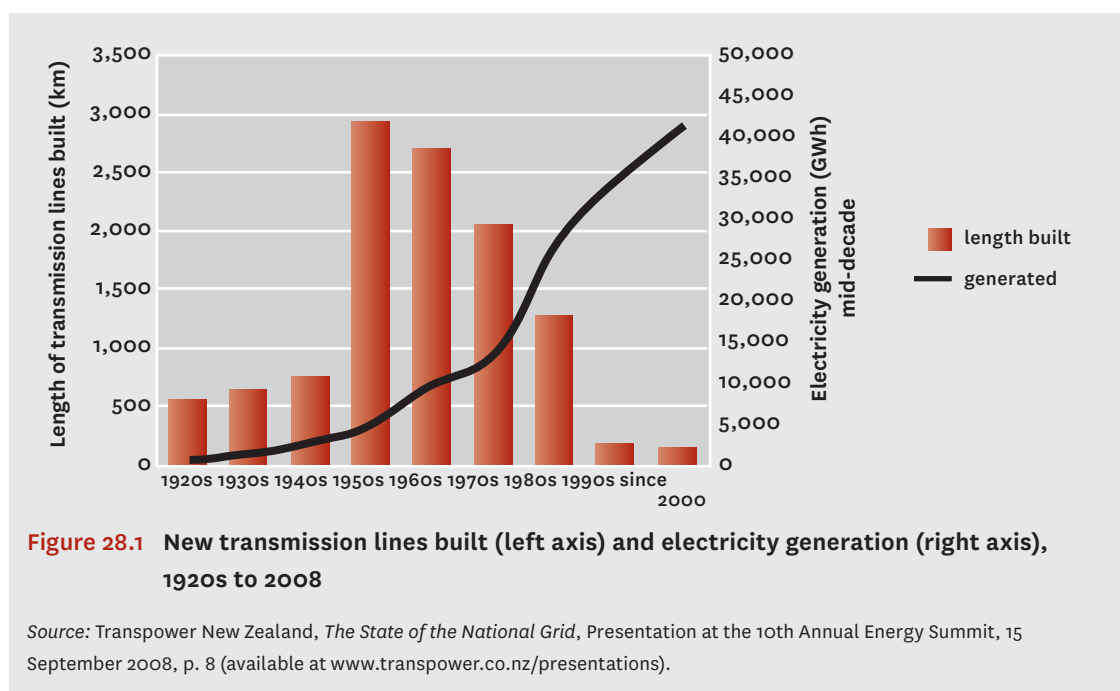
The significance of electricity to Auckland

28.9 Auckland demand is forecast to increase from around 6,900 gigawatt hours in 2007 to over 13,000 gigawatt hours by 2036.³ This represents an increase in overall share of national gigawatt hours for Auckland from 18.3% (2007) to 24.1% (2036).

28.10 It is not just residential and commercial markets that rely on electricity. The city's public utility infrastructure depends on continuous electricity supply to run essential services. Auckland's water and wastewater treatment and reticulation systems, its hospitals, schools, and its ports are already heavily reliant on electricity for effective operation. Without electricity, environmental and public health requirements, and the safety and security of Auckland residents, are seriously compromised. Within five years Auckland's increasingly important commuter rail services will be electrified. Given their partial ownership of the rail infrastructure, Auckland's local government is set to become a very large electricity consumer in its own right.

28.11 Recognising the strategic importance of electricity to the city, the Auckland Regional Council is developing Auckland's first regional energy strategy, for completion in

³ Electricity Commission, *2008 Statement of Opportunities*, August 2008, pp. 179–182 (available at www.electricitycommission.govt.nz, accessed February 2009). It should be noted that there are a number of demand forecasts for Auckland with no formal process for agreeing a common methodology and demand range across the industry



November 2009, as part of the regional policy statement.⁴ The Commission considers that the two core planning questions for Auckland are

- Is there sufficient capacity planned to meet long-term forecast demand?
- How can risks to security of supply be reduced?

The challenges

28.12 The Commission notes that achieving long-term continuous and reliable electricity supply for Auckland is a major challenge. There have been a number of plans and initiatives to diversify Auckland’s supply points and transmission capacity going as far back as 1981, but their lack of progress has made Auckland dependent on the Otahuhu substation with the passage of time. This is unacceptable, given that the Otahuhu substation has known design deficiencies, which cannot be rectified quickly.⁵

28.13 Added to the Otahuhu shortcomings, a further challenge to security of supply is the under-investment in upgrading the national grid, which is in a “catch-up” position. This position is illustrated in the Transpower chart of Figure 28.1, which shows how few transmission lines have been built during a period of steeply rising demand.⁶

4 See Auckland Regional Council website, “Sustainability” (available at www.arc.govt.nz, accessed February 2009).

5 “Connell Wagner Review of Report on Auckland Transmission Outage of 12 June 2006”, Ministry of Economic Development, July 2006, p. 1 (available at www.med.govt.nz, accessed February 2009).

6 Strange, Dr Patrick, *The State of the National Grid*, Transpower New Zealand Ltd presentation at 10th Annual New Zealand Energy Summit, 15 September 2008, p. 8 (available at www.transpower.co.nz, accessed February 2009).

28. Electricity

28.14 This under-investment is placing increasing stress on the national grid, which is becoming “less tolerant of faults”.⁷ The transmission risks have prompted a number of initiatives to increase local generation capacity. Over 70% of Auckland’s peak electricity demand is supplied by generation located south of the Bombay Hills. The Auckland region’s current local generation capacity is 652 megawatts (MW), provided mainly by Contact Energy’s 380 MW combined-cycle plant at Otahuhu and Mighty River Power’s 175 MW Southdown gas-fired, co-generation facility. Further, smaller co-generation sites are connected to Vector Limited’s electricity distribution network including Auckland Hospital and Greenmount, Rosedale, Redvale, and Whitford Landfill Power Stations.

28.15 Several preliminary investigations are under way, including proposals for wind farming around Kaipara. An expansion of the Ngāwhā (Kaikohe) geothermal power station from 15 MW to 25 MW was completed in late 2008. The only sizeable development on the horizon is Genesis Energy’s proposed new 480 MW power station planned for construction midway between Helensville and Kaukapakapa. The station will run gas and steam turbines (relying on a gas pipeline sourced south of the Bombay Hills). Applications for required planning changes and statutory consents have been lodged and heard.⁸

28.16 In future, distributed generation in Auckland is likely to include more industrial co-generation, wind farms, landfill-gas generation, small geothermal power plants, small diesel and gas generation, and solar power. Collectively these sources are not enough to supply the substantial load needs in the region, and the economic viability of local, large-scale electricity generation is questionable. For a long time into the future, Auckland will rely on generation from the south with all the resulting supply risks.

28.17 In the 10 years since Auckland’s major power crisis, some steps have been taken to improve the security of transmission supply. Common planning standards for a city such as Auckland would require a very robust security standard of N minus 1 or even N minus 2.⁹ This means that Auckland would not lose any supply in the event of the worst credible single failure, or the worst two credible failures.

28.18 Transpower, the national grid operator, has acknowledged that the N minus 1 planning standard needs to be met by the grid in order to provide greater diversity and security of supply to Auckland.¹⁰ The company has initiated a number of future investment plans to address the issues of diversity and security of supply. Transpower, together with Vector and Counties Power (which manage Auckland’s network distribution system), have

7 Ibid., p. 19.

8 See Rodney District Council website, “Planning and Development” (available at www.rodney.govt.nz, accessed February 2009).

9 “N minus 1” refers to an operational engineering standard. In a paper on Electrical Energy Security (2002), the Regulatory Assistance Project explains: “The electric grid has generally been constructed and operated under a standard to maintain uninterrupted operations, even with the loss of the largest single resource on the system (generation, a substation, or a transmission line). This is the N minus 1 standard, where N represents the sub-parts of the whole system and minus 1 represents the loss of the largest single resource (contingency) on the system.” (available at www.raponline.org, accessed February 2009)

10 Chairman, Transpower “Transpower’s response to Connell Wagner Recommendations” 21 July 2006, p. 3 (available at www.med.govt.nz, accessed February 2009).

completed several key initiatives to address security of supply issues, including finishing the Penrose-Central Business District power supply tunnel, the 22 kilovolt (kV) CBD backbone network, the sub-transmission reinforcement to key areas within Auckland, and the commissioning of a new substation at Ōhinewai.

28.19 Transpower’s Auckland Regional Plan has been prepared with a number of projects planned, including the installation of a new cross-harbour cable between Penrose and Albany and reinforcement of circuitry between Henderson and Penrose.¹¹ The Electricity Commission has recently given notice, however, that it intends to decline Transpower’s proposal to upgrade the transmission grid from Auckland to Albany (which includes the cross-harbour cable) on the grounds that uncertainty over the proposed Genesis Energy power station at Rodney made it inappropriate to approve the proposal at this stage.¹² The critical 400 kV national grid upgrade from the central North Island to Auckland and the Otahuhu substation upgrade have been approved by the Electricity Commission with both projects at the consenting stage.¹³

28.20 Vector’s asset management plan outlines its demand forecast, comparative regional growth trends, reliability performance, and service levels for distribution within the region. The plan sets out the company’s response to the challenge of meeting Auckland’s network requirements over the next 10 years, including projects such as substation upgrades and cable reinforcements.¹⁴ Further, by the terms of an agreement between Vector and its majority shareholder (the Auckland Energy Consumer Trust), Vector must provide an annual report to that shareholder from an independent expert on a number of network security of supply matters.¹⁵ The report addresses

- the state of the electricity network
- any need for upgrading the electricity network
- the capacity of the electricity network
- any security risks to the electricity network.

A certain number of Auckland councils are potential capital beneficiaries when the Auckland Energy Consumer Trust is wound up in 2073. However, these potential beneficial interests do not give Auckland councils influence over Vector’s operations or

11 Transpower Limited, *Annual Planning Report 2008*, March 2008, pp. 147–171 (available at www.gridnewzealand.co.nz, accessed February 2009). Note: the Auckland Region does not include Waitakere, North Shore or Rodney. These areas come within Transpower’s Northland Region.

12 Electricity Commission, “Electricity Commission announces intention to decline NAaN proposal”, media statement, 19 December 2008 (available at www.electricitycommission.govt.nz, accessed February 2009).

13 Transpower, *Annual Planning Report 2008*, p. i.

14 Vector Limited, *2007 Asset Management Plan*, 2007, pp. 83–102 (available at www.vector.co.nz, accessed February 2009).

15 Pursuant to the “New Deed Recording Essential Operating Requirements” dated June 2005. The annual report is available on the Auckland Energy Consumer Trust’s website (see www.aect.co.nz/aect/PDF/Siemens_Network_Report_Augo8.pdf).

28. Electricity

standards, nor does Vector fall within the scope of a council organisation under the Local Government Act 2002.

28.21 Notwithstanding these projects and controls, growth in demand from Auckland is continuing to place pressure on the overall national electricity supply system. A number of issues around the reliability, capacity, and overloading of transmission, generation, and distribution remain unresolved. With separate electricity companies involved in supplying different aspects of Auckland's needs, planning is undertaken in distinct silos without consolidated master planning and/or formal (and combined) consultation processes with key Auckland stakeholders.

The role of local government

28.22 The “big moves” in terms of planning electricity infrastructure are for the Government and the electricity sector to make. Nevertheless, the Commission considers local government has an important advocacy role to play, particularly at the regional level, in defining and assessing security of supply and the risks associated with failure to perform, and then in promoting Auckland city's electricity infrastructure and service requirements. Part of this is about the planning and advocacy undertaken by local government for the greater Auckland region. The other part is about drawing together the fragmented fields of electricity planning and then “getting out of the way”, so that progress on critical transmission and distribution infrastructure can happen.

28.23 A number of submitters made the point that the consent process needed to be improved to allow significant investment in transmission and generation to happen. There is the often-cited concern by the utilities that planning permissions for electricity infrastructure can be protracted, adding to project costs and timelines because of the need to obtain consents from several councils.¹⁶ Central government has responded to these concerns with the introduction (in 2008) of a national policy statement on electricity transmission. The statement recognises the significance of New Zealand's national grid in Resource Management Act plans and local government decision making. The national policy statement is supported by the proposed introduction of national environmental standards for electricity transmission (both these initiatives are through the Ministry for the Environment). The statement is designed to help local authorities remove regulatory and policy inconsistencies, which often do not give weight to central government policy in decision making.¹⁷

28.24 Local authorities have a mandate to be involved in energy efficiency through the Local Government Act 2002. They also have an express responsibility to promote sustainable energy management under the Resource Management Act 1991, and to take

16 Submission to the Royal Commission on Auckland Governance from Genesis Energy, p. 2. (All submissions are available at www.royalcommission.govt.nz.)

17 Ministry for the Environment, *National Policy Statement on Electricity Transmission* (available at www.mfe.govt.nz, accessed February 2009).

account of the National Energy Efficiency and Conservation Strategy (2001) in developing their land transport programmes. In particular, new and important responsibilities flow from the Resource Management (Energy and Climate Change) Amendment Act 2004.¹⁸ This Act requires local authorities, when exercising functions and responsibilities under the Resource Management Act, to have particular regard to the

- efficiency of the end use of energy
- effects of climate change
- benefits of using and developing renewable energy.

Councils are working closely with Government to implement the New Zealand Energy Efficiency and Conservation Strategy (2007), which replaces the 2001 national strategy. For example, a number of councils are helping Government deliver the Energywise home grants programme¹⁹ and many councils are promoting a reduction in energy consumption through high-quality urban design and improving their own facilities.²⁰

28.25 The Commission expects that the proposed Auckland Council will provide ongoing monitoring of the impact of electricity infrastructure investment and the gaps in the various operators' plans, and be proactive in advocating Auckland's energy needs. The Commission considers that the Auckland Council should be responsible for

- assessing the energy industry's performance and the implications for Auckland
- monitoring essential service and public infrastructure risks
- ensuring its decision making is consistent with central government policy
- advocating Auckland's needs to the industry players and to central government agencies
- when necessary, obtaining independent expert advice to provide public assurance on security of supply for the region
- keeping Auckland's communities resilient and prepared for any interruption to electricity supply.

28.26 The region has a strategic stake in all electricity planning for Auckland. The city is in for a prolonged period of risk to security of supply, which will have significant consequences for Auckland residents and businesses. Security of supply needs to be placed high on the regional planning agenda. To achieve strong grid and distribution reliability Auckland requires a long-term (25-year) city-wide strategy for maintaining, ahead of growth, a robust security standard. To deliver this strategy will require the Auckland industry players to collectively plan for transmission corridors and distribution

18 Resource Management (Energy and Climate Change) Amendment Act 2004, section 5 amended the Resource Management Act 1991 by adding sections 7(ba), 7(i), and 7(j).

19 Energywise funding delivery partners (available at www.energywise.govt.nz, accessed February 2009).

20 Ministry for the Environment, "Urban Design Case Studies: Local Government" (available at www.mfe.govt.nz, accessed February 2009).

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connections, and achieve an appropriate common security of supply standard for Auckland. The Auckland Council must have the capacity to monitor the organisations and their plan and enable the plan's delivery to ensure Auckland's needs are being met.

28.27 The Commission is of the view that Auckland needs a collective "voice" to advocate the region's needs to the electricity suppliers and regulators. The Auckland Council should work closely with consumers, the industry, and central government agencies to develop a climate change and energy strategy for the region. It should, from time to time, retain its own expertise to review the performance of the various organisations including Transpower, Vector, and the Electricity Commission, to ensure security of supply.

Recommendation

28A The Auckland Council should work closely with consumers, the industry, and central government agencies to develop a climate change and energy strategy for the region, including monitoring and reviewing electricity security of supply performance, and industry planning and regulation impacting the Auckland region.

29. Civil Defence, Rural Fires, and Resilience

29.1 This chapter considers the local governance arrangements to address Auckland’s disaster resilience. In Auckland, possible disasters include natural disasters (e.g. tropical cyclones, tsunami, and volcanic eruptions), technological disasters (e.g. electricity supply failure (see Chapter 28, “Electricity”)), and biological emergencies (e.g. human and animal epidemics).¹ Among the most likely disasters are tropical cyclones and flooding. A recent training exercise was based on a scenario of a volcanic eruption;² however, this is not a high probability risk. Resilience in the face of gradual changes such as climate change, as distinct from sudden disasters, is discussed later in this chapter.

29.2 Rod Oram, in “Auckland 2060”, a futuristic “think piece” written for the Commission, imagined some future disasters and new responses that might occur 50 years into the future:

When things go wrong ... they can do so in spectacular fashion. Last week, a nano-biotechnology plant in Rodney suffered a serious failure.

A huge global response kicked in almost instantaneously. Thanks to the power of Web 17.0, our emergency services were helped from around the world to model the potential disaster in real-time in virtual reality. So, thankfully no crisis developed. A monitoring drone is still hovering high in the sky over the site. It’s directing the army of robots still seeking out and capturing the escaped nano-particles with the help of overseas expertise.³

And, moving from the technological to the natural world,

Last night’s storm ... had the emergency services out. As expected, climate change has brought a 40-cm rise in sea level in the past 50 years. And weather events are more extreme and frequent. The good news is temperatures are only a couple of degrees higher.

We’ve built well to adapt but we always worry about storm surges. And we worry a lot about the unexpected. Just a month ago, severe earth tremors along the Kerepehi Fault – under the Hauraki Plain and into the Firth of Thames – caused a series of small tsunamis. They did a lot of damage both sides – Seabird Coast and the Coromandel – and up to the eastern beaches of Waiheke.⁴

1 Auckland Region Civil Defence Emergency Management Group, *Auckland Region Civil Defence Emergency Management Group Plan*, 2005, Annex A4, pp. A4-1 to A4-22, lists these hazards and risks in the Auckland region, among others (available at www.auckland.cdemg.org.nz).

2 Exercise Ruaumoko ’08, see www.exerciseruaumoko.co.nz/

3 Oram, Rod, “Auckland 2060”, in Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, p. 582.

4 *Ibid.*, p. 577.

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29.3 Whether these ideas become the reality or not, there can be no doubt that effective responses to old and new hazards will be needed in the future if the city is to minimise the damage and disruption from a disaster or emergency.

Resilience

29.4 Resilience is the term given to describe the ability of a community to withstand and recover from stress, disruption, or shock, and rebuild itself. Four areas of activity are commonly identified to build resilience, known as the “4Rs”:

- reduction (of risk)
- readiness (by public and agencies)
- response (at the time of an emergency)
- recovery (after the emergency).⁵

29.5 For the first R – reduction of risk – a range of central and local government policies contribute to disaster resilience. Well-known examples include earthquake strengthening of buildings, planning controls to avoid development in hazard areas, and spare capacity in lifeline utilities, for example by providing additional water storage and spare electricity and telecommunications circuits. (Lifeline utilities are the essential infrastructure and services that support the life of communities. They include services such as water, wastewater, stormwater, telecommunications, electricity, and gas, as well as transport networks such as road, rail, airports, and ports.)⁶

29.6 The two Rs of readiness and response require collaborative action between councils to address emergencies, and these are the main focus of this chapter.

29.7 The last R, recovery, is important to councils, especially as councils own infrastructure such as roads and bridges that are vulnerable to hazards. The rebuilding costs can be extremely high and necessitate radical revision of annual budgets after a disaster. The Commission considers that if governance of civil defence emergency management (“CDEM”) is adequate to cover the acute stage of an emergency, it will be adequate to deal with recovery.

5 *National Civil Defence Emergency Management Strategy 2007*, Department of Internal Affairs, Wellington, 2008, p. 5 (available at [www.civildefence.govt.nz/memwebsite.NSF/Files/National_CDEM_Strategy/\\$file/National-CDEM-strategy-2008.pdf](http://www.civildefence.govt.nz/memwebsite.NSF/Files/National_CDEM_Strategy/$file/National-CDEM-strategy-2008.pdf), accessed January 2009).

6 Ministry of Civil Defence and Emergency Management website, www.civildefence.govt.nz/memwebsite.NSF/wpg_URL/For-the-CDEM-Sector-Lifelines-Index?OpenDocument, accessed January 2009.

Civil Defence Emergency Management Act

29.8 Emergencies are addressed by local government through a statutory framework contained in the Civil Defence Emergency Management Act 2002 (“CDEM Act”). The CDEM Act establishes a central government agency, the Ministry of Civil Defence and Emergency Management, and also imposes CDEM responsibilities on local authorities. Responsibility for CDEM is thus split between local and central government.

29.9 The purposes of the CDEM Act include to

- promote the sustainable management of hazards (as that term is defined in the Act) for the social, economic, cultural, and environmental well-being and safety of the public and also for the protection of property
- encourage communities to achieve acceptable levels of risk
- plan and prepare for emergencies, response, and recovery
- require local authorities to coordinate, through regional groups, planning, programmes, and activities related to CDEM by reduction, readiness, response, and recovery.⁷

29.10 The CDEM Act defines “hazard” and “emergency”. A hazard is “something that may cause, or contribute substantially to the cause of, an emergency”, in which respect,

emergency means a situation that—

- (a) is the result of any happening, whether natural or otherwise, including, without limitation, any explosion, earthquake, eruption, tsunami, land movement, flood, storm, tornado, cyclone, serious fire, leakage or spillage of any dangerous gas or substance, technological failure, infestation, plague, epidemic, failure of or disruption to an emergency service or a lifeline utility, or actual or imminent attack or warlike act; and
- (b) causes or may cause loss of life or injury or illness or distress or in any way endangers the safety of the public or property in New Zealand or any part of New Zealand; and
- (c) cannot be dealt with by emergency services, or otherwise requires a significant and co-ordinated response under this Act.⁸

29.11 These definitions give CDEM a very wide mandate to address the effects of natural hazards, potential pandemics such as bird flu, terror attacks, and failures of utilities such as water supplies or electricity distribution among other things.

Central government agencies involved in civil defence emergency management

29.12 Central government takes responsibility under the CDEM Act for identifying hazards of national significance, and publishing national strategies and plans.⁹ It has published

⁷ CDEM Act 2002, section 3(a)–(d).

⁸ CDEM Act 2002, section 4.

⁹ CDEM Act 2002, section 8(2)(b), (c), and (d).

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a *National Civil Defence Emergency Management Strategy 2007*, which sets out five principles to guide action and underpin the success of CDEM in New Zealand:

- individual and community responsibility and self-reliance
- a transparent and systematic approach to managing the risks from hazards
- comprehensive and integrated hazard risk management
- addressing the consequences of hazards
- making best use of information, expertise, and structures.¹⁰

29.13 Central government also monitors the performance of CDEM groups and manages national civil defence emergencies, as well as taking wider roles, for example through security agencies in relation to terrorism, health agencies in regard to pandemics, and State-owned enterprises in regard to electricity generation and distribution.

Local government agencies involved in civil defence emergency management

29.14 The CDEM Act imposes a duty on every regional council and territorial authority to plan and provide for civil defence emergency management within its district. However, the councils do not act individually. The Act requires regional councils and territorial authorities to form CDEM groups in each region.¹¹

29.15 Functions of a CDEM group include to

- identify, assess, and manage relevant hazards and risks; consult and communicate about risks; identify and implement cost-effective risk reduction
- provide suitably trained and competent personnel, including volunteers, and an appropriate organisational structure for effective civil defence emergency management in its area
- provide material, services, information, and any other resources for effective civil defence emergency management in its area
- respond to and manage the adverse effects of emergencies in its area and carry out recovery activities
- promote and raise public awareness of, and compliance with, the CDEM Act
- develop, approve, implement, and monitor a CDEM group plan.¹²

29.16 A CDEM group operates in Auckland, with all eight councils participating. The Auckland group's political governance comes from councillors representing each council, who meet regularly at CDEM group meetings, as a joint standing committee of the

¹⁰ *National Civil Defence Emergency Management Strategy 2007*, pp. 6–7.

¹¹ CDEM Act 2002, section 12.

¹² CDEM Act 2002, section 17.

constituent councils.¹³ Budgets are approved for the expenses of the group and funded on an agreed basis by the councils.¹⁴ Budgets have increased significantly in recent years, reflecting an increase in group activities, to cover increased staff and the opening of a group emergency operations centre in 2008. The budget for 2008–09 was \$1.7 million.

29.17 Executive governance of the Auckland Region CDEM Group is undertaken by a Coordinating Executive Group (“CEG”), which nominally comprises the chief executive of each council, but is usually attended by second- and third-level managers deputised by the chief executives.¹⁵ In addition, the CEG includes representatives from New Zealand Police, New Zealand Fire Service, St John, Auckland Regional Public Health Service, the three district health boards, Auckland Engineering Lifelines Group, and the Auckland region’s CDEM group controller as full voting members. The Ministry of Civil Defence and Emergency Management has a non-voting representative. Various subcommittees are set up to deal with particular “portfolios” such as public education and risk reduction.

29.18 Routine work of the group is done in-house by six employees, who are employed by Auckland Regional Council (“ARC”), although they report to the CEG.

29.19 The group has adopted the Auckland Region CDEM Group Plan. This sets the strategic direction, operation, and administrative arrangements for CDEM in Auckland. It expresses its vision as “A resilient Auckland region”, with resilience describing as a prepared community that bounces back quickly after an emergency.¹⁶

Territorial authorities and civil defence emergency management

29.20 As well as contributing to the group, individual territorial authorities maintain their own CDEM organisations. Throughout the region, 18 people are employed by territorial authorities in specific CDEM roles. These people might be described as facilitators. Many more council staff participate on an occasional basis in CDEM training and provide the bulk of the workforce during emergencies.¹⁷ Each territorial authority pays the costs of its local CDEM effort, in addition to its contribution to the group budget.

29.21 A degree of local autonomy within a region is consistent with the CDEM Act. For example, the Act allows for a person nominated by a group, or the mayor of a city or district, to declare a state of emergency.¹⁸ While mayors are limited to declaring a state of emergency within their own districts, the person appointed by the group may declare in respect of one or more districts.

13 CDEM Act 2002, section 12.

14 Auckland Regional Council pays 35% of the group budget, and the territorial authorities share the balance between them, shared pro rata according to population.

15 CDEM Act 2002, section 20 describes functions of CEGs.

16 *Auckland Region Civil Defence Emergency Management Group Plan*, section 2.2.1, p. 15. The section expands on the concept of resilience.

17 Auckland City Council, for example, has three full-time CDEM staff, and another 140 staff who are familiar with the operations centre and would assist in an emergency.

18 CDEM Act 2002, section 25.

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29.22 There is also a general requirement in the CDEM Act for local authorities to plan and provide for CDEM within their districts.¹⁹ This could be satisfied by a comprehensive group plan supplemented by simple documentation covering any additional needs of each district. However, the Auckland councils have each provided an elaborate local CDEM plan for their districts, following a common template.²⁰ The local plans emphasise local operational response and recovery activities for local emergencies, and procedures for transferring responsibility to the CDEM group for an emergency that becomes regionally significant.

29.23 The North Shore City CDEM Local Plan is a typical example. It states hazards applicable in North Shore City, and operational principles and arrangements, including recruitment of volunteers.²¹ The plan also lists the membership of the North Shore City Welfare Advisory Group (“WAG”), whose purposes are to provide expertise and guidance, to develop and implement individual welfare response plans, and to participate in training. Members of the WAG include, for example, Age Concern, Asian Liaison Office, Auckland University of Technology, Awataha Marae, Citizens Advice Bureau, various churches, and representatives of Government welfare departments.²²

29.24 The WAG and the volunteers are examples of local outreach and integration of CDEM into the community. These fit into the national CDEM strategy principle of individual and community responsibility and self-reliance, but they do not necessarily need to be arranged by territorial authorities. The Commission considers they might just as effectively be arranged by the Auckland Region CDEM Group, and indeed the local WAGs overlap with the group welfare advisory effort.

Submissions to the Commission

29.25 The submissions on CDEM are summarised in Volume 3 of the Commission’s report, Chapter 20, “Emergency management and disaster resilience”. Relatively few submitters commented on CDEM. Of those who did, most favoured the regional council being responsible for all CDEM. Few gave detailed reasons; however, one thought a regional committee would function better than the current joint committee structure of the CDEM group. Other points made by submitters included the need to ensure that emergency planning is considered as part of wider planning processes focused on transport, health services, police, ambulance, and fire.²³

29.26 Auckland International Airport Ltd noted that the airport is a “lifeline utility” identified in the CDEM Act. The company said that civil defence planning is complex

¹⁹ CDEM Act 2002, section 64.

²⁰ *Auckland Civil Defence Emergency Management Group Plan*, section 3.1.5. p. 51 calls for local plans.

²¹ Keay, David and Dearing, Rodney, *North Shore City Civil Defence Emergency Management Local Plan 2005*, North Shore City Council, North Shore City, 2005, section 2.3, pp. 2–5 and section 4.1, p. 12 (available at www.northshorecity.govt.nz/PDFs/Civil%20Defence/NSCD-local-plan.pdf, accessed January 2009).

²² *Ibid.*, section 5.4, p. 20.

²³ Other submissions called for better funding for surf lifesaving and the rescue helicopter, issues that were addressed by Parliament in the Auckland Regional Amenities Funding Act 2008. The Commission makes no recommendation on the matter.

and resource-intensive, with duplication of human resources across lifeline utilities and territorial authorities. It suggested combining existing resources, which would also create fewer bodies, and increase coordination and communication. The airport company's submission called for simplified governance arrangements and improved city-wide focus and strong leadership, based in part on the deficiencies the company saw in CDEM.²⁴

Overview of civil defence emergency management arrangements in Auckland

29.27 The Commission agrees with Auckland International Airport that current CDEM governance is complex. The Commission considers that CDEM arrangements are unnecessarily complex, given the opportunities to regionalise under the CDEM Act.

29.28 The complexity is mainly because of the overlapping organisations of the regional CDEM group and the territorial authorities. The Commission believes that the organisations are not well integrated, and therefore the overall CDEM effort in Auckland region leads to inefficiency and possible loss of operational effectiveness.

29.29 Operational effectiveness has not been tested in an actual emergency in Auckland region since the current arrangements were put in place, so it has not been put to the acid test. A regional training exercise "Ruaumoko" was held in 2008, which was generally considered a success in terms of testing and developing response capabilities. Of issues relevant to governance, there were two important findings:

- The leaders of the response at regional and national levels should be more clearly identifiable to agencies actively involved and more prominent to the community.
- There needs to be greater clarity and mutual understanding of the roles and functions of regional CDEM Group Emergency Operations Centres in coordinating across and supporting the delivery by local Emergency Operations Centres.²⁵

29.30 Questions about leadership were earlier raised in 2006 in a report by Kestrel Group Ltd, a company commissioned by the Auckland Region CDEM Group to review the capacity and capability of the group to respond to a disaster impacting the Auckland region.²⁶

29.31 Kestrel said in its report that the group's organisational structure was not providing enough strategic direction for the CDEM sector in the Auckland region. The regional CDEM group, and particularly the CEG, needed to be examined to ensure they were operating at a strategic, direction-setting level rather than focusing on detailed operational issues. Kestrel said that the group had no profile or "presence" from the perspective of external

24 Submission to the Royal Commission on Auckland Governance from Auckland International Airport Ltd, p. 29. (All submissions are available at www.royalcommission.govt.nz.)

25 Ministry of Civil Defence and Emergency Management, *Exercise Ruaumoko '08: Final Exercise Report*, 2008 (available at [www.civildefence.govt.nz/memwebsite.nsf/Files/National%20Exercise%20Programme/\\$file/ExRuaumoko-FINAL-REPORT-Augo8.pdf](http://www.civildefence.govt.nz/memwebsite.nsf/Files/National%20Exercise%20Programme/$file/ExRuaumoko-FINAL-REPORT-Augo8.pdf), accessed January 2009).

26 Kestrel Group Ltd, *Assessment of the Capacity and Capability of the Auckland Region CDEM Group to Respond to a Disaster Impacting the Auckland Region*, Volume 1, August 2006 (available at www.auckland.cdemg.org.nz/pdf_files/Kestrel%20Akl%20CapacityandCapability%20Volume1.pdf, accessed January 2009).

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agencies asking, “Who are the Group?”, “Who do I contact?”, “Who is in charge?”, “Who is responsible?”²⁷ Kestrel’s recommendation was to

Increase the strategic effectiveness of the CDEM Group at both governance (joint committee) and executive management (CEG) levels by clarifying roles, responsibilities and accountabilities.²⁸

29.32 No significant changes have been made in response to the Kestrel recommendation quoted. This may be because of the territorial authorities seeing the group as superfluous in most emergencies, because they expect their local CDEM organisations will generally provide the practical response. This explanation would fit with Kestrel’s finding:

The lack of ownership of and commitment to regional CDEM by CDEM Group partners has made it difficult to provide direction to the wider CDEM sector and implement agreed regional projects. In a sense, the CDEM Group is too ‘virtual,’ and there is too much reliance on goodwill and commitment from a few agencies to make things happen.²⁹

29.33 An example of uncoordinated action by territorial councils relates to emergency warning systems. Kestrel commented that councils were providing their own public emergency warning systems because of “a perceived lack of leadership from the Group and MCDEM [Ministry of Civil Defence and Emergency Management] on this issue”. Kestrel said that this was likely to lead to different warning mechanisms, processes, and standards across the group, and urgent coordination and leadership was required to achieve a group-wide agreement as to what needed to happen and by when.³⁰

29.34 Three councils have put in place tsunami warning systems, each using different technology (see Box 29.1). It seems to the Commission that having three different warning systems raises the public education costs inordinately. Warning systems can be effective only if they are intelligible to the people who need to heed the warning. Investment in public education might well exceed investment in the hardware. An all-of-Auckland approach could be supported by ongoing public education through mass media, to a degree that the fragmented approach cannot.

Staff arrangements

29.35 There are two other levels of CDEM organisation where leadership is fragmented and needs to be improved. The group controller is a part-time appointee, with no regular line management connection to other CDEM staff in the group or in the councils. The Commission is aware that the group controller has extensive statutory command and control powers in an emergency, but considers that overall leadership would be enhanced if the group controller had a continuous management relationship with the local controllers and permanent staff in between emergencies.

27 Ibid., p. 29.

28 Ibid., p. 37.

29 Ibid., p. 29.

30 Ibid., p. 46.

Box 29.1 Tsunami warning systems

- Rodney District Council has implemented a tsunami warning system using mass text messaging to mobile phones. Residents can opt in to receive text notification of emergencies direct to their mobile phones. The messaging service will be activated in the event of a tsunami, or an impending localised emergency such as a cyclone, or when a civil defence emergency is likely to be declared. Subscribers register from their mobile phone by texting a council number.
- North Shore City Council has put in place a telephone-based tsunami warning system. Around 15,000 householders living in vulnerable areas were invited to opt in to the system by entering their details onto a website. When a tsunami is declared by national civil defence authorities, the system is activated to automatically send telephone calls to those listed on the alert database. The automated voice message will announce a civil defence tsunami alert, and the listener will be directed to immediately tune into radio stations for emergency instructions.
- Waitakere City Council has constructed a tsunami warning system based on sirens on poles. Thirty tsunami siren systems have been installed in 13 coastal locations around Waitakere. The sirens sound three different “alert”, “evacuate”, and “all clear” signals to inform people within earshot of tsunami risks.

Sources: Rodney District, North Shore City, and Waitakere City websites, accessed November 2008.

29.36 The permanent CDEM staff is also fragmented. The group staff report to the CEG, but work within the ARC administration, which has the potential to raise tensions when the CEG and ARC have competing interests. The staff employed by the city and district councils have no managerial connection with each other or with the group staff. While there appears to be a high degree of cooperation and goodwill between the various organisations at staff level, a single management and administration structure would have considerable value, in terms of a larger group having greater depth of experience and ability to specialise and in terms of building the team work that is essential to deal with an emergency.

Long-term resilience issues

29.37 Building resilience requires the management of sudden disasters, discussed above, and also requires reduction of long-term risks due to gradual changes in the environment. Climate change, peak oil, and the challenges of a city that may be carbon-constrained in future also require a response from local government. These types of issues are addressed through long-term sustainability planning rather than emergency management. Regional governments in other countries have begun to plan for such things as climate change (see Box 29.2).

29.38 The ARC has announced that it is developing a Regional Response to Climate Change and a Regional Energy Strategy, for release in November 2009 as part of the review

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Box 29.2 The King County Climate Plan

King County in Washington State – a large US county with a population of over 1.8 million – has developed a work plan for reducing greenhouse gas emissions and preparing the region for the impacts of climate change:

King County will develop clear greenhouse gas accountability and limits, and will implement practical, meaningful policies and investments in the following areas: climate-friendly transportation choices; clean fuels, clean energy and energy efficiency; and land use, building design and infrastructure. Many extraordinary efforts are underway on these counts, but we can and must be more ambitious. Bold planning and investments in these areas – i.e. electrified transportation, more public transit, greenhouse gas accounting in capital projects, and expansion of green building practices – are truly the foundation of our bridge to significant greenhouse gas emissions reduction. Simply put, to reduce greenhouse gas emissions we need cleaner cars, fewer cars and cleaner infrastructure.

The list of solutions that King County has developed in response to climate impacts information ranges from the Brightwater reclaimed water “backbone,” which will provide relief to the region’s water supply in context of predicted drought, to planned improvements to roads, bridges and seawalls, in context of sea level rise and flooding. It is important to note that in all of these decisions, climate change information is but one factor, and that the decisions King County has made so far also seek to maximize additional benefits of actions to public health, economic development, and environmental protection.

Source: Excerpts from executive summary, *2007 King County Climate Plan* (available at www.kingcounty.gov/transportation/CommuteSolutions/Climatechange.aspx, accessed November 2008).

of the regional policy statement. This initiative is positive; however, the Commission considers that implementation of the eventual plans will not be straightforward, especially if it relies on other agencies. A stronger approach would be to restructure regional governance so that the agency that draws up the plans is also the agency that commissions development. The CDEM governance structure proposed by the Commission covers this aspect.

The Commission’s proposals

29.39 The Commission considers that CDEM is best administered regionally. Unified governance would facilitate greater clarity of vision for all those involved and it could better utilise the resources available for CDEM, which are currently fragmented between the councils. Given the Commission’s overall recommendation for the reorganisation of local government in Auckland, by the creation of an Auckland Council as a unitary authority to govern the region, CDEM is an appropriate function of the Auckland Council.

29.40 Emergency management in any part of the Auckland region can be provided on a regional basis. A regional system could maintain emergency operations centres in different parts of the region to manage a range of events. Activities such as recruitment of volunteers and public education can be provided on a regional basis, although there may be a case for the regional body to have local service centres and field workers.

29.41 The Commission proposes that CDEM should be governed by a committee of the Auckland Council, chaired by the Mayor of Auckland. This committee would take over the statutory role of the group joint committee. The involvement of the mayor would be important to give credibility and urgency to the CDEM effort. Members of the committee might include local council chairs.

29.42 Below this, the CEG would be retained, chaired by the Auckland Council Chief Executive. As with the mayor's involvement, the chief executive's involvement is important to give status to the CDEM effort. It is important that the CEG should retain the involvement of emergency services and other agencies in the high-level preparation for emergency management. Involvement of the emergency services at this level is a strength of the existing system that should continue.

29.43 The regional CDEM administration would be headed by the civil defence controller, a full-time position that would report to the chief executive. All of the CDEM staff currently employed by various councils would be brought under the management of the controller.

29.44 The Commission envisages that a single CDEM plan, training programmes for staff, volunteer recruitment programmes, and standard operating procedures would be developed for the region by Auckland Council. Local councils would be involved in CDEM planning to help establish local perspectives and preferences. Implementation would be the responsibility of Auckland Council, including implementation by decentralised staff of Auckland Council with roles, for example, in public education, organising volunteers, and management of sub-regional emergency operations centres. Powers in local matters could be delegated by Auckland Council to local councils where appropriate.

Forest and rural fires

29.45 A further aspect of resilience relates to forest and rural fire protection. The New Zealand Fire Service provides firefighting cover to urban fire districts, which in the case of Auckland largely correspond to the areas with high-pressure reticulated water supplies. In urban districts, local authorities assist the fire service by maintaining water supplies, and inspect buildings for fire safety, but have no direct firefighting role.

29.46 Where there is no urban fire district, firefighting coverage is provided by rural fire authorities created under the Forest and Rural Fires Act 1977. Under the Act, territorial authorities play an important role in rural firefighting, either as independent fire authorities, or in conjunction with the Department of Conservation, Ministry of Defence, and forest owners, in various local arrangements. Most rural fire authorities maintain voluntary rural fire forces to provide firefighting capability in the rural area of the fire

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authority. In Auckland region, all territorial authorities have a role in rural fire protection, as all include rural land (the Hauraki Gulf islands in the case of Auckland City Council.) Waitakere City Council has a combined approach with Rodney District Council. Franklin District Council also has a significant firefighting role, as might be expected with its large rural district, including a number of voluntary rural fire forces.

29.47 Under the proposed new local governance structure, Auckland Council will have all of the powers of territorial authorities conferred by statute, including rural fire protection responsibilities under the Forest and Rural Fires Act. The Auckland Council would appoint a principal rural fire officer, who would advise the council on all relevant matters, including preparation of a rural fire plan. The Commission envisages that there would be additional staff, working at some local council offices, appointed as rural fire officers to carry out routine work. The Commission considers that this role should not be conferred directly on local councils, but sees a likely role for the local councils under delegated authority. The particular tasks that might be delegated will ultimately be decided by Auckland Council, and the Establishment Board will no doubt also give some thought to it.

Recommendations

- 29A** The Auckland Council should govern civil defence emergency management (“CDEM”) on a regional basis, through a committee chaired by the Mayor of Auckland. The committee might include some local council chairs.
- 29B** The Co-ordinating Executive Group should be retained and chaired by the Auckland Council chief executive. Representation of police, fire, ambulance, and other emergency and social services on the Co-ordinating Executive Group should continue.
- 29C** The civil defence controller should head the regional CDEM administration. This should be a full-time position reporting to the chief executive of the Auckland Council, with all CDEM staff reporting to the controller.
- 29D** The Auckland Council should develop a single CDEM plan, training programme for staff, volunteer recruitment programme, and standard operating procedures for the region.
- 29E** Local councils should be involved in CDEM planning and implementation to the extent delegated to them by Auckland Council.
- 29F** The Auckland Council will have all the powers of territorial authorities conferred by statute for rural fire protection, including those under the Forest and Rural Fires Act 1977.

Transition

- 29G** At the establishment date of the Auckland Council, the interim chief executive should be in a position to chair the Co-ordinating Executive Group supported by an interim civil defence controller.

30. Solid Waste

30.1 This chapter addresses solid waste management, which includes collection and disposal of refuse, the operation of refuse transfer stations and landfills, and the management of closed landfills. It also covers waste minimisation, which is accomplished by reducing packaging, and by reuse, recycling, and resource recovery. Solid waste excludes wastewater and sewage, the management of which is discussed in Chapter 26, “The Three Waters”.

30.2 While this chapter focuses on council functions, it should be noted that there is significant private sector involvement in solid waste management. Private companies own and operate refuse collection systems, transfer stations, and landfills. Some private sector activity derives from contracts let by the territorial authorities, but there are also large solid waste management businesses that are not connected to councils. The private sector is also involved in green waste collection and composting, and clothing collection, reuse, and recycling.

30.3 The volume of waste going to landfills (as well as the adverse effects of such waste) is significant in Auckland, as it is in the rest of New Zealand.

About 3.2 million tonnes of waste goes to landfills each year in New Zealand and, according to the Ministry for the Environment, each year we throw away about \$250 million worth of potentially reusable resources. Not only is this a huge waste of resources but also landfills contribute to New Zealand’s greenhouse gas emissions and are a significant source of toxic leachate¹

Central government policies

30.4 The Waste Minimisation Act 2008, discussed below, is the most recent of a number of central government policy initiatives. The New Zealand Waste Strategy (2002) sets targets for reducing a range of waste streams as well as for improving landfill practices by 2010. The strategy is not binding on territorial authorities.

30.5 The New Zealand Packaging Accord (2004) is a voluntary agreement by industry with the Government to take responsibility for the complete life cycle of packaging. Producers and brand owners agreed that when they developed new packaging they would give higher regard to factors such as using fewer materials and using recycled materials. They also agreed to look at production efficiency, and the potential for recycling into other products after the packaging was no longer needed. The packaging accord has been given credit for significant reductions in packaging waste.²

1 Dr Russel Norman, MP, from the third reading debate in Parliament of the Waste Minimisation Bill, 11 September 2008, available at www.parliament.nz/en-NZ/PB/Debates, accessed February 2009.

2 Lester Thorley, “Packaging Accord report shows New Zealanders well on the way to reducing waste”, Ministry for the Environment media release, 15 October 2008.

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Local government role

30.6 Local government has an important role in solid waste management under the Waste Minimisation Act 2008. Under the Act, territorial authorities must promote effective and efficient waste management and minimisation within their districts. They do so to fulfil the purposes of the Act, which are to protect the environment and provide environmental, social, economic, and cultural benefits.³ Local government involvement in collecting and disposing of waste has a separate and much older rationale, which is to safeguard public health and amenity. For all these reasons, it is clear to the Commission that local government should have an ongoing role in solid waste management.

30.7 The Waste Minimisation Act requires territorial authorities to formulate waste management and minimisation plans.⁴ They are required to consider, in making their plans, six methods of waste minimisation in this order of importance:

- (1) reduction (lessening waste generation)
- (2) reuse (reuse of products in their existing form)
- (3) recycling (making into new products)
- (4) recovery (extracting materials or energy for further use, or composting)
- (5) treatment (changing the volume or character of waste for safe disposal)
- (6) disposal (deposit of waste on land set apart for the purpose, or incineration).⁵

30.8 Each of the Auckland territorial authorities has a waste management plan formulated under earlier legislation.⁶ These are stand-alone plans for each territorial authority. Councils in Auckland have not taken up the option under the Waste Minimisation Act of preparing joint plans.⁷ This is another example of territorial authorities failing to cooperate. However, the councils' plans are similar in many respects, and the possibility of joint action is contemplated in most of the plans.

30.9 An important aspect of improved waste minimisation is public participation, which depends on public knowledge and understanding of available options and of the systems put in place by local authorities. Councils have adopted different systems with bags, bins, and tubs in different sizes and colour schemes, different charging regimes, and different collection frequencies. Opportunities have been lost to standardise the hardware and systems throughout the region, which the Commission considers would assist in building public knowledge and participation. For example, if the same system were adopted in

3 Waste Minimisation Act 2008, sections 3 and 42.

4 Waste Minimisation Act 2008, sections 42 and 43.

5 Waste Minimisation Act 2008, section 44.

6 Local Government Act 1974, Part 31, sections 538 and 539 contained planning requirements similar to the Waste Minimisation Act.

7 Waste Minimisation Act 2008, section 45.

each district, television and newspaper publicity to promote household participation would be more cost-effective.

Quantities of waste

30.10 Comprehensive statistics for the Auckland region of the quantities of waste and recyclables collected and sent to landfill or other destinations were not obtainable by the Commission.⁸ Although territorial authorities held statistics for their own areas, it was not possible to aggregate these into regional statistics – the figures measured different waste streams and were not comparable.

30.11 The Commission considers that an important goal in the future should be to improve data collection. As noted above, there is a large private sector involvement in waste management, and councils do not necessarily have knowledge of all activities. However, improvements could be made. In 2007, a report from the Office of the Auditor-General commented on the importance of such information, in a report on waste management plans:

Most plans included some information about the quantity and composition of waste in the district, although fewer identified how much waste was expected in the future. While baseline information about waste data and composition is an important starting point for preparing a waste management plan, territorial authorities also need to consider how much waste they can expect in the future so they can better plan services to provide for future demand.⁹

30.12 The overall waste stream in the Auckland region seems to be increasing slightly. For the period since 2002, figures obtained from three of the city councils indicate a trend towards increased recycling (see Table 30.1).

Waste disposal levy

30.13 The Waste Minimisation Act introduced a waste disposal levy, which will affect solid waste management by all parties, including territorial authorities. The levy is paid to the Government by the operators of waste disposal facilities at the rate of \$10 per tonne.¹⁰ Half the levy money collected is paid by the Government to territorial authorities (shared pro rata by population) to be spent on promoting and achieving waste minimisation. The

8 The Commission inquired with the Ministry for the Environment and Auckland Regional Council, but neither had up-to-date regional statistics. One difficulty of compiling statistics is that data have been collected in the past by agencies using different definitions of waste.

9 *Waste management planning by territorial authorities*, Office of the Auditor-General, Wellington, 2007, paragraph 2.64 (available at www.oag.govt.nz/2007/waste-management, accessed January 2009).

10 Waste Minimisation Act 2008, section 27 states \$10 per tonne or other prescribed amount.

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Table 30.1 Refuse and recycling quantities for three Auckland councils

Year to 30 June	2003	2004	2005	2006	2007	2008
North Shore City¹						
Total refuse (tonnes)			27,665	26,334	26,055	27,405
Total recycle (tonnes)			20,852	22,367	24,938	24,314
Auckland City²						
Total refuse (tonnes)		83,864	84,331	87,998	87,026	84,611
Total recycle (tonnes)		37,618	39,537	41,119	41,095	42,910
Manukau City³						
Total refuse (tonnes)	70,328	73,776	81,136	84,932	88,613	88,115
Total recycle (tonnes)	15,794	18,125	19,750	20,536	20,713	21,409

Sources: ¹North Shore City Council, December 2008; ²Auckland City Council, October 2008; ³ www.manukau.govt.nz, accessed January 2009.

remainder of the levy money forms a contestable fund for waste minimisation projects available to councils and the private sector.¹¹

30.14 The levy has two objectives: to raise revenue, and to provide incentives for waste reduction. For councils, the major implication will be the capital funding that becomes available for waste minimisation. For everyone who produces waste, the effect of the levy will be to increase landfill charges. This is expected to provide an incentive for people to reduce quantities going to landfill, for example by changing business practices to reduce waste output.

30.15 The money available to councils will be significant. Assuming 3.2 million tonnes (as quoted in paragraph 30.3) is disposed of to landfill nationally in the first year, the levy revenue at \$10 per tonne will be \$32 million. Half will be paid to councils after deduction of costs, leaving say \$15 million, of which Auckland councils on a pro rata population basis will receive \$4.8 million (their share for 32% of the population of New Zealand).

30.16 This calculation overstates the actual sums that will be available, as the levy will probably result in a reduction in waste going to landfills (as it is intended to do), and there is a lack of accurate statistics. But it indicates that there may be significant sums of money available to Auckland councils from the waste minimisation fund. North Shore City Council has separately estimated that its annual return from the levy will be \$800,000.¹² Significant new investment in high-technology methods of waste minimisation might be made if this revenue stream were pooled regionally and invested as a block. Conversely,

¹¹ Waste Minimisation Act 2008, sections 31, 32, and 38.

¹² Report on the Waste Minimisation Act prepared for Infrastructure and Environment Committee of North Shore City Council, 16 October 2008, pp. 1 and 5.

if the money were split between each of the existing councils, new investment might be discouraged as it might not be possible for any of them to realise significant economies of scale.

30.17 The contestable fund, representing the other half of the levy revenue, might be more readily secured by a “whole of Auckland” initiative, rather than by individual territorial authorities. The potential scale of an Auckland regional waste minimisation proposal could make it more competitive.

Advances in technology

30.18 Technology recently developed to sort materials recovered from kerbside recycling offers opportunities to make recycling more efficient. This technology requires large capital investment, but it can yield significant economies of scale by replacing labour-intensive manual sorting methods with mechanised sorting.

30.19 Auckland and Manukau City Councils have separately contracted with Visy Recycling NZ Ltd to introduce this new technology to Auckland. This has resulted in Visy constructing a new materials recovery facility (“MRF”) at Onehunga to sort and recover recyclables collected at kerbsides.¹³ The scale and cost of this facility, an investment of about \$24 million, was beyond the scope of a single council. Neither council had the volume of material to justify its own plant, but their combined volumes being funnelled through the same company crossed the threshold to make the new sorting technology viable.

30.20 The MRF is complemented by a new kerbside collection system. In 2008, larger 240-litre recycling bins were introduced by Auckland and Manukau City Councils, and collections are now made fortnightly. Sorting is done at the MRF and not at the kerbside, as in the past. Householders put all recyclable material (paper, cardboard, plastics numbered 1 to 7, glass bottles, tins, and aluminium cans) into the one bin which is transported to the MRF for sorting.

30.21 The new system has already produced efficiency gains in Auckland City and improvements in waste minimisation. In the first three months of the new system, quantities of material put out for recycling increased by about 10%, with a corresponding reduction in garbage put out for collection. This was attributed to people finding it easier to recycle because they could now put all recyclables into a single larger bin.¹⁴

30.22 Waitakere and North Shore City Councils have also collaborated in solid waste management. Waitakere City Council operates an MRF at Henderson using older technology and more labour than the Visy facility, but still effectively sorting and recovering large volumes. The Henderson MRF sorts materials from the Waitakere and

¹³ The materials recovery facility is described at www.aucklandcity.govt.nz/council/services/rubbish/mrf.asp (accessed January 2009)

¹⁴ Personal comment from Auckland City Council group manager. (Longer-term trends are not yet apparent.)

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North Shore Cities' kerbside recycling collection.¹⁵ This is one of the few remaining council-owned waste management facilities in the Auckland region, most other councils having privatised or closed their transfer stations and landfills.

30.23 Other councils put less effort into materials sorting and recovery. The Commission does not criticise the various measures and processes of individual councils, but considers that opportunities to improve output and efficiency are being lost, especially in sorting and recovery. This is mainly because of the relatively small scale of the waste stream from each council's district, which does not allow available technology to be adopted efficiently by individual districts. The obvious conclusion is that the waste streams need to be combined, by one means or another.

30.24 Apart from the materials currently being recycled (glass, plastic, paper, etc.), the Commission considers that there are other opportunities for waste streams to be combined and treated as one. One example is organic waste, including food scraps and green waste, which has an estimated volume of 260,000 tonnes per annum, or about one-quarter of the total volume of regional waste going to landfill.

A regional waste management strategy

30.25 The Auckland Mayoral and Chief Executives' Forums decided in July 2006 to sponsor the development of a regional waste management strategy, but no strategy has so far been agreed.

30.26 The Commission's attention was drawn to the need for a regional approach to separation of organic waste from the general waste stream. Organic waste could have a number of end uses including composting and biofuel production. The Commission believes that opportunities like these are not being fully considered because of the fragmented approach of the current governance system. An all-of-Auckland approach is required to implement these kinds of proposals, because they need to be founded on a combined waste stream, capital investment, and a public education campaign to support separate organic collection. Box 30.1 contains an example of an effective regional waste minimisation campaign conducted by the combined efforts of Seattle City Council and King County.

30.27 The efficiency gains available in materials sorting can be contrasted with kerbside collection of garbage or recyclables, where significant new economies are limited. As noted above, the new MRF in Auckland has facilitated fortnightly collections using larger bins. This change has produced efficiency gains in collection. However, beyond this it is generally considered there is little further scope to increase efficiency in the kerbside collection. Most councils have already contracted out kerbside collection to the private sector. The Commission sees value in the continuation of a competitive collection industry with a number of viable contractors able to make competitive tenders. A regional

¹⁵ Some recovered material (for example bicycles, furniture, and toys) are separated for reuse and sold.

Box 30.1 Seattle Natural Lawn Care Program

The following passage illustrates how Seattle City Council has developed and carefully promoted a programme for reducing the environmental impacts of maintaining lawns:

many people currently recognize that the typical urban or suburban lawn can waste valuable resources. Water, fertilizer and pesticides go into maintaining a green lawn that produces large amounts of problematic grass clippings. Motivated by the broader mission of Seattle Public Utilities – which now deals with water conservation, drainage and wastewater issues, as well as solid waste management – we created the Natural Lawn Care program with our partner agency, King County Water and Land Resource Division. Its objective is to take a broad brush approach to changing lawn care habits. The program shows how grasscycling [where lawn clippings are mulched rather than removed], reduced use of soluble fertilizers and pesticides and moderate use of water can create a healthy lawn ecosystem that is much easier on the environment and safer for the people in that environment.

This year, market research indicated that our target audience for this message consists mostly of middle-aged (30 to 65 age range), suburban and urban males. As this effort is becoming regional, we were able to purchase time for a 30-second TV spot that will go to audiences watching Seattle Mariner baseball games. It would be hard to get to our target audience in a better way. The ads use a talking salmon and water protection as a theme, which is timely in light of the proposed endangered species listing of chinook salmon in our region. A mix of radio advertising also is planned for this year.

A great deal of interagency cooperation has gone into creating a coherent message that can be accepted by all the parties. Cooperation leverages agency monies and helps smaller agencies that are working with smaller budgets. It also creates an integrated message that avoids confusion for residents.

*Source: Woestwin, Carl, "Evolution of Home-Based Strategies for Residential Organics", *Biocycle*, May 1998: 37–39.*

approach to solid waste management does not necessarily imply a change to the number of collection contracts let within the region.

Waste and sustainability

30.28 The close connection between solid waste management and broader environmental issues such as sustainability are highlighted by the quotation from the parliamentary debate at the beginning of this chapter, and by the Seattle case study referred to in Box 30.1. In the Seattle example, lawn mulching was promoted as a way to reduce the volume of green waste going to landfills, to reduce the amount of water irrigating lawns, and to cut down the use of pesticides and fertilisers, among other outcomes.

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30.29 In Auckland, these environmental issues are not managed together. Territorial authorities are responsible for solid waste, and the Auckland Regional Council is responsible for various environmental matters including water use and quality. All the councils do useful work in publishing tips on sustainable gardening (a search for “garden waste” on most council websites yields numerous relevant articles), but the Commission believes that a broader approach is lacking. In particular, there is no coordination between councils to manage interrelated issues through public education or a media campaign such as that described in Seattle. As a result, opportunities to improve sustainability are being lost on a number of fronts.

Submissions to the Commission

30.30 The submissions on solid waste are summarised in Chapter 16, “Infrastructure”, in *Report, Volume 3: Summary of Submissions*. Solid waste was not commented on in detail by many submitters, perhaps suggesting that solid waste management is not widely perceived to be a problem. In the submissions received, the major issue identified was the fragmentation of investment and management between territorial authorities.

30.31 The Packaging Council of New Zealand made the most detailed submission on the subject. It advocated a regional approach to waste management decisions (which should be consistent with national decisions), together with regional service delivery, saying,

The economics of waste management services, particularly with regards to the recovery of recyclables, is best handled on a regional scale. Without volume recovery operations can be uneconomically viable which potentially compromises the range of materials which can be recovered – this is a situation which is occurring across the Auckland region today.¹⁶

30.32 The Packaging Council acknowledged the value of the Visy MRF in recovering recyclables collected from kerbsides in Auckland City and Manukau City, saying it was testament to how effective waste policies can be implemented when a strategic focus is applied, rather than just a localised solution. However, the Packaging Council left open whether a regional vision needed direction from a regional agency, or could be achieved through joint action by territorial authorities.

30.33 Another submitter favoured a regional agency taking over management of solid waste for other reasons, saying that it was unsatisfactory for the existence of waste facilities to be “simply at the whim of private enterprise.”¹⁷

16 Submission to the Royal Commission on Auckland Governance from Packaging Council of New Zealand, p. 4. (All submissions are available at www.royalcommission.govt.nz.)

17 Submission to the Royal Commission on Auckland Governance from Barry Carter, p. 2.

The Commission's view of improvements required

30.34 The Commission notes that solid waste collection and disposal by councils is generally satisfactory if considered on a day-to-day basis. It appears to the Commission that council collection services are adequately addressing basic public health and the most direct environmental effects, and progress has been made by all councils in waste minimisation in recent years.

30.35 However, the Commission sees many opportunities being lost as a result of the current governance arrangements. Lost opportunities include

- failure to integrate solid waste management with other environmental initiatives
- lack of public education programmes across the region using television and other media, for example in relation to recycling and managing hazardous waste to reduce the waste stream
- failure to provide uniform systems for kerbside collection, which would help the public education effort
- failure to utilise new technologies fully, so that the economies of scale available from region-wide plants are realised.

30.36 These lost opportunities could be recouped by bringing all waste management and environmental management responsibilities under a regional organisation. The Commission agrees with the Packaging Council that the economics of waste management services, particularly the recovery of recyclables, are best handled on a regional scale. This is because of the need to combine the waste streams to achieve cost-effectiveness, and the large investment sums needed for new sorting technology and facilities.

30.37 Arguments for a regional approach are strengthened by the availability of levy money to local authorities under the Waste Minimisation Act. Auckland's share of this money would have optimum value if kept together and invested in regional facilities, rather than being claimed by individual councils. A regional body would be in a good competitive position to make claims on the contestable fund, as it could demonstrate good rates of return on the investment of new capital.

30.38 Given the Commission's overall recommendation for the reorganisation of local government in Auckland – the creation of an Auckland Council as a unitary authority to govern the whole region (see Chapter 14, “The Auckland Council: Key Features”) – solid waste management is an appropriate function of the Auckland Council.

30.39 The Commission envisages that the Auckland Council will produce a regional waste management plan that investigates waste minimisation projects, and integrates solid waste management with other environmental programmes and with service delivery. The possible advantages of creating a council-controlled organisation for solid waste management might be considered. A regional waste management plan should recognise different circumstances in parts of the region, such as the Hauraki Gulf islands, where a different approach might be worked out in consultation with local people. A regional

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plan could also recognise and encourage efforts to minimise waste by the community, including not-for-profit groups, which can make a valuable contribution.

30.40 There are other ways to bring about a regional approach. Local councils could use more joint ventures to obtain economies of scale, or a specialised regional waste management agency (along the lines of Watercare Services) could be created. Joint ventures can help improve outcomes, but the Commission considers they are not reliable enough to be a favoured form of governance. And a stand-alone agency, along with local council management, has the disadvantage of possibly isolating waste management from a broader sustainability agenda. The Commission considers that solid waste management can and should be part of a broadly integrated environmental management effort. If a separate solid waste agency were to be created, then its mandate and responsibility would need to include joint action on environmental matters with other agencies.

30.41 An all-of-Auckland approach to waste management is also favoured because of the opportunities for targeted campaigns to recover specific items such as packaging, computers, televisions, and hazardous waste, for reuse, recycling, or return to their manufacturer.

30.42 In the Commission's view, governance by the Auckland Council will meet public needs for waste management. Most people will want waste collection services that are reasonably frequent, reliable, and efficient, with high environmental standards, but will not have strong preferences as to who provides the service. Standard service levels can be worked out by the Auckland Council to meet the needs of most people across the region. Individuals who want additional waste collection services can arrange these privately.

Recommendation

30A The Auckland Council should develop a Regional Waste Management Strategy, including strategies for management of organic waste and integration of waste management with other environmental programmes.

PART SIX: MAKING THE CHANGES

31. Statutory Reform

31.1 The implementation of the proposed reforms to the governance of the Auckland region will require some form of statutory intervention. This is because the existing local authorities are constituted pursuant to the Local Government Act 2002 – the creation of the Auckland Council and the dissolution of the existing local authorities will involve substantial amendment to the existing regime.

31.2 The Commission has considered whether the changes to the constitution of local authorities in order to establish the Auckland Council and make the other changes proposed in this Report could best be achieved by

- amendments to the Local Government Act 2002
- a reorganisation proposal pursuant to section 24 of the Local Government Act 2002 and consequently by an Order in Council giving effect to that proposal; or
- a specific Act of Parliament.

31.3 Amending the Local Government Act 2002 in order to give effect to the recommendations in this Report would involve piecemeal amendments to a large number of provisions in that Act. This would make the Act more cumbersome and unwieldy, and would make the administration of the new Auckland governance structures less transparent, especially to those unfamiliar with the legislation. The Commission rejects this option accordingly.

31.4 Nor does the Commission consider that a reorganisation proposal would be an appropriate mechanism for implementing the proposed reforms, despite the superficial attraction of using an existing statutory mechanism.¹ The reorganisation process requires the review of any reorganisation proposal by the Local Government Commission, followed by consultation with stakeholders, the notification of a draft proposal, and public submissions. It also requires a poll of electors which, by simple majority, determines whether or not the proposal will proceed. Plainly, the complex and wide-ranging recommendations in this Report are not suited to this process; nor would it be an efficient use of time and resources to go through a further consultation and submission process, which would in large part duplicate the consultation and submission process carried out by the Commission.

31.5 Perhaps even more significantly, however, there are a number of provisions in existing legislation such as the Local Government Act 2002 and the Local Electoral Act

¹ The relevant statutory provisions are in Schedule 3 to the Local Government Act 2002, and in particular sub-part 4 which deals with the union, constitution and abolition of districts and regions and the creation of unitary authorities.

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2001 that conflict with the Commission's proposals in this Report, and a reorganisation proposal would not address this. For example, the current provisions of the Local Government Act 2002 relating to the constitution and structure of subordinate entities, such as committees of a council and community boards, would not allow for the form of local councils proposed by the Commission.

31.6 Similarly, the Commission's proposals include giving more specific powers, functions and duties to the Mayor of Auckland, whereas the Local Government Act 2002 establishes a mayor as the chairperson of a territorial authority but otherwise gives mayors few specific powers or functions.²

31.7 The Commission's preferred option, therefore, is special-purpose legislation encompassing all of the provisions required to implement the new governance structures. Specific, stand-alone legislation would be much more accessible and transparent, and would avoid issues of jurisdiction or conflict with other laws; the scope of any proposed reform would not be hindered by any existing legislation, rule of law, or convention.

31.8 The new Act should

- establish the new Auckland Council and dissolve the existing local authorities and their districts
- define the new Auckland Region and the various areas within Auckland based on, but not replicating, the existing territorial districts
- provide for the membership of the Auckland Council including both members at large representing the whole city and representatives from wards. Provision will also need to be made for two elected Māori councillors and a third councillor appointed by the Mana Whenua Forum.
- create the local councils, which although part of the Auckland Council will be distinct entities. There will need to be specific legislative provisions providing for their constitution, role and relationship with the Auckland Council, including the extent to which functions of the Auckland Council may be delegated to them. Each local council will also be required by legislation to prepare a community action plan in order to enhance local consultation and planning.
- give the Mayor of the Auckland Council specific powers of appointment of the deputy mayor and the chairpersons of committees, and clear powers to initiate policy through the preparation of the long-term council community plan and the annual plan.

2 The provisions in Schedule 7 to the Local Government Act 2002 which stand in the way of the suggested reforms to mayoral powers include

- clause 17 – election of deputy mayor by the council
- clause 18 – removal of deputy mayor by the council
- clause 25 – process for election of deputy mayor and chairs of committees
- clause 30 – power to appoint committees; and
- clause 31 – membership of committees.

- increase the accountability of the mayor by requiring the mayor to hold at least four public meetings each year, to present the Annual Report of the council, to meet with local council chairs monthly, and to convene regular plenary meetings involving both local and central government representatives.
- amend the Resource Management Act 1991 to remove the right of appeal against decisions on submissions in relation to regional policies in the Auckland Regional Policy Statement (similar to provisions relating to national policies in national policy statements) and to impose a moratorium on applications for private plan changes until the new district plan is operative as set out in Chapter 24, “Planning for Auckland”.
- provide for the position of Auckland Services Performance Auditor (see Chapter 32, “Achieving a High-Performance Auckland Council”).
- provide for Watercare Services Ltd to assume responsibility for all water and wastewater services in Auckland. This will include replacing the provisions in the Local Government Act 1974 that have remained in force notwithstanding the passage of the Local Government Act 2002, continuing the operation of the Auckland Metropolitan Drainage Act 1960, and transferring to Watercare the role of the North Shore Drainage Board under the North Shore Drainage Act 1963. Other than enabling Watercare to provide all water and wastewater services in Auckland, it is not recommended at this stage that the new Act add further powers such as those that other utility providers (of electricity, gas and telecommunications) have in respect of rights of entry for maintenance and emergencies and constructing works under roads. If necessary, Watercare will need to rely on the Auckland Council to use its powers under Part 8 of the Local Government Act 2002. In due course it will be desirable for these provisions to be reviewed and updated, but in the meantime the important objective is to bring the essential water and wastewater functions within a single entity for the whole district.
- provide for the making of regulations to facilitate the establishment process and the orderly transition from the existing regime to the new one.
- provide for transitional provisions, based largely on those already set out in the Local Government Act 2002 for reorganisation orders, to ensure that existing powers and duties, property rights and obligations, bylaws, rating and valuation rolls and civil defence arrangements are carried over at least until the new Auckland Council has had the opportunity to review them. These provisions should also make clear that the rights or interests of creditors will not be affected by the reform process.

31.9 While a number of these matters could be achieved through existing legislation, including them in a special Act of Parliament should establish them with a greater degree of permanence, and so provide greater certainty for both the Auckland Council and the citizens of Auckland as to the basis for the governance of the region.

31. Statutory Reform

31.10 In order to identify the degree to which the Commission’s recommendations will require changes to existing legislation, a draft set of statutory provisions which could be used as the basis for a special-purpose “Auckland Act” are set out at the end of this chapter.

31.11 It may be necessary for some parts of the proposed legislation to be enacted in advance of the balance to ensure for example, that the Establishment Board has the powers it needs to define the boundaries of the new Auckland Council and its wards and the new local councils. This may be necessary to ensure that the electoral processes can be undertaken in time. The Establishment Board may also need powers in relation to the appointment of an interim Chief Executive, and this might need to be provided for in advance of the main body of legislation.

31.12 The Commission also recommends in Chapter 25, “Transport” a number of changes to legislation relating to the governance of transport matters in Auckland. These changes will require amendments to the Local Government (Auckland) Amendment Act 2004 to abolish the Auckland Regional Transport Authority and to create the new Regional Transport Authority, as well as consequential changes to the Land Transport Management Act 2003. These matters will require a specific review of that legislation which is better undertaken by the New Zealand Transport Agency and the Ministry of Transport, and are therefore not included in the draft provisions set out at the end of this Chapter.

31.13 Finally, the Commission notes that the special-purpose Auckland Act will modify the Local Government Act 2002 and other legislation only to the extent that it conflicts with those Acts. There are, for example, many provisions of the Local Government Act 2002 which will continue to apply, and which will ensure that the procedural provisions of local government apply to the Auckland Council in the same way that they do in the rest of New Zealand.

Recommendation

31A The Government should promote legislation to give effect to the changes recommended in this report, by adopting the draft Auckland Act contained in Chapter 31.

The Auckland Act 2009

1. Title and commencement

- (1) This Act may be cited as the Auckland Act 2009.
- (2) Except as provided in subsection (3), this Act shall come into force on the date of the 2010 Local Body elections.
- (3) Section 23 shall come into force on the day after the date on which this Act receives the Royal assent.

2. Interpretation

In this Act:

“Auckland” means the region and the district of Auckland constituted by this Act

“Auckland Council” means the Auckland Council constituted by this Act

“Local Council” has the meaning set out in section 11(2)

“Mana Whenua Forum” means the forum of representatives of mana whenua Māori in the district of Auckland.

“The former authorities” means

- (a) The Auckland Regional Council; and
- (b) The Auckland City Council; and
- (c) The Rodney District Council; and
- (d) The Waitakere City Council; and
- (e) The North Shore City Council; and
- (f) The Manukau City Council; and
- (g) The Papakura District Council; and
- (h) The Franklin District Council.

3. Application of other legislation

- (1) This Act is to be read in conjunction with the provisions of the Local Government Act 2002 and the Local Electoral Act 2001 and the Resource Management Act 1991.
- (2) However, if there is any inconsistency between the provisions of this Act and any provisions of the Local Government Act 2002 or the Local Electoral Act 2001 or the Resource Management Act 1991, this Act prevails.
- (3) The 2nd schedule to the Local Government Act 2002 is amended by including the Auckland Council in the list of territorial authorities.

4. Dissolution of existing local authorities and community boards and abolition of existing districts and communities

- (1) Every local authority named in Part 1 of Schedule 6 to this Act is hereby dissolved.
- (2) Every district named in Part 1 of Schedule 6 to this Act is hereby abolished.
- (3) Every community named in Part 2 of Schedule 6 to this Act is hereby abolished and its respective Community Board is hereby dissolved.

5. Constitution of Auckland and the Auckland Council

- (1) There is hereby constituted a district, to be known as “Auckland”, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.
- (2) There is hereby constituted a region, to be known as “Auckland”, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.
- (3) A territorial authority, to be known as the “Auckland Council”, is hereby constituted for Auckland.
- (4) The Auckland Council shall be a unitary authority.
- (5) Part 1 of Schedule 7 to the Local Government Act 2002 (excluding clauses 17, 18 and 25) applies to the Auckland Council.

6. Continuing improvement

- (1) The Auckland Council must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

7. Wards within Auckland

- (1) Auckland is hereby divided into six wards.
- (2) These six wards are
 - (a) The Northern and Hauraki Gulf Islands Rural Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (b) The Northern Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (c) The Western Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand

- (d) The Central Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
- (e) The Southern Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
- (f) The Southern Rural Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.

8. Membership of Auckland Council

- (1) The Auckland Council shall consist of a mayor and 23 members.
- (2) The Mayor of Auckland shall be elected by the electors of Auckland as a whole.
- (3) The members of the Auckland Council shall be elected as follows
 - (a) Ten members elected by the electors of Auckland as a whole; and
 - (b) One member elected by the electors of the Northern and Hauraki Gulf Islands Rural Ward; and
 - (c) Two members elected by the electors of the Western Urban Ward; and
 - (d) Two members elected by the electors of the Northern Urban Ward; and
 - (e) Two members elected by the electors of the Central Urban Ward; and
 - (f) Two members elected by the electors of the Southern Urban Ward; and
 - (g) One member elected by the electors of the Southern Rural Ward; and
 - (h) Two members elected by the electors of Auckland as a whole who, on the day before polling day for the election, are registered as electors of a Māori electoral district; and
 - (i) One member appointed by the Mana Whenua Forum.
- (4) Sections 24A, 24B and 24C of the Local Electoral Act 2001 apply to the electoral rights of electors in respect of the members to be elected pursuant to sub-section (3)(h) as if the whole of Auckland were a Māori ward of that district.

9. Mayor of Auckland

- (1) The Mayor of Auckland shall have the power
 - (a) to appoint the deputy mayor of the Auckland Council
 - (b) to appoint the chairperson of each committee of the council and for that purpose may appoint him- or herself

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- (c) to propose the draft Long Term Council Community Plan and the draft Annual Plan to the Auckland Council
 - (d) in consultation with and acting through the Chief Executive Officer and within the adopted budget in the annual plan for such expenditure, to establish and maintain an appropriately staffed office in order to be able to exercise the powers, functions and duties conferred by this Act; and
 - (e) within the adopted budget in the annual plan for such expenditure, to obtain independent advice.
- (2) The Mayor of Auckland may not delegate any of the powers in sub-section (1).
 - (3) The Mayor of Auckland shall be ex officio a member of every standing committee, sub-committee and board of the Auckland Council.

10. Special meetings

- (1) The Mayor of Auckland must, no less often than monthly, convene meetings with the chairpersons of every local council.
- (2) The mayor and every member of the Auckland Council shall be entitled to attend and speak (but not to vote) at meetings of each local council.
- (3) Every chairperson of a local council shall be entitled to attend and speak (but not to vote) at meetings of the Auckland Council.
- (4) The Mayor of Auckland must, no less often than quarterly, convene plenary meetings of all members of the Auckland Council, every local council and every community board (if any). Every Minister of the Crown and every Member of Parliament representing an electorate which lies wholly or partly within the district of Auckland shall be entitled to attend and speak (but not to vote) at such plenary meetings.
- (5) The Mayor of Auckland must present and speak to the annual report of the Auckland Council prepared under section 98 of the Local Government Act 2002 at a public meeting convened in accordance with subsection (4) and held within the time required for making the annual report publicly available.
- (6) The Mayor of Auckland must hold a minimum of four public meetings each year in different parts of Auckland to receive public feedback and input.
- (7) With the exception of the meetings referred to in subsection (6), the provisions of the Local Government Official Information and Meetings Act 1987 shall apply to the meetings required by this section as if they were meetings of the Auckland Council.

11. Areas within Auckland

- (1) Auckland is hereby divided into six local council areas, as follows
- (a) The Rodney area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (b) The Waitakere area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (c) The Waitemata area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (d) The Tāmaki-makau-rau area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (e) The Manukau area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (f) The Hunua area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.

12. Local councils

- (1) There shall be established within the Auckland Council and for each of the corresponding areas of Auckland the following local councils
- (a) The Rodney Local Council; and
 - (b) The Waitakere Local Council; and
 - (c) The Waitemata Local Council; and
 - (d) The Tāmaki-makau-rau Local Council; and
 - (e) The Manukau Local Council; and
 - (f) The Hunua Local Council.
- (2) A local council—
- (a) shares the governance of its area within Auckland with the Auckland Council but is subsidiary to it; and
 - (b) is the local representative body that serves as an advocate for the residents, ratepayers and communities of its area; and
 - (c) has the functions, powers and duties set out in section 15; and

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- (d) is an unincorporated body; and
 - (e) is not a local authority or a community board; and
 - (f) is not a committee of the Auckland Council; and
 - (g) may not acquire, hold, or dispose of property, or appoint, suspend, or remove staff.
- (3) A local council must, at all times, have a community action plan prepared and adopted in accordance with Schedule 1.
 - (4) Not later than 1 March after each triennial general election of members, each local council must enter into a governance agreement with the Auckland Council prepared and adopted in accordance with Schedule 2.
 - (5) A local council is deemed for the purposes of the Reserves Act 1977 to be the administering body in respect of every reserve within its area for which the Auckland Council has delegated management responsibility to it.
 - (6) Part 1 of Schedule 7 to the Local Government Act 2002 (excluding clauses 33 to 36) applies to local councils, with all necessary modifications, as if they were local authorities.

13. Wards of local councils

- (1) Subject to subsections (2), (3) and (4), each local council area in Auckland shall be divided into wards as determined by the Auckland Council from time to time.
- (2) Except as provided for in subsection (3), the number of wards in each urban local council area shall be determined on the following basis
 - (a) The electoral population of the area shall be divided by 40,000, and the quotient so obtained shall be the number of wards in that area
 - (b) Where the quotient includes a fraction, the fraction shall be disregarded unless it exceeds a half, in which case the number of wards shall be the next whole number above the quotient.
- (3) There shall be a Hauraki Gulf Islands Ward in the Tāmaki-makau-rau urban local council area comprising the area delineated on S.O. Plan 63508 deposited with the Chief Executive of Land Information New Zealand.
- (4) There shall be 3 wards in each rural local council area with the boundaries of each ward determined so as to ensure, to the extent that is reasonably practicable, that the ratio of members to electoral population in each ward produces a variance of no more than plus or minus 10%.

14. Membership of local councils

- (1) Except as provided for in subsection (2), the members of each local council shall be two members from each ward elected by the electors of each ward and one further member deemed to be elected pursuant to sub-section (4).
- (2) There shall be one member elected to the Tāmaki-makau-rau local council from the Hauraki Gulf Islands Ward.
- (3) The chairperson and deputy chairperson of each local council shall be appointed in accordance with clause 25 of Part 1 of Schedule 7 to the Local Government Act 2002.
- (4) On the appointment of a chairperson of a local council, that person shall cease to have any formal role as a representative of the ward from which that person was elected and the next highest polling candidate in the same ward from which the chairperson was elected shall be deemed to be elected as one of that ward's representatives.

15. Functions, powers, and duties of local councils

The functions, powers and duties of each local council shall be

- (1) To focus on the maintenance and enhancement of local amenity and the quality of the local environment within their respective areas in accordance with the mandate of the electors of their respective areas
- (2) To liaise and consult with relevant local organisations on behalf of the Auckland Council
- (3) To prepare budget requests in order to provide local works and services for submission to the Auckland Council as part of the preparation and adoption of the Long Term Council Community Plan and the Annual Plan
- (4) To work collaboratively and in partnership with the Auckland Council to achieve effective local government in Auckland by
 - (a) establishing and maintaining effective mechanisms for engagement with the communities in its area; and
 - (b) assisting the Auckland Council in its decision making on region-wide plans, policies and service standards through advising it of relevant community needs and views; and
 - (c) implementing, under the statutory delegations and any particular delegated authority from the Auckland Council, projects and programmes the catchment for or the impacts of which are primarily within the communities served by the local council; and
 - (d) considering and reporting on all matters referred to it by the Auckland Council, or any matters of interest or concern to the local council; and

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- (e) maintaining an overview of all services provided by the Auckland Council within the area in order to contribute a local perspective to their effective operation and ongoing review; and
 - (f) preparing and adopting a Community Action Plan as set out in Schedule 1; and
 - (g) preparing an annual submission to the Auckland Council for expenditure within the area; and
 - (h) recommending, as part of its annual submission to the Auckland Council, any special targeted rate or rates to fund services or projects over and above those provided by the Auckland Council on a region-wide basis; and
 - (i) undertaking any other responsibilities that are delegated to it by the Auckland Council.
- (5) To exercise the powers set out in Schedule 3 together with such other powers as may be delegated to each local council from time to time by the Auckland Council.
- (6) To manage the application of the funds allocated in the annual plan for works and services in its area and under its control including where applicable to request the Auckland Council to provide such works and services.
- (7) To exercise the functions of territorial authorities in relation to community boards within their areas.
- (8) Where the local council exercises a function, power or duty delegated to it by the Auckland Council or conferred by this Act, then
- (a) all decisions made by a local council under statutory or delegated authority must comply with all adopted plans and policies of the Auckland Council; and
 - (b) the Auckland Council may not modify or rescind a decision taken by the local council where that local council was acting in accordance with that delegation or statutory authority.
- (9) The Auckland Council shall
- (a) establish and maintain service centres and appropriate management and service staff in each local council area to enable each local council to carry out its functions, powers and duties
 - (b) acting through the Chief Executive Officer and within the adopted budgets for such expenditure, apply its funds in relation to the functions, powers and duties conferred by this section for works and services according to the request of the local council.

16. Communities and community boards

- (1) The communities of Great Barrier and Waiheke constituted by clause 114(3) of the Local Government (Auckland Region) Reorganisation Order 1989 shall continue to be communities within Auckland.
- (2) There is hereby constituted a community to be known as the “Central City and Waterfront Community” for the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.
- (3) The community board for each community constituted by subsection (1) of this section shall consist of
 - (a) six members elected by the electors of the community; and
 - (b) one person elected from time to time as a member of the Tāmaki-makau-rau local council and appointed by the Auckland Council to the community board.
- (4) The community board for the Central City and Waterfront Community Board shall consist of six members elected by the electors of the community.
- (5) The chairperson of the Central City and Waterfront Community Board shall be appointed by the Auckland Council as a member of the committee of the Auckland Council, which has primary responsibility for matters affecting the Central City and Waterfront community and shall be entitled to attend, speak and vote at any meeting of any such committee.
- (6) Nothing in subsections (1) – (5) of this section shall affect the constitution of other communities within Auckland pursuant to Schedule 6 to the Local Government Act 2002.
- (7) Except as provided in subsections (7), (8), (9) and (10), sections 51 – 54 of the Local Government Act 2002 apply to the community boards for each community within Auckland as if the local council for the area in which the community is situated were a territorial authority.
- (8) The community boards of Great Barrier and Waiheke shall each have in their respective communities, in addition to the role specified in section 52 of the Local Government Act 2002 and any functions delegated to it by the Tāmaki-makau-rau local council, the power to decide how local services shall be delivered within the scope of the annual plan of the Auckland Council and the community action plan for Tāmaki-makau-rau as those plans apply to their communities and the power to manage community halls and reserves in their communities.
- (9) The Auckland Council is the territorial authority in respect of the Central City and Waterfront Community Board.
- (10) The Central City and Waterfront Community Board shall have, in addition to the role specified in section 52 of the Local Government Act 2002 and

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any functions delegated to it by the Auckland Council, the power to decide how local services shall be delivered within the scope of the annual plan as it applies to its community and the power to manage community halls and reserves in its community.

- (11) Notwithstanding section 53(3)(a) of the Local Government Act 2002, the community boards of the communities of Great Barrier, Waiheke and Central City and Waterfront may request the Auckland Council to apply the funds allocated in the annual plan for works and services in their communities in respect of the delivery of local services and the management of community halls and reserves.

17. Planning

- (1) The Auckland Council shall have the functions of both a territorial authority and a regional council under the Resource Management Act 1991.
- (2) Notwithstanding anything in the Resource Management Act 1991 or any other Act or rule of law
 - (a) all submissions on a proposed regional policy statement in respect of the Auckland Region shall be heard, and all recommendations on submissions on a proposed regional policy statement in respect of the Auckland Region shall be made, by independent commissioners who are not members or employees of the Auckland Council or any local council
 - (b) no person who makes a submission on a proposed regional policy statement in respect of the Auckland Region may appeal to the Environment Court in respect of—
 - (i) a provision included in that proposed policy statement; or
 - (ii) a provision that the decision on submissions proposes to include in that policy statement; or
 - (iii) a matter excluded from that proposed policy statement; or
 - (iv) a provision that the decision on submissions proposes to exclude from that policy statement.
 - (c) no person may request a change to a district plan or a regional plan (including a regional coastal plan) in respect of any part of Auckland from the date of commencement of this Act until the day after the date on which the district plan for the whole of Auckland becomes operative.
 - (d) where any request to any of the former authorities for a change to a district plan or a regional plan (including a regional coastal plan) made pursuant to clause 21 of Part 2 of Schedule 1 to the Resource Management Act 1991 remains uncompleted to the stage of decisions by any of the former authorities but is not the subject of any appeal, as at

the date of commencement of this Act, the Auckland Council (unless it determines to adopt the change as its own) must not process or decide on the request.

18. Water and wastewater

There shall continue to be a company known as Watercare Services Limited, which shall be constituted and operated in accordance with the provisions of Schedule 4 to this Act.

19. Principal objective of council-controlled organisations of Auckland Council

- (1) The principal objective of a council-controlled organisation of the Auckland Council is to operate as a successful business and, to this end,—
 - (a) to achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
 - (b) to be as profitable and efficient as comparable businesses that are not controlled by the council; and
 - (c) to be a good employer; and
 - (d) to exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - (e) if the council-controlled organisation is a council-controlled trading organisation, to conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(c), good employer has the same meaning as in clause 36 of Schedule 7 to the Local Government Act 2002.
- (3) This section applies in Auckland in place of section 59 of the Local Government Act 2002.

20. Inter-regional committee

- (1) There shall be a joint committee of the Auckland Council, the Northland Regional Council, the Waikato Regional Council and the Bay of Plenty Regional Council.
- (2) There shall be eight members of the joint committee, with each constituent council appointing two representatives. The chairperson of the joint committee shall be appointed in accordance with clause 25 of Part 1 of Schedule 7 to the Local Government Act 2002.
- (3) The joint committee shall meet no less frequently than quarterly to consider and discuss matters of common concern including any cross-boundary issues between any of them and to report to the constituent councils with

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recommendations on action to be taken to promote the social, economic, environmental, and cultural well-being of the communities in the districts of the constituent councils, in the present and for the future.

21. Services performance auditor

- (1) The Auckland Council must appoint a services performance auditor.
- (2) The appointment, review and role of a services performance auditor shall be in accordance with the provisions of Schedule 5 to this Act.

22. Consequential amendments

The Acts specified in Schedule 7 are consequentially amended in the manner indicated in that schedule.

23. Establishment provisions

The Governor-General may, by Order in Council made on the recommendation of the Minister for Local Government, make regulations for 1 or more of the following purposes

- (a) To enable the establishment of the Auckland Council
- (b) To prepare and implement an establishment plan for Auckland
- (c) To determine the initial boundaries of local council areas, wards and communities within Auckland
- (d) To enable the election of the Mayor of Auckland, members of the Auckland Council, members of local councils, members of community boards at the 2010 local elections, under the Local Electoral Act
- (e) To prepare draft strategic and business development plans, operating policies and practices, and capability, facilities, and financial plans for consideration by the Mayor and members of the Auckland Council
- (f) To advertise for, interview and employ a Chief Executive of the Auckland Council
- (g) To create and fund a project management office for the establishment of the Auckland Council
- (h) Prescribing transitional and savings provisions relating to the coming into force of this Act, which may be in addition to or in place of any of the provisions in this Act; and, without limiting the generality of the foregoing, any such regulations may provide that, subject to such conditions as are specified in the regulations, specified provisions of this Act shall not apply, or specified provisions of Acts repealed or amended by this Act, or of regulations, or Orders in Council shall continue to apply, during a specified transitional period

- (i) Providing for such matters as are contemplated by, or necessary for giving full effect to, this Act and for its due administration.

24. Transitional provisions

- (1) The Auckland Council, from the date of the 2010 Local Body elections, has, and may exercise, and is responsible for,—
 - (a) all the powers, duties, acts of authority, and responsibilities that were previously exercised by the former authorities, or that would have been exercised by them if they had remained in existence or in control of the region or districts of the former authorities
 - (b) all the liabilities, obligations, engagements, and contracts that were previously the responsibility of the former authorities, or that would have been their responsibility if they had remained in existence or in control of the region or districts of the former authorities
 - (c) all the actions, suits, and proceedings pending by or against the former authorities, or that would have been their responsibility if they had remained in existence or in control of the region or districts of the former authorities.
- (2) The responsibilities, duties, and powers of the chairperson, mayors and chief executives of the former authorities must be exercised by the mayor and chief executive of the Auckland Council.
- (3) All real and personal property vested in any of the former authorities vests in the Auckland Council, subject to all existing encumbrances.
- (4) All bylaws in force in the district or region of any of the former authorities that are applicable to the altered circumstances of the Auckland Council are deemed the bylaws of the Auckland Council, and those bylaws remain, until revoked or altered by the Auckland Council, in force in the area in which they were in force immediately before the abolition or the alteration of boundaries, and, if those bylaws cannot be restricted to that area, they must be treated as inapplicable and revoked by the abolition or alteration of boundaries.
- (5) All rates or levies and other money payable in respect of any former authority, or of an area of land included in Auckland, are due and payable to the Auckland Council.
- (6) The rights or interests of creditors of any of the former authorities are not affected by the abolition of those authorities and the creation of the Auckland Council.
- (7) The valuation rolls, electoral rolls, and rate records in force in the district or region of any former authority continue in force in Auckland until those rolls or records are made by the Auckland Council, and, until that time, the Local Government (Rating) Act 2002 applies.

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- (8) Every civil defence emergency management group plan that is in force in respect of any area included in Auckland continues in force until a new plan is prepared and approved for Auckland under the Civil Defence Emergency Management Act 2002.
- (9) If the area of an abolished district or region comprises part only of another district or region, any money to the credit of the abolished local authority's accounts must, after all liabilities have been provided for, be expended to the benefit of the residents of that area, and any money required to be paid into the accounts of the abolished local authority to meet any deficiency must be raised within the area of the abolished local authority.
- (10) The provisions of clauses 60 – 65 and 68 – 70 of Schedule 3 to the Local Government Act 2002 apply to this Act as if this Act were an Order in Council giving effect to a reorganisation scheme.
- (11) The provisions of sections 30B – 30J of the State Sector Act 1988 apply to this Act as if the dissolution of the former authorities and the constitution of the Auckland Council were a reorganisation between Departments within the Public Service and as if the employees of any of the former authorities were employees of a Department.
- (12) The provisions of sections 30B – 30J of the State Sector Act 1988 apply to this Act as if the winding-up of any council controlled organisation of one of the former authorities and the transfer of the functions of that council-controlled organisation to the Auckland Council or to any other council-controlled organisation, as a consequence of the dissolution of the former authorities and the constitution of the Auckland Council, were a reorganisation between Departments within the Public Service and as if the employees of any of the council-controlled organisations of any of the former authorities were employees of a Department.

25. Repeals

The enactments specified in Schedule 7 are repealed.

Schedules

Schedule 1 – Local Council Community Action Plans

1. Local council community action plans

- (1) A local council must, at all times, have a community action plan under this schedule.
- (2) A local council must take such steps to consult with its communities as it considers appropriate or as it may be directed by the Auckland Council to take to ensure that the views of the communities in its area are reflected in the community action plan.

- (3) A community action plan must be prepared, consulted on and adopted by the Auckland Council
 - (a) during the first year after the adoption by the Auckland Council of its long term council community plan under section 93 of the Local Government Act 2002
 - (b) before the commencement of the first year to which it relates; and
 - (c) in conjunction with the preparation, consultation and adoption of the annual plan by the Auckland Council.
- (4) A community action plan continues in force until the close of the third consecutive year to which it relates.
- (5) Subject to Clause (3) a local council may amend a community action plan at any time.
- (6) A community action plan must cover a period of not less than six consecutive financial years.
- (7) Each community action plan shall be consistent with and give effect to so much of the long term council community plan of the Auckland Council as is relevant to the area to which that community action plan relates.
- (8) The purpose of a community action plan is to
 - (a) describe outcomes for the social, cultural, environmental and economic well-being of the communities in the area to which it relates, including how to build social capital and a sense of place within and identification with the community
 - (b) describe how these outcomes have been identified
 - (c) describe the specific activities and the programmes and projects comprising them that will, as their main purpose, contribute to these outcomes
 - (d) describe how the Auckland Council and the local council will contribute to furthering these outcomes.

Schedule 2 – Governance Agreements between the Auckland Council and Local Councils

1. Governance agreements between the Auckland Council and local councils

- (1) The relationship between the Auckland Council and each of the local councils shall be the subject of a governance agreement.
- (2) The purposes of the governance agreement are to set out how the governance of Auckland will be shared and to ensure effective cooperation, co-ordination and communication between the Auckland Council and each local council.

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- (3) A governance agreement under this Schedule must make provision for the following matters
 - (i) The process for determining the powers, functions, and duties to be delegated by the Auckland Council to the local council.
 - (ii) Ensuring sufficient staff to support the local council and adequate access to specialist staff.
 - (iii) Monitoring and review of the adequacy of staff support.
 - (iv) The outcomes to be achieved by the local council in developing and maintaining networks and processes for community engagement and consultation.
 - (v) Methods for identifying matters other than local matters on which the Auckland Council must consult a local council and the processes and timing for doing so.
 - (vi) The process by which the Auckland Council will collaborate with the local council in the event of decisions of regional significance being made related to facilities located within the local council area.
 - (vii) Coordination of the preparation, consultation on, and adoption of the long-term council community plan or annual plan and the community action plans.
 - (viii) Managing the preparation of district and regional plans as they affect the local council area and the processing and determination of applications for resource consent and plan changes in relation to matters of local significance.
 - (ix) Resolution of disputes, including disputes between or among local councils.
 - (x) Protocols for communication with third parties in relation to matters which are the responsibility of either the Auckland Council or the local council.
 - (xi) Regular monitoring and review of the provisions in the governance agreement.
 - (xii) Such other matters as the Auckland Council and the local council may agree.
- (4) A governance agreement may be amended from time to time.
- (5) A governance agreement remains in force until replaced by another agreement.

Schedule 3 – Local Council Functions

Regional policy

1. Input into regional policy making
2. Input into district plan making
3. Implementation.

Local operational policies

In carrying out their role, local councils may make local operational policies within the scope of their statutory and delegated functions, such as—

4. Dog control policy (Dog Control Act s10)
5. Gambling and gaming machine policy (Gambling Act s101)
6. Liquor licensing
7. Brothels – control of location and signage (Prostitution Reform Act 2003)
8. District promotion, town centre promotion.

Local service delivery functions

9. Local road construction and maintenance: local roads (i.e. other than arterial), including parking, footpaths, street furniture and trees, naming, stopping, temporary closure
10. Street lighting, policy, location, style, under-grounding priorities
11. Footpaths, cycleways and walkways, locations and priorities
12. Beautification, graffiti removal
13. Public information signage
14. Within MUL: administer district plan, hear and decide resource consents, monitor and enforce, except as called in by Auckland Council
15. Outside MUL: administer district plan, hear and decide resource consents, monitor and enforce, to extent delegated by Auckland Council
16. Building consents processing
17. Environmental health control (including food premises licensing).
18. Animal control, impounding, welfare, including dogs registration, micro chipping
19. Local parks (as defined by Auckland Council) – maintain, develop, allocate space, hire, create new parks, concessions, including making reserves management plans (Reserves Act s41)

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20. Recreation centres, local sports facilities
21. Promotion of sport and physical activity
22. Community centres, halls and facilities
23. Entertainment and cultural venues (local)
24. Litter control, bylaw enforcement
25. Road and public place safety
26. Public toilets locations, maintenance and cleaning
27. Beach control (use, cleaning, sand), shoreline development for public use
28. Events promotion (memorials, celebrations, entertainment, fireworks, markets)
29. Camping grounds
30. Crime prevention
31. Leadership and facilitation on social issues
32. Artworks, location, development and approval
33. Minor safety works, set priority of projects
34. Citizens Advice Bureaux
35. Local art galleries and museums
36. Other functions delegated by Auckland Council, for example
 - Libraries
 - Swimming pools
 - Housing
 - Cemeteries and crematoria
 - Specific local economic development roles.

Administrative functions

In carrying out their role, local councils must —

37. Monitor and report on their performance in implementing regional policies.
38. Prepare Community Action Plans, which they submit to Auckland Council, implement and monitor.

Community engagement functions

In carrying out their role, local councils must —

39. Identify the needs and preferences of their communities, and articulate these to the Auckland Council, and other public and private sector entities
40. Adopt methods such as consulting, arranging polls, meetings, and surveys to identify community needs and preferences on any matter, and submit findings to Auckland Council
41. Support local charities, sporting, recreational and cultural groups, including where appropriate by grants of money
42. Consider what form of community engagement is appropriate
43. Consider what form of service delivery is appropriate, whether directly, by joint ventures with other councils, through special purpose agencies, CCOs or otherwise.

Schedule 4 – **Water Supply and Wastewater Drainage Functions and Assets**

1. Water supply and wastewater drainage functions and assets

- (1) The Auckland Council shall succeed to the ownership of all the shares in Watercare Services Limited as the successor of the former authorities.
- (2) The functions of the former authorities in relation to the supply of water and wastewater services (but not any functions in relation to stormwater services) are hereby transferred to Watercare Services Limited.
- (3) The assets and liabilities related to those functions transferred to Watercare Services Limited by subsection (2) of this clause are hereby vested in that company.
- (4) The Auckland Council—
 - (i) Must retain all the issued shares in Watercare Services Limited; and
 - (ii) Must ensure that Watercare Services Limited does not dispose of its undertaking or any material part or parts thereof which is or are necessary to the conduct of its business; and
 - (iii) Must, in its capacity as the owner of shares in Watercare Services Limited, act in the best interests of the inhabitants of the Auckland region.
- (5) No person who is a member or employee of a local authority or who is an employee of Watercare Services Limited or any associated company may hold office as a director of Watercare Services Limited.
- (6) The Auckland Council must at all times have in place a policy in respect of Watercare Services Limited that—
 - (a) Specifies an objective process to be used by it in selecting persons for appointment as directors of Watercare Services Limited; and

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- (b) Requires persons appointed as directors of Watercare Services Limited to be both—
 - (i) Persons who, together, have relevant knowledge and experience of water and wastewater management in New Zealand; and
 - (ii) Persons who, in the opinion of the Auckland Council, will assist Watercare Services Limited to achieve its principal objective as set out in clause 2(1)(a); and
 - (c) Specifies the process for determining the terms of office and remuneration of the directors of Watercare Services Limited and the matters to be taken into account in that process; and
 - (d) Specifies how the Auckland Council will approve—
 - (i) The statement of corporate intent of Watercare Services Limited; and
 - (ii) Any major acquisitions by Watercare Services Limited; and
 - (iii) The distribution of surpluses by Watercare Services Limited to its customers.
- (7) For the purposes of subsection (6)(a), the objective process must involve—
- (i) The preparation and publication of a job description; and
 - (ii) An advertised recruitment process.
- (8) A policy under subsection (6), and any amendment to it, has no effect until approved by the Minister.

2. Watercare Services Limited

- (1) Notwithstanding anything in this Act or any other Act, Watercare Services Limited—
 - (a) Must manage its business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of that business and the maintenance of the long-term integrity of its assets and the promotion of demand management
 - (b) Must calculate its charges to customers for water and wastewater services on a volumetric basis
 - (c) May, in accordance with its current statement of intent, fund its business requirements —
 - (i) By including the cost of its business requirements in its prices and charges for any relevant services; or

- (ii) Notwithstanding paragraph (e), by borrowing or by entering into any financial instrument, financial arrangement, or financial transaction of a debt-raising nature; or
 - (iii) By using any or all of the methods described in subparagraphs (i) and (ii)
- (d) Subject to subclause (2), must not pay any dividend or distribute any surplus in any way, directly or indirectly, to the Auckland Council
- (e) Subject to subclause (2), must decide promptly in respect of any year in which a surplus arises, whether or not to return that surplus to its customers and, if it is to do so, to determine and implement the method by which that surplus may be returned, whether by way of rebate, discount, price adjustment calculated by reference to prior or future charges to those customers, or otherwise
- (f) Is limited to the performance of functions, and the conduct of business, in relation to waterworks, water-supply, sewerage, and the treatment and disposal of sewage and trade wastes, but has authority to exercise—
 - (i) Such powers ancillary to those functions as were, immediately before the commencement of section 68 of the Local Government Amendment Act 1992, powers that could have been exercised by the Auckland Regional Council in relation to the water services assets; and
 - (ii) Such powers as it agrees, with the Auckland Council, to perform for the Auckland Council or in conjunction with it
- (g) Is entitled to—
 - (i) Apply the provisions of the Auckland Regional Council Trade Waste Bylaw 1991; and
 - (ii) Exercise the powers under the Auckland Metropolitan Drainage Act 1960 that relate directly to the water services assets, as if it were and always had been the Auckland Regional Council; and
 - (iii) Exercise the powers under the North Shore Drainage Act 1963 that relate directly to the water services assets, as if it were and always had been the North Shore Drainage Board
- (h) Is not required to comply with clause 9(1)(g) of Schedule 8 to the Local Government Act 2002 but must instead specify the means by which any residual surplus is to be returned to its customers
- (i) Is not required to comply with section 68(b) of the Local Government Act 2002

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- (j) Must, in its financial statements, identify clearly and separately—
 - (i) The financial position of its waterworks and water-supply activities; and
 - (ii) The financial position of its activities in relation to sewerage and the collection, treatment, and disposal of sewage and trade wastes
- (k) Must ensure that its water and drainage services are costed and priced separately
- (l) Must, at least 4 months before the end of each financial year, prepare and supply to the Auckland Council an indicative asset management plan for the next financial year, which asset management plan must describe the projected condition of its significant assets at the commencement of that year and outline the rationale for and nature, extent, and estimated costs of its proposed activities in respect of —
 - (i) The maintenance and repair of existing assets; and
 - (ii) The renewal of existing assets; and
 - (iii) The upgrading or extension of the performance or capacity of existing assets; and
 - (iv) The acquisition or construction of new assets
- (m) Must, at least 4 months before the end of each financial year, prepare and supply to the Auckland Council, after undertaking a comparative assessment of different funding options, an indicative funding plan for the next financial year, which funding plan must identify for the next financial year the nature and scope of the activities proposed to be undertaken (including, but not limited to, operational requirements, renewals, and significant new projects), and its planned funding requirements and funding sources, showing —
 - (i) How the prices and charges proposed in the plan have been calculated
 - (ii) A summary of the results of the comparative assessment of different funding options
 - (iii) An appropriate debt to equity ratio
 - (iv) How any surplus from the previous financial year is proposed to be applied, or any deficit from the previous financial year is proposed to be managed

- (n) Must, in preparing its draft statement of intent under section 64 of the Local Government Act 2002,—
 - (i) Consider any written submissions made by the Auckland Council on the asset management plan prepared under paragraph (l) or the funding plan prepared under paragraph (m) within 40 working days of the supply of that plan; and
 - (ii) Include in that draft statement of intent a summary of its proposals in respect of the matters dealt with in the plans referred to in subparagraph (i)
 - (o) Must include in the statement of intent its decisions in respect of the matters dealt with in the plans referred to in paragraph (n)(i)
 - (p) Must give written notice to the Auckland Council of any proposed modifications of its then current statement of intent and consider comments on the proposed modifications made by the Auckland Council.
- (2) Nothing in subsection (1)(d) or (e) —
- (a) Limits the right of the Auckland Council to participate as a customer in any surplus returned to customers pursuant to subsection (1)(e)
 - (b) Prevents Watercare Services Limited from making a taxable bonus issue (as defined in section YA 1 of the Income Tax Act 2007).
- (3) Watercare Services Limited is deemed to be a local authority for the purposes of Parts 1 to 6 and Part 8 of the Local Government Official Information and Meetings Act 1987.
- (4) Parts 1 to 6 and Part 8 of the Local Government Official Information and Meetings Act 1987 apply, for the purposes of subsection (3), with all necessary modifications and as if —
- (a) Every reference to a local authority were a reference to Watercare Services Limited; and
 - (b) Every reference to a member of a local authority were a reference to a director of Watercare Services Limited; and
 - (c) Every reference to the principal administrative officer of a local authority were a reference to the chief executive of Watercare Services Limited.
- (5) Notwithstanding section 62 of the Local Government Act 2002, the Auckland Council may give a guarantee, indemnity, or security in respect of the performance of any obligation by Watercare Services Limited.

Schedule 5 – **Services performance auditor**

1. Appointment of services performance auditor

- (1) The appointment of a services performance auditor by the Auckland Council must be on the joint recommendation of the Chairperson of the Commerce Commission and the Auditor-General.
- (2) The services performance auditor shall maintain an office which is funded by the Auckland Council but which is located in premises separate from any other office operated by the Auckland Council.
- (3) The services performance auditor may not be appointed for a term of more than 3 years.
- (4) The Auckland Council and the services performance auditor must enter into a performance agreement.
- (5) Despite the provisions of any other enactment or rule of law, the services performance auditor has no right or expectation of renewed employment at the end of any term.
- (6) The first appointment of a services performance auditor by the Auckland Council shall not be before 10 November 2011 but must occur before 1 June 2012.

2. Review and re-appointment of services performance auditor

- (1) When the term of appointment expires, a vacancy exists in the office of the services performance auditor, and that vacancy must be advertised.
- (2) Despite subclause (1), if the Auckland Council has completed a review under subclause (3) and the Chairperson of the Commerce Commission and the Auditor-General have recommended the re-appointment of the incumbent services performance auditor, then the Auckland Council shall, without advertising the vacancy, appoint the incumbent services performance auditor for a second term not exceeding 3 years on the expiry of the first term of appointment.
- (3) The Auckland Council must, not less than 6 months before the date on which the service performance auditor's contract of employment for the first term expires, conduct and complete a review of the employment of the services performance auditor and forward a complete report of that review to the Chairperson of the Commerce Commission and the Auditor-General.
- (4) The review under subclause (3) must assess—
 - (a) the performance of the services performance auditor; and
 - (b) the mix of skills and attributes possessed by the services performance auditor, and the degree to which they are consistent with the skills and

attributes that the Auckland Council considers necessary for the future;
and

- (c) any other factors that the Auckland Council considers relevant.
- (5) To avoid doubt, responsibility for determining the degree to which any factors in subclauses (4)(a) and (b) apply to a review, and the relevance of any additional factors under subclause (4)(c), rests solely with the Auckland Council.
- (6) Subclause (3) does not apply if the incumbent services performance auditor declares in writing to the Auckland Council that he or she does not wish to be considered for appointment to a second term.
- (7) Except for subclause (1), the provisions of this clause do not apply during the second term of the services performance auditor.

3. Role of services performance auditor

- (1) Subject to subclause (2), the services performance auditor is responsible to the Auckland Council for —
 - (a) overseeing and reviewing the quality and cost effectiveness of services delivered by the Auckland Council and its council-controlled organisations; and
 - (b) ensuring that any monopoly provision of services such as water and wastewater services and regional public transport services by the Auckland Council or any of its council controlled organisations are managed and provided
 - (i) efficiently and effectively; and
 - (ii) in accordance with any legislative requirement or any policy or plan of the Auckland Council; and
 - (iii) so as to achieve any service standards or other targets as set out in any relevant statement of intent; and
 - (iv) in accordance with any appropriate industry benchmark or international best practice; and
 - (c) undertaking or commissioning independent analysis and investigation as appears to him or her to be necessary or desirable in respect of any service performance audit; and
 - (d) advising the chief executive on methods for ensuring the effective and efficient management of the activities of the Auckland Council and any of its council controlled organisations; and
 - (e) assisting the chief executive in developing best value reviews of the operations of the Auckland Council to secure continuous improvement

31. Statutory Reform

in the exercise of its functions having regard to a combination of economy, efficiency and effectiveness.

- (2) The functions of the service performance auditor do not include dealing with individual complaints or grievances about the Auckland Council.
- (3) The services performance auditor may—
 - (a) require the Auckland Council or any member or officer to disclose to him or her such information as the service performance auditor may request in order to carry out his or her functions; and
 - (b) report publicly on any issue affecting the Auckland Council at any time.

Schedule 6 – Part 1 – **Local Authorities dissolved and districts abolished**

Local Authorities	Districts
The Auckland Regional Council	Auckland Region
The Auckland City Council	Auckland City
The Rodney District Council	Rodney District
The Waitakere City Council	Waitakere City
The North Shore City Council	North Shore City
The Manukau City Council	Manukau City
The Papakura District Council	Papakura District
The Franklin District Council	Franklin District

Part 2 – Communities abolished and community boards dissolved

Albany	Maungakiekie
Birkenhead-Northcote	Mt Roskill
Devonport	Tamaki
East Coast Bays	Western Bays
Glenfield	Botany
Takapuna	Clevedon
Henderson	Howick
Massey	Mangere
New Lynn	Manurewa
Waitakere	Otara
Avondale	Pakuranga
Eastern Bays	Papatoetoe
Eden-Albert	Waiuku-Awhitu
Hobson	Onewhero-Tuakau

Schedule 7 – Consequential amendments

Local Government Act 2002 (2002 No 84)

Repeal clause 6(1) of Schedule 7 to the Act and substitute:

“6 Remuneration Authority to determine remuneration

- (1) The Remuneration Authority must determine the remuneration, allowances, and expenses payable to—
- (a) mayors, deputy mayors, chairpersons, deputy chairpersons, and members of local authorities;
 - (b) chairpersons of committees of local authorities;
 - (c) chairpersons, deputy chairpersons and members of Auckland’s local councils;
 - (d) chairpersons of committees of Auckland’s local councils;
 - (e) chairpersons and members of community boards;
 - (f) chairpersons of committees of community boards.”

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Schedule 8 – Enactments repealed

Local Government Act 1974 (1974 No 66)

Sections 707ZZZR and 707ZZZS

Local Government Act 2002 (2002 No 84)

Section 6(4)(g)

32. Achieving a High-Performance Auckland Council

32.1 The Commission’s terms of reference invite the Commission to investigate what governance and institutional arrangements are required to ensure the effective, efficient, and sustainable provision of public infrastructure services and facilities.¹

32.2 The operation of Auckland’s local government involves very significant amounts of public money. In the 2008/09 year, the eight Auckland councils have budgeted to spend almost \$2 billion (\$1,952 million) in operating expenses, and over \$1.25 billion (\$1,264 million) in capital expenditure, a total of over \$3.2 billion. The new Auckland Council will thus be a very large organisation with a very large budget. It could have over 6,000 staff.²

32.3 The Commission notes that the establishment of the new Auckland Council provides a significant opportunity to implement best performance management practice to achieve greater value for money and improved services for Auckland citizens and ratepayers. Many of the provisions of Local Government Act 2002 (“LGA 2002”) focus on performance improvement through comprehensive planning, budgeting, and reporting, and the development of performance targets and reporting against these targets (on broader community outcomes as well as service delivery outputs). But there is a considerable way to go to achieve best practice levels, as a number of reports of the Auditor-General have identified.³

32.4 The establishment of the new council should see a re-engineering of all administrative and service delivery processes, providing an opportunity for innovative arrangements which can provide improved services at lower cost. In particular, a unified back office and the full exploitation of modern information and communications technology (“ICT”) offer great potential to achieve this.

32.5 This chapter discusses the following key issues:

- achieving cost savings from the Commission’s proposals – based on a preliminary financial cost-benefit analysis commissioned from consultants
- implementing a best-practice performance management system
- implementing unified processes and service delivery making full use of modern information and communications technology

1 Reflecting the “efficiency and effectiveness” requirements placed on local authorities by the Local Government Act 2002, section 14(1)(e) and (g).

2 Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, report for the Royal Commission on Auckland Governance, Auckland, 2009, Appendix B, pp. 746–776; based on existing council staff numbers reported in councils’ 2008 annual reports.

3 Office of the Auditor-General, *Local government: Results of the 2005/06 audits and Results of the 2006/07 audits* (available at www.oag.govt.nz/local-govt, accessed March 2009); and Office of the Auditor-General, *Statements of corporate intent: Legislative compliance and performance reporting*, June 2007, p.19 (available at www.oag.govt.nz, accessed March 2009).

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- introducing a performance auditing system to provide assurance to the elected Auckland Council and citizens and ratepayers that the council is functioning efficiently and effectively.

Financial analysis of the Commission's proposals

32.6 Many of the submissions made to the Commission supporting changes to the structure of Auckland's local government were based on the view that significant cost savings should result.

32.7 While the Commission considers that there are other equally important issues in designing a new governance structure for Auckland, it fully accepts the importance of these financial issues. Within the time and information sources available, it has been difficult for the Commission to estimate in detail the financial implications to Auckland local government of its recommendations. The Commission therefore called on corporate finance consultants Taylor Duignan Barry ("TDB") to provide a preliminary financial cost-benefit analysis of the Commission's preferred option of a unified Auckland Council and six local councils. (This preferred option is discussed in detail in Chapter 14, "The Auckland Council: Key Features"). The report contains TDB's estimate of the financial costs and benefits of the Commission's recommended structure, and compares those costs and benefits to an alternative option to provide an estimate of net present value.⁴ The analysis in the report is a preliminary and partial analysis undertaken using "desk-top" research and without a detailed implementation plan. A copy of the TDB report is contained in Appendix B of this volume, pp. 746–776.

32.8 The Commission is aware of past New Zealand and international experiences that suggest that savings do not necessarily arise from major local government reorganisations. It notes, however, that savings may have occurred but been reallocated to new functions or to enhancements in service. Although only indicative, the TDB analysis suggests that at least modest savings in both operating and capital expenditures are achievable. Even allowing for the additional costs that will be incurred in establishing the new Auckland Council (and which cannot be accurately determined until an implementation plan is developed), there is a positive net present value for the Commission's preferred option.

32.9 The Commission believes that the achievable efficiency savings identified in the TDB analysis should guide the Establishment Board and the new Auckland Council in developing the new arrangements, and should be reflected in the budgets of the new Auckland Council. The Transition Management Group (as recommended by the Commission in Chapter 33, "Managing the Transition"), should contribute fully to the Establishment Board's work in setting Auckland Council's efficiency savings targets. The

4 Net present value ("NPV") is the present value (using an appropriate discount rate) of future cash savings after allowing for transition costs. NPV is thus an indicator of the positive or negative value of a proposal.

Commission agrees with the TDB report's comment that a high-quality implementation of the new arrangements will be needed to achieve the targeted savings or efficiencies.

Taylor Duignan Barry report findings

32.10 In summary, the TDB report found that the Commission's preferred option (an Auckland Council and six local councils) is superior to that of the alternative option considered by the Commission (the establishment of an Auckland Council with 20 community boards).

- The indicative range of total efficiency gains from the preferred option is estimated to be between \$76 million and \$113 million per annum, which represents approximately 2.5%–3.5% of the total expenditure the Auckland councils planned for 2008/09 (around \$3.2 billion).
- This figure comprises indicative annual efficiency gains of \$54–\$77 million (3%–4%) of current total operating expenses, and \$22–\$37 million (2%–3%) of current total capital expenditure.
- Allowing for the offsetting of establishment costs, the midpoint of the net present value of the Commission's preferred option is estimated to be in the order of \$425 million to \$700 million, approximately double that of the alternative option.

32.11 Underpinning the TDB report's conclusions are a number of key assumptions including the following:

- Total integration costs are estimated to be around twice the estimate of the annual efficiency gains (in the order of \$120 million–\$240 million over four years).
- A high-quality implementation of the proposal is required to secure the efficiency gains.
- Efficiency gains are expected from a number of operating and capital expenditure areas, mainly procurement savings of around 5% of relevant expenditure. Efficiencies from unified service delivery (unified back-office systems such as procurement, finance, and administration; information systems; human resource management; and uniform rules and processes for service delivery) are expected to be between 10% and 15% of relevant expenses.
- There are potential efficiencies in integrating water and wastewater operations,⁵ solid waste, transport, community assets and regulation, planning, and governance.

5 The numerous reports describing the efficiency savings from integrating water and wastewater operations are summarised in the Saha International report, *Review of the Auckland Water Services Industry – Current state analysis*, Wellington, 2006, p. 34.

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- Limited efficiency gains are expected in areas that are largely contracted out such as refuse collection, road maintenance, and public transport services.
- There is a four-year phased transition process which is designed to minimise risks and achieve an appropriate number of staff.
- Auckland Council ICT infrastructure will make significant use of current council information, communication, and technology systems, facilities, and infrastructure, which is able to be scaled up.

32.12 As discussed in Chapter 33, a more detailed financial cost-benefit analysis will need to be undertaken by the Establishment Board as part of the Auckland Council implementation plan. Once this analysis is undertaken, the Commission considers that definitive savings targets should be set for the operation of the new Auckland Council and its council-controlled organisations (“CCOs”).

32.13 The Commission is aware that these savings appear modest in relation to the claims made by a number of submitters (as discussed below). But it is important that realistic targets be used in the implementation process. It is possible that the Establishment Board will identify greater possible savings during the course of a detailed cost-benefit analysis.

32.14 It can be noted that, in principle, some of these efficiencies (such as savings through procurement and unified or shared service delivery) are achievable through collaboration between individual councils, without any reorganisation. However, the record of success of Auckland councils in achieving efficiencies through such voluntary cooperation is limited, with only a few significant shared-service examples such as the shared library services and the combined Auckland City Council and Manukau City Council recycling arrangement.

32.15 It should also be noted that the TDB analysis covers only the financial costs and benefits incurred by the Auckland councils. It does not include any effect on the financial costs of firms or private individuals (such as the costs of obtaining permits or consents) or on the economic costs and benefits to the whole region – for example, better coordination of capital expenditures and speedier implementation of major infrastructure projects.

Views of submitters

32.16 Many submissions to the Commission referred to savings that should be achievable from amalgamation. A number focused on savings through a reduction in the number of mayors and elected councillors and senior managers (although the Commission notes that this is only a very small part of current total expenditures). On the other hand, a number of submitters referred to the perceived failure of the 1989 local government amalgamations to result in reductions in rates.

32.17 A number of submitters provided views and research to the Commission on the financial benefits of unified or shared services. The submissions of the Employers and Manufacturers Association, the Auckland Regional Council, and the New Zealand Council

for Infrastructure Development noted the potential for a range of efficiency gains from reforming back-office administration and reducing bureaucracy.

32.18 The Employers and Manufacturers Association commissioned research from Deloitte, which it presented to the Commission, to estimate possible savings from a unified Auckland local government structure. Deloitte estimated total operating and capital cost savings of \$132 million per annum. Most of its estimated savings came from procurement savings (\$91 million per annum) and staff reductions (around 10% or \$40 million per annum). It estimated transition or implementation costs at \$306 million, which included project implementation costs of \$210 million and \$69 million in staff redundancies.⁶ These implementation costs are based on a different set of assumptions from those contained in the TDB report (based on the Commission's preferred option), and thus estimated costs are significantly higher than the TDB estimate.

32.19 The Auckland Regional Council put estimated savings from a unitary structure at \$160 million per annum. These would accrue from a reduction in the number of elected representatives, efficiencies from having a single district plan for the region, a reduction in litigation costs between councils, plus additional savings of \$28 million per annum from integrated management of water, wastewater, and stormwater.⁷

32.20 The One Auckland Trust suggested operating costs savings of around 10% from a single city structure, although it provided no detailed analysis to support this figure. Likewise, the New Zealand Council for Infrastructure Development suggested annual operational savings from having a single city of \$200 million, based on an assumed level of savings of 10% in private sector amalgamations.⁸

32.21 A submission from Dr Rouse and Dr Putterill of Auckland University outlined an analysis undertaken by them which showed no evidence of savings in road maintenance costs from the 1989 local government amalgamations.⁹ The Commission considers that this conclusion probably reflects the impact of previous contracting-out of this activity.

32.22 Submissions from Papakura District referred to a number of studies suggesting limited cost savings from amalgamations, including a review by McKinlay Douglas of amalgamation results in South Australia.¹⁰

6 Supplementary papers to the submission to the Royal Commission on Auckland Governance from Employers and Manufacturers Association, paper by Deloitte, "Financial benefits of consolidation", 23 June 2008, pp. 2-3.

7 Submission to the Royal Commission on Auckland Governance from the Auckland Regional Council, p. 18. (All submissions are available at www.royalcommission.govt.nz.)

8 Submissions to the Royal Commission on Auckland Governance from One Auckland Trust, 21 April 2008, p. 14, and from New Zealand Council for Infrastructure Development.

9 Submission to the Royal Commission on Auckland Governance from P. Rouse and M. Putterill, University of Auckland Business School, p. 1.

10 Submission to the Royal Commission on Auckland Governance from Papakura District Council, p. 27.

32. Achieving a High-Performance Auckland Council

Implementing a new performance management system

32.23 The Establishment Board should design a new performance management system for the Auckland Council. The existing system of statements of service performance, prepared by all councils as part of their annual report, is a useful base on which to build. So are the community outcomes, which are required to be developed in the preparation of each council's long-term council community plan ("LTCCP"). Also useful are the current arrangements for statements of intent ("SOIs") which are required from CCOs (as discussed in Chapter 21, "Council Organisations and Council-Controlled Organisations").

32.24 However reports by the Auditor-General on LTCCPs, on SOIs prepared by CCOs, and on the quality of statements of service performance indicate major deficiencies in the way performance management systems are implemented in local government.¹¹ The Auditor-General has identified similar deficiencies in performance reporting in central government. In particular, these deficiencies include the failure to develop relevant indicators that are clearly linked to key organisational objectives.¹²

32.25 A key aspect of the Auckland Council's performance management system should be the development of an organisational culture of continual improvement in service performance and efficiency.¹³ The Commission is of the view that customer service standards should be entrenched in an Auckland Council customer service charter. The standards should cover such issues as accessibility, timeliness, and cost (where there is a charge for council services) for all services delivered to the public. For core services from internal business units such as Auckland Council's unified service centre service, delivery standards should also be specified.

32.26 Waitakere City Council has a good example of a customer service charter whereby the council commits to "the provision of excellent public service".¹⁴ Commitments are made in four areas of service performance including democratic participation, community engagement, regulation and compliance, and customer services. For example, the council is committed to responding to requests for resource management consent within two working days. The council has also documented a formal customer complaint process for the public.

32.27 Auckland Council will collect data and monitor the performance of the local councils. An important facet of this will be to ensure that the local councils stay within their mandate and perform to public expectations, especially in relation to outcomes stated in their community action plans (as discussed in Chapter 16, "Local Councils").

11 Office of the Auditor-General, *Statements of corporate intent: Legislative compliance and performance reporting*, June 2007, p. 19 (available at www.oag.govt.nz, accessed March 2009).

12 *Ibid.*, p. 19.

13 London has a useful framework for measuring performance of continual improvement and efficiency work, through its "Capital Ambition" programme (see www.capitalambition.gov.uk, accessed March 2009).

14 See www.waitakere.govt.nz/cnlser/cs-charter.asp (accessed March 2009).

Outcomes will relate to service delivery standards, as well as aspects of “place-shaping”¹⁵ where this is measurable. The local councils themselves will have a monitoring function, and report on their own performance, for example in relation to environmental indicators for their districts, and will compile data following uniform Auckland Council information standards. This information will be used by the Auckland Council in its monitoring.

32.28 Where services have been delegated to local councils, the Auckland Council will benchmark their performance. For other services provided by local councils, it will be expected they will develop service standards – again, this will form a useful basis for comparative benchmarking of performance. Other performance targets and outcomes contained in the three-yearly partnership agreement with local councils and the community action plan will provide the yardsticks for measuring performance.

32.29 Chapter 21 also proposes a more rigorous approach to the development of performance indicators and targets for inclusion in the SOIs required to be prepared by each CCO. For the larger Auckland Council CCOs, these SOIs will reflect the requirement for State-owned enterprises to be “as profitable and efficient as comparable businesses that are not owned by the Crown”.¹⁶

32.30 In developing its performance management arrangements for the public service and Crown entities, the Government has recently identified the need for a focus on value for money. The Commission understands this is to be achieved by the public service reviewing how services can be delivered more effectively, setting realistic budgets and managing within those budgets, and improving the ability to measure and report on performance.¹⁷

32.31 In the Commission’s view, these principles should be adopted for the management of the new Auckland Council. They should form part of the budgeting and management systems to be developed by the Establishment Board for the new council.

Unified processes and service delivery

Twenty First Century Government is enabled by technology – policy is inspired by it, business change is delivered by it, customer and corporate services are dependent on it, and democratic engagement is exploring it. Moreover modern governments with serious transformational intent see technology as a strategic asset and not just

15 Sir Michael Lyons, in his 2007 inquiry into Britain’s local government, *Place-shaping: a shared ambition for the future of local government*, at page 3 defines place-shaping as “the creative use of powers and influence to promote the general well-being of a community and its citizens.” See www.lyonsinquiry.org.uk/indexc2c7.html (accessed March 2009).

16 State-Owned Enterprises Act 1986, section 4(1).

17 See Treasury briefing paper to the incoming Minister of Finance 2008, *The public sector will need to deliver more from existing resources* (available at www.treasury.govt.nz/publications/briefings/2008/11.htm, accessed March 2009).

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*a tactical tool. Technology alone does not transform government, but government cannot transform to meet modern citizens' expectations without it.*¹⁸

32.32 As mentioned below, major re-engineering of all council service delivery systems should be a main priority for the Auckland Council. The Establishment Board, using advice and input from the Transition Management Group, should work on this aspect of the Auckland Council's proposed information systems strategy as a primary task.

32.33 This section of the chapter will provide guidance to the Establishment Board. It considers why the consolidation of council systems and back-office administrative reforms is essential to enable the implementation of an integrated governance system for Auckland. Presently, Auckland with its eight councils has a high level of duplication in back-office functions. It has eight different IT systems with varying degrees of compatibility. The territorial authorities each have their own approach to service delivery, their own by-laws and resource management plan rules which, as mentioned in other chapters, cause difficulties for those who deal with more than one council. Additionally, the regional council has its own set of policies, rules and by-laws. Each council has its website with different standards of quality and accessibility. The ease of access to information varies from council to council and it is difficult to compare information across Auckland councils.

32.34 Underpinning these reforms is a need for council service processes to be designed to optimise e-government capacity including much more on-line "self-service" delivery and easy information interchange across the council's staff in various locations.

32.35 Technology and process re-engineering will play a strategic role in enabling these improvements. For example, when designed, the new planning system will be able to support a single, simplified, and automated planning application process across the region. Information systems will be used to link the geographical information system with the new planning documents in order to improve the public's visual understanding of spatial planning requirements.

The benefits from unified systems

32.36 The establishment of the new Auckland Council includes an assumed consolidation of back-office service functions and the unification and redesign of a number of processes and services including

- resource management planning, finance and administration, payroll, human resources, asset management, rates management and billing, and service delivery processes
- the simplification and harmonisation of policies, by-laws, and regulations

¹⁸ *Transformational Government Enabled by Technology*, report of the Chief Information Officers' Council, commissioned by Prime Minister Tony Blair, London, November 2005, p. 3 (available at www.cio.gov.uk/documents/pdf/transgov, accessed March 2009).

- a significantly increased on-line transactional “self-service” capability, such as on-line consent and licensing applications and payments
- the standardisation, automation, and consolidation of transaction processes including, for example, the production of one rates bill.¹⁹

32.37 A single set of policies, rules, regulations, by-laws, and integrated systems will allow licensing, permitting, and consenting processes to be harmonised across Auckland. This will mean less need for applicants making a typical council application to use experts to assist them navigate through the complexities inherent in many of today’s district plans and by-laws. The objective should be to ensure that the majority of applications can be made online by filling in a standard form.

32.38 With systems standardised across the region, the public will be able to transact business using consistent procedures and documentation through a number of service delivery channels, including a single internet gateway or “portal”. Web-based services should be available 24 hours a day, seven days a week, including the ability to access the Auckland district plan, review notified consents and plan changes and all associated information such as planning submissions. More approval decisions will be prescriptive or rules-based, allowing a larger number of approvals to be automated or devolved to the front-line service staff.

32.39 The accounting policies and financial statements for the Auckland Council will be standardised and consolidated. With a single common chart of accounts and a single accounting system, it will be much easier to provide the public with comparable financial information between local councils. The costs required to govern and develop Auckland will be transparent and comparable at the regional and local level. There will be an integrated budget system. Forecasting across council entities will be consistent. Information technologies will make financial information more accessible.

The Commission’s views

32.40 The Commission considers the consolidation or unification of council systems and back-office administration to be critical to the efficient management of Auckland Council’s operations. The key features of the unified service delivery infrastructure include

- a single IT (“information technology”) governance framework – this will include a consolidated set of core business software applications to run the transactional processes with common standards, controls, and business rules

¹⁹ There is extensive research and reporting on the potential benefits arising from shared and unified public service delivery. Useful reports include *Environmental Scan – Efficiency of Back Office Functions in Local Government*, Audit Commission, London, August 2007 (available at www.audit-commission.gov.uk/nationalstudies/downloads/BackOfficeEnvironmentalScan.pdf) and *Improving corporate functions using shared services*, National Audit Office, London, November 2007 (available at www.nao.org.uk/publications/0708/improving_corporate_functions.aspx, both accessed March 2009).

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- a consolidated ICT infrastructure including a single contact and data centre facility
- the unification of back-office administrative services such as finance and administration, human resources, and asset management
- a strategic procurement function that undertakes management of major suppliers including the tendering, contract and fulfilment management function.

32.41 A potential framework for unified service delivery is illustrated in Figure 32.1.

Efficiency gains

32.42 The Commission has identified three unified service categories that have the potential to deliver significant efficiency gains: consolidated ICT infrastructure, unified service delivery, and citizen “self service”.

Consolidated ICT infrastructure

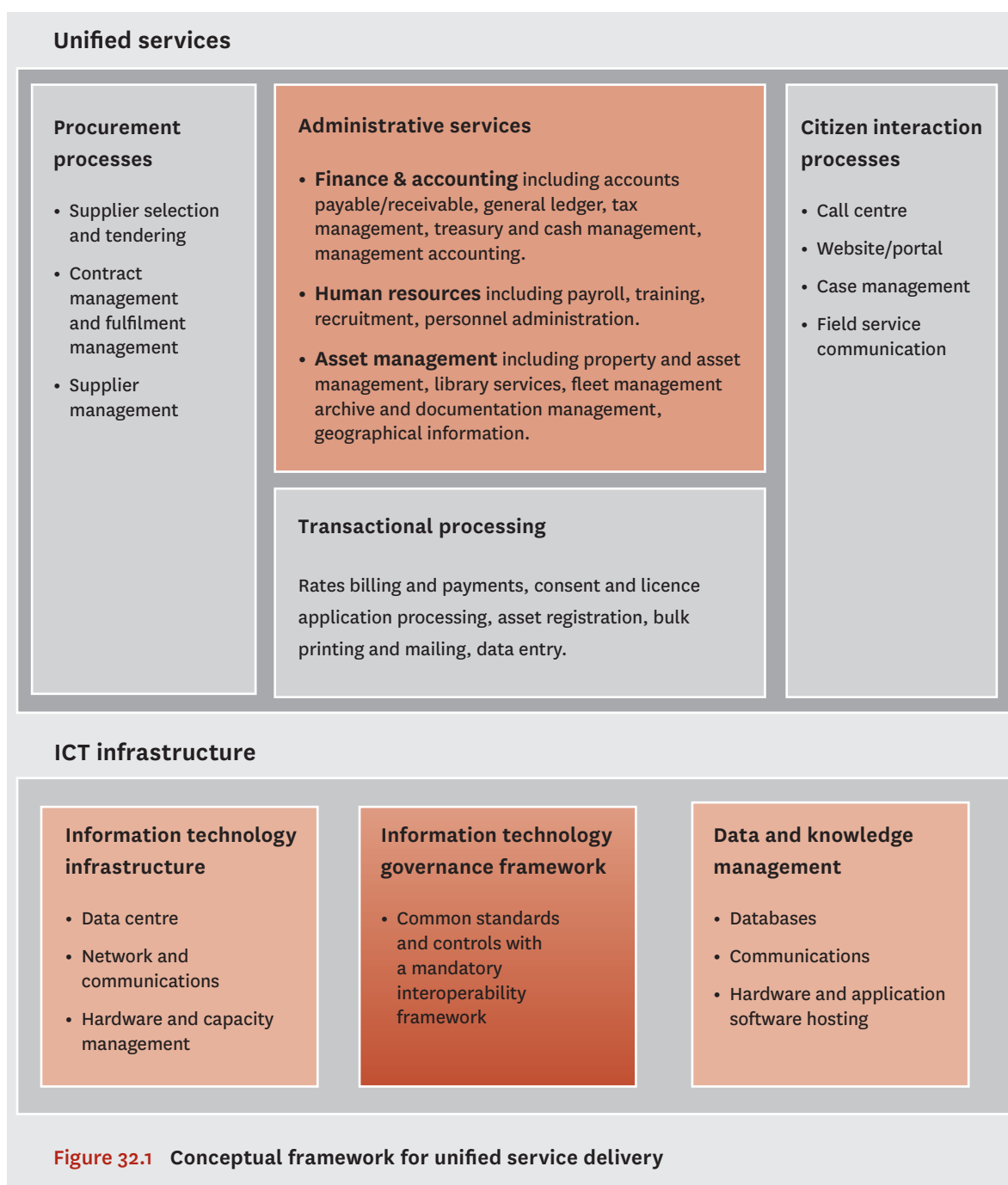
32.43 Currently there is significant duplication of ICT applications and infrastructure across Auckland councils. In Chapter 27, “Information and Communications Technology”, the Commission recommends that Auckland Council’s ICT infrastructure and functions be centrally governed with a single information technology infrastructure platform and common systems and standards, including the adoption of the Government’s e-Government Interoperability Framework (“e-GIF”).²⁰ Data and knowledge will be harmonised and administered centrally through a shared data and contact centre. In the process of consolidating the ICT infrastructure, duplication will be removed and existing capacity improved. Core common systems will include finance and accounting, geographical information systems, asset management, property management (including ratings), regulation management, customer management, document management, and human resources (including payroll).

Unified service delivery

32.44 **Back-office functions:** As part of the establishment of a single data and contact centre, the common administrative functions that support the core common systems (including information technology, finance and accounting, human resources, procurement and asset management, internal audit, customer management, legal services, and planning support) should be unified across the Auckland Council.

32.45 **Procurement:** A consolidated procurement function should undertake large-scale contestable tendering, vendor and contract management, supply chain, logistics, and material management for Auckland Council including the local councils. Typical goods and

²⁰ The New Zealand e-Government Interoperability Framework prescribes a coherent set of policies, protocols, and standards for use when sharing or integrating data, information, supporting information systems and business processes. See www.e.govt.nz/standards/e-gif.



services that suit strategic supplier management include telecommunications, electricity, fuel, fleet management, property maintenance, recruitment, and professional services.

32.46 Transactions: All Auckland Council and local council transactional processing should be produced through a single, standard process representing leading practice. For example, the process for the production of the rates bill, accounts payable and receivable, and consent and licence applications should all be undertaken using the same systems platform. The Commission anticipates that many of these systems will borrow from the “best of the best” systems in current use by councils. There will be a move away

32. Achieving a High-Performance Auckland Council

from paper-based service delivery towards electronic delivery with a common payment gateway, a single customer call centre, and a single, Auckland-wide website to service Aucklanders' needs. One phone number will reach any council person in Auckland.

Citizen "self service"

32.47 As the new planning system is designed, it will be vital that key service delivery, planning, and regulatory processes are designed with digital management and electronic delivery channels in mind. Auckland Council consent, permitting, licensing, application, and payment processes should be engineered to be simple in their design and capable of a high level of citizen self-service. The delivery costs should be known for each core process; they should represent leading practice and be benchmarked internationally to ensure optimum efficiency is being targeted. Self-service transactions are considerably cheaper to deliver than those requiring high levels of manual operation or face-to-face involvement.

Operating features

32.48 Internationally, a number of council shared or unified service centres operate as self-funded, stand-alone business units providing service and financial incentives to users. It is expected that Auckland Council unified services will provide commercially competitive services and be able to pass on the benefits of any efficiency gains to internal customers.²¹

32.49 Although it is assumed that the proposed Auckland Council CCOs will sit outside Auckland Council's unified back office and customer contact call centre arrangements, these organisations should have the opportunity to use these facilities if it will result in efficiency gains. For example, Watercare may find it more efficient to participate in the scale of Auckland Council's financial management and billing systems and customer contact centre rather than develop its own systems. All Auckland Council entities including the proposed CCOs providing council services (such as Watercare and the Regional Transport Authority) will, however, be required to adopt the Auckland Council's ICT infrastructure and data standards, including the council's central government-designed interoperability framework.

32.50 In the unified council operating model, the centralised data centre will accommodate and manage the back-office administrative functions which will be separated from front-line service delivery. Front-line staff would be located in service centres close to their local communities. For example, in the case of a web-based building permit application, the technology infrastructure, the website, and the

²¹ *Improving corporate functions using shared services*, National Audit Office, London, November 2007, p. 18. In the United Kingdom a number of service facilities have commitments to deliver predetermined savings to their "customers" once they use shared service facilities. Pricing of services is competitive and reflects the full cost of the service delivery. See www.nao.org.uk/publications/0708/improving_corporate_functions.aspx (accessed March 2009).

telecommunications network will be located and managed centrally as a shared service. The front line staff required to oversee compliance and provide field-based services to the public will be located close to the community to service their needs at the local level.

Establishment issues

32.51 The Commission expects that as part of the pre-establishment programme set out in Chapter 33 (Appendix 33.1), there will be an audit and evaluation of the current ICT infrastructure in councils across the Auckland region. It is expected that an interim e-government and information systems strategy for the Auckland Council will be developed by the Establishment Board.

32.52 The Commission does not contemplate that Auckland Council's ICT infrastructure will be built from scratch. The existing ICT infrastructure, including hardware and application software, need to be used where possible. The objective will be to ensure a smooth transfer of the eight current councils' ICT systems to the Auckland Council and to plan the migration of the numerous duplicated council business systems to a single ICT infrastructure platform. It will be necessary to identify the best existing system and determine the time frame and costs required for the complete unification of information systems.

32.53 As part of this work, a review of all business processes and supporting technologies will be required, to identify what is required to ensure the continuity of current council services during the transition to the Auckland Council. This is important to ensure that Auckland Council can effectively operate from its establishment and there is no service disruption during the transition period.

32.54 As part of the review of the current ICT infrastructure, an assessment of current and future ICT skills capability will be required. The ability of Auckland Council to attract and retain highly-skilled people to support the ICT programme of work will be a critical requirement for the Auckland Council transition programme.

Auckland Services Performance Auditor

32.55 As a large organisation providing a very wide range of services, the Auckland Council will need to be efficient and responsive. In principle, all its activities could be subject to rigorous external performance review so as to provide assurance to the council and the public that it is delivering high-quality services in a cost-effective way.

32.56 The Commission considers an independent Auckland Services Performance Auditor should be appointed to oversee the performance of all Auckland Council service activities. This would be a very senior role, which would need to be undertaken by a person who enjoys the trust and confidence of the Auckland public. It would be desirable to provide for this position in legislation.

32. Achieving a High-Performance Auckland Council

32.57 The Auckland Services Performance Auditor should be appointed by the Auckland Council for a three-year renewable term (with a maximum term of six years), on the joint recommendation of the Chair of the Commerce Commission and the Auditor-General. The Commission considers it appropriate that these two office-holders be involved in the appointment, both because of their professional roles (the Commerce Commission has a key role in ensuring monopoly powers are not exploited, and the Auditor-General has a key role in reviewing performance management in local government), and because their independent status will give the public confidence in the appointment process.

32.58 The Commission envisages that the Auckland Services Performance Auditor will be located independently of the Auckland Council in the offices of a regulatory body such as the Commerce Commission. The Auckland Services Performance Auditor should have the power to obtain information from all Auckland Council bodies and should also be given the resources to commission independent analysis and investigation as required. He or she would have the power to report publicly on any issue at any time.

32.59 This role would complement and extend the work of the Auditor-General. As mentioned above, the Auditor-General audits the LTCCPs and the financial viability of each council. The Auditor-General also audits the statements of service performance, which are required as part of each council's annual report. However, the emphasis is on the review of processes and systems and the adequacy and relevance of the reported performance measures (that is, systems issues) rather than on the level of performance itself (the substantive issues). The focus of the Auckland Services Performance Auditor would be on the substantive issues of performance – namely, whether the Auckland Council is performing adequately in providing high-quality services in a cost-effective way.

32.60 The Auckland Services Performance Auditor would not have a role in dealing with individual complaints or grievances about the Auckland Council. The Auckland Council will have its own complaints resolution processes, as do the eight existing Auckland councils. In addition, there is a right to take complaints about council actions to the Ombudsman.

32.61 It would be expected that the Auckland Services Performance Auditor would adopt a constructive approach to the task and seek to identify changes which can both improve services and reduce costs. However, it would not be useful for the Auckland Services Performance Auditor to start work until Auckland Council's operating processes have been determined and implemented and some time has elapsed to enable assessments to be made. It would therefore be appropriate for the appointment to be made one year after the Auckland Council has started operation.

32.62 This role is particularly important for those activities of the Auckland Council that will be monopoly providers of services, in particular water services and the regional public transport service industries. In discussing the operation of a new integrated water CCO in Chapter 26, "The Three Waters", the Commission considered the desirability of a price regulator for the water industry to ensure it does not exploit its monopoly position through higher than necessary prices, but preferred an independent external performance review.

32.63 As discussed in Chapter 21 on council organisations, in order to ensure the good performance of the larger CCOs which will be part of the Auckland Council, the Auckland Services Performance Auditor would review the adequacy and relevance of CCO performance targets as set out in the SOIs, and the accuracy of performance reported against those targets. As discussed in that chapter, for the proposed CCOs Watercare Services and the Regional Transport Authority, the Auckland Services Performance Auditor would

- review service standards set out in their customer service charter, as well as the annual customer satisfaction survey results, and customer complaints processes
- assist the Auckland Council with its three-year reviews of their statements of intent, including the relevance of any targets
- protect the consumer's interests and advocate for them in respect of the reliability and affordability of services
- in the case of Watercare Services Limited, undertake three-yearly efficiency and effectiveness reviews, incorporating international comparative industry benchmarking and an evaluation of service levels, efficiency, affordability of water, and demand management performance. Within five years of the establishment of the Auckland Council, undertake a formal review of the effectiveness of this regulatory approach.

32. Achieving a High-Performance Auckland Council

Recommendations

The Auckland Council needs to deliver services in the most efficient and cost-effective way.

- 32A** The Auckland Council should build efficiency savings targets into the Auckland Council budget over the course of the transition.
- 32B** The Auckland Council should take advantage of modern information and communications technologies in implementing its unified service delivery framework.
- 32C** The Auckland Council unified service delivery framework will include
- a) a single information technology governance framework.
 - b) a consolidated ICT infrastructure platform (including a single contact and data centre facility).
 - c) the unification of the “back office” administrative services including functions such as finance and administration, human resources, and asset management.
 - d) a strategic procurement function undertaking management of major suppliers.
- 32D** The Auckland Council should implement leading public sector performance management practices to ensure it operates and reports to the highest standards of accountability and transparency.
- 32E** Auckland Council customer service standards should be entrenched in a customer service charter.
- 32F** To promote the widespread adoption of the unified service delivery framework the Auckland Council should
- a) give Auckland Council CCOs providing council services the opportunity to share the unified service facilities if they wish.
 - b) require Auckland Council CCOs providing council services to adopt the council’s ICT infrastructure standards.

32G A statutory position of an independent Auckland Services Performance Auditor (to be appointed by the elected Auckland Council on the joint recommendation of the Chair of the Commerce Commission and the Auditor-General) should be created to provide assurance to the council and the public that the Auckland Council is providing high-quality services in a cost-effective way. The role of the Performance Auditor will include

- a) reviewing the adequacy and relevance of CCO performance targets.
- b) protecting the consumer's interests and advocating for them in respect of the reliability and affordability of council services. This will include reviewing services in terms of established customer service standards.²²
- c) in the case of Watercare Services Limited, undertaking three-yearly efficiency and effectiveness reviews, incorporating international comparative industry benchmarking and an evaluation of service levels, efficiency, affordability of water, and demand management performance.

Transition

32H To give effect to Recommendation 32A, the Establishment Board should review the estimated efficiencies and integration costs identified in the Taylor Duignan Barry report attached as Appendix B, and build relevant savings targets and implementation costs into the Establishment Board's implementation plan and draft budget of the Auckland Council.

32I The Establishment Board should develop the framework described in Recommendation 32C and in addition should quantify the cost, benefits, and priorities for unified services.

32J In carrying out all the above work, the Establishment Board should draw on the expertise and resources of the Transition Management Group.

22 See Recommendation 32E.

33. Managing the Transition

33.1 Moving from the current local government arrangements in Auckland to the unitary model proposed by the Commission will involve significant change. The Commission has considered carefully how this change might best be managed in order to achieve a successful transition, enabling the benefits of reorganisation to be fully realised.

33.2 It is very important that existing Auckland councils continue to operate effectively during the transition period. This is particularly the case in the current fiscal environment, and as Auckland, along with the rest of New Zealand, prepares for the Rugby World Cup in 2011.

33.3 The Commission's approach to transition is based on the understanding, conveyed to it by Government, that necessary changes should be in place in time for the next local body elections in October 2010. Immediately following these elections, it is proposed that the Auckland Council be established and the Auckland Regional Council ("ARC") and the seven territorial authorities in Auckland be formally dissolved. Boundaries and wards for the Auckland Council and local councils will need to be determined no later than six months prior to the election date.

33.4 The anticipated 18-month time frame for the establishment of the Auckland council is ambitious but achievable. The deadline of October 2010 must be met. The main advantages of achieving reform over this time frame will be to maintain focus and momentum for change. Existing council staff will be concerned about their future. The public will want to know that council services will continue to be provided at usual locations and that democratic processes are to be maintained. For these reasons, it is essential that the whole process is well managed and the transition work gets under way quickly.

33.5 It will be important that the Government moves swiftly to form an Establishment Board and Transition Management Group and that the Establishment Board, in turn, moves quickly to address the Commission's recommendations.

33.6 It will also be important that the Minister for Auckland and the Cabinet Committee for Auckland (recommended in Chapter 15, "The Elected Auckland Council") be in place to oversee the transition.

33.7 This chapter commences with a brief discussion of the principles that have guided the Commission in developing its proposed transition model. It then discusses, in turn, the alternative models available, the preferred transition option recommended by the Commission, and the detail of how the transition is to be successfully achieved.

Guiding principles adopted by the Commission

33.8 At its core, the process of transition will involve

- transferring staff, assets, and service responsibilities from the eight councils of Auckland to the new Auckland Council
- the dissolution of those councils
- the establishment of the new Auckland Council.

In order to realise the benefits of reorganisation, early action must be taken to re-engineer services in order to improve service quality and achieve efficiencies, prepare for a tighter financial situation, and to begin shaping a new organisational culture. The transition should establish the groundwork for a transformation in working practices and culture for the Auckland Council.

33.9 The Commission has identified six key considerations in managing the transition:

- the need to provide stability and certainty for council staff
- the need to ensure that existing council staff, services, and operations are not significantly disrupted and that business is undertaken “as usual” in the period prior to Auckland Council’s establishment
- a desire to see democracy maintained until the next local government election¹
- the need for the transition to be carried out at a reasonable cost and for the risks involved in the implementation to be well managed
- the need for a comprehensive communications strategy so that existing council staff and the Auckland public understand and support the changes being made
- the need for the Auckland Council to be ready to commence operations on the establishment date, with tight project management required by the Establishment Board and the Government to achieve this deadline.

33.10 These considerations have led the Commission to conclude that it will be necessary to appoint to the Establishment Board highly experienced and competent people, recognising the magnitude and importance of the task at hand.

33.11 The Commission also wishes to underscore the importance of providing stability to existing council staff. The Commission expects that current council staff will form the nucleus of the new organisation. Current staff have a record of service to the people of Auckland, and represent a valuable resource of technical expertise and local knowledge. One of the Commission’s reasons for adopting its proposed model was to maintain stability in the council workforce, to minimise both the personal impacts of reorganisation on council staff and start-up costs for the new organisation, and to enable key services to

¹ One option, rejected by the Commission, would be to replace existing councils with Commissioners, the approach taken in Victoria, Australia, in 1994–96 when council amalgamations were undertaken.

be delivered as usual during the transition. It is desirable to settle staffing arrangements expeditiously, to avoid putting existing staff through a long period of uncertainty, with the consequent risk of lowered morale and performance.

Alternatives

33.12 As contemplated in its terms of reference, the Commission has considered a range of alternative transition processes, drawing in particular on its discussions with officials and leaders in Melbourne, Brisbane, and Toronto where reorganisation exercises have been undertaken in the past five to 10 years. Those exercises involved both successes and failures. The Commission has also reviewed New Zealand's 1989 local government reorganisation, and considered the approaches taken to public sector restructuring in the 1990s through to the present. There is a wealth of experience on which to draw.

33.13 The Government must decide on the level of central government direction and involvement in any transition, the role of an independent establishment body, and the extent of involvement of existing Auckland councillors and officials. Overseas and New Zealand experience is instructive.

33.14 It is the Commission's assumption that the Government will not wish directly to undertake the transition process, but will instead wish to appoint a body with sufficient independence and skills to be able to move the change process forward without delay. The Government will need to oversee the transition process to ensure successful completion. Proposed monitoring and oversight by the Government is discussed below.

33.15 The Government will also have specific responsibilities, including securing the timely passage of legislation, assisting (through the Local Government Commission) with setting boundaries, and preparing for local body elections. This will require careful coordination by the Government of its policy processes to ensure necessary decisions are made promptly and efficiently, and a close working relationship between the Establishment Board and the Secretary of Local Government. Legislative delay will be an important risk to be managed by the Government in the transition process.

33.16 At the other end of the spectrum, it is assumed that the Government will not wish to task existing councils with managing the establishment, given their direct interest in the outcome, and the magnitude of changes to be undertaken in a short period. The Commission considers that a focused independent body is more likely to be able to achieve the change required and to generate consensus for it. In Toronto, the use of existing councillors to oversee transition to the amalgamated City of Toronto is believed by some to have contributed to inadequacy in preparations made for the new organisation.

33.17 There are a number of examples in New Zealand and overseas of reform processes led by independent establishment bodies – the course recommended by the Commission. The New Zealand-wide local government reorganisation scheme of 1989 was prepared by the Local Government Commission (an independent statutory body), and resulted

33. Managing the Transition

in a reduction in the number of territorial authorities in Auckland from 44 to seven.² The independent and “top-down” approach taken enabled reform to be implemented quickly and effectively. The final reorganisation scheme – relating to the whole of New Zealand, not just Auckland – was completed in 12 months. The independent commissioner overseeing the transition, Sir Brian Elwood, worked constructively with the existing cities and boroughs and the public to implement the changes without political bias. At the council level, transition committees were formed comprising a mix of political and managerial representation. The Local Government Commission retained the right to appoint a voting member of the committees as a method of ensuring progress with decision making or to break a stalemate.

33.18 Between 1994 and 1996, the Victorian State Government drove a reform exercise that reduced the number of metropolitan councils in Melbourne from 79 to 31, and the non-metropolitan councils in the rest of Victoria from 290 to 47. The aim of the exercise was to rationalise the number of local councils and provide them with adequate scale and capacity to achieve cost savings. In this sense, the reform paralleled the 1989 reorganisation in New Zealand rather than being directed, as the Auckland exercise is now, to addressing problems including regional fragmentation.

33.19 Amalgamation of councils in Victoria was achieved by disbanding existing councils and appointing commissioners (three for each new council) and interim chief executives to establish and run the new council. This occurred over an 18-month period and, as one commentator told the Commission, provided an unprecedented opportunity to change business practices, and rationalise and update systems and infrastructure, without officer or political interference. The Commission has concluded that this approach, and the effective suspension of local democracy, would not be acceptable in Auckland. It notes, however, the importance of using the opportunity provided by a reorganisation to transform working practices and systems, and of ensuring the Establishment Board has adequate powers to achieve this.

33.20 In Queensland a number of small, largely rural, councils were recently amalgamated with larger councils as a result of a review by the Local Government Reform Commission. The reform involved significant boundary changes, which reduced the number of councils in Queensland from 157 to 73 at the council elections in March 2008. The aims of reform included improving the financial viability of a large number of small councils,³ and facilitating greater regional collaboration. Consideration was not given to enlarging

2 Local Government Amendment Act, 1989. Final Reorganisation Scheme for the Auckland Region, Local Government Commission, June 1989.

3 The Queensland Treasury Corporation undertook a financial sustainability review of 105 councils. The review found that 40% of the councils reviewed were in a financially weak or distressed position. Referred to in McGrathNicol Corporate Advisory, “Implications of the ‘weak’ rating as set out in the April 2007 Financial Sustainability Review of Local Governments conducted by Queensland Treasury Corporation”, Local Government Association of Queensland, June 2007 (available at www.lgaq.asn.au/lgaq/resources/newsReleases/FINAL%20REPORT.pdf)

Brisbane City Council because, with a population of around one million, it was considered already to have sufficient scale to deliver services effectively.

33.21 The Queensland State Government appointed seven independent Commissioners to determine the boundary changes. A number of local transition committees were established to guide the change process for the amalgamations. These committees were composed of a mix of councillors and council management. The role of the committees was to oversee the transition of staff, inform the community of the changes, and approve transition action plans that were required to be prepared in the lead-up to the elections for the new adjusted councils.⁴ Those to whom the Commission spoke in Brisbane said that the changes were for the most part well managed, it being generally recognised that amalgamation was necessary and desirable.

33.22 The Commission noted the Queensland legislation put in place to support the transition work programme.⁵ Given the recent and readily accessible nature of the Queensland reforms, their legislation, policy, transition plans, and protocols may be useful to those charged with the implementation of the Auckland transition process.⁶ Of particular note are certain caretaker provisions that apply to the appointment of interim chief executives and temporary executive appointments. These may be of interest to the Establishment Board as it considers mechanisms that will allow council management to be in place for the newly established Auckland Council at the date of establishment, without compromising its ability to make decisions on the final executive structure.⁷

33.23 Equally instructive is the transition process followed in Toronto in 1998, when the City of Toronto was created from the amalgamation of two tiers of government (regional and local) and seven municipalities. The City of Toronto now covers an area of 641 square kilometres, and serves a population of 2,503,281.⁸

33.24 A number of people with whom the Commission met in Toronto spoke positively about the outcomes of amalgamation, noting that it has provided the city with critical mass and the ability to speak with a strong voice at provincial, federal, and international levels. However, most were critical of the circumstances and manner in which amalgamation was achieved.

33.25 The consensus was that the exercise was rushed and poorly conceived, and that this was something to be avoided in Auckland. Commentators also noted that the amalgamation process was complicated by a financial realignment of provincial and city responsibilities, which occurred simultaneously. As part of the realignment, the provincial

4 See for example the Logan/Gold Coast Transferring Area Local Transition Committee, “Terms of Reference”, p. 3 (available at www.logan.qld.gov.au/NR/rdonlyres/5BDA13F1-45FE-45D7-88BA-7E00BDCD690C/o/TALTCLoganGoldCoastTOR.pdf).

5 Local Government Reform Implementation Act 2007 and Local Government Reform Implementation Regulation 2008, Queensland (available at www.legislation.qld.gov.au/LEGISLTN/ACTS/2007/07AC031.pdf).

6 The transitional information can be viewed at www.localgovernment.qld.gov.au/LocalGovernment/StructuralReform.aspx.

7 Local Government Act 1993, section 1129(3) (Queensland).

8 See “Toronto’s Geography” and “Demographics” pages at www.toronto.ca.

33. Managing the Transition

government became responsible for transit, while the City of Toronto became responsible for social housing amongst other things. The realignment weighed more heavily on the city in terms of costs, and it struggled to come to terms not only with rapid amalgamation but also with significant budget pressures. It is understood that these pressures are only now being relieved to some extent by a realignment of responsibilities.

33.26 Lessons from the amalgamation (largely drawn from comments made by officials) which may be relevant were as follows:

- Amalgamation or other structural change should not be combined with financial realignment of responsibilities or other initiatives. Amalgamation should be dealt with separately.
- Unrealistic expectations about the magnitude of financial savings to be achieved resulted in some public disillusionment with amalgamation when these savings were not achieved.
- It costs money to amalgamate, and it is necessary to ensure that these costs are built into a realistic business plan.
- The relationship between the Province of Ontario and the City of Toronto was critical, with commentators saying that the province needed to work in partnership with the city at the time of amalgamation to assist the city to succeed. For Auckland, this underscores the importance of a partnership relationship with central government in securing change.
- The Transition Team in Toronto was made up of councillors. This was problematic, in part because they lacked the necessary experience in managing change of the magnitude that occurred in Toronto. Furthermore, their primary focus was on ensuring a smooth transition at the political level (which was achieved), with inadequate guidance provided and preparations made at administrative levels.
- The Transition Team in Toronto should have provided a clearer set of objectives and authorities, and a clear process by which amalgamation was to have been achieved.
- For any amalgamation, there are four key areas to be addressed: the political (elected) level, administration, systems (including financial, information technology (“IT”)), and organisational culture.
- Amalgamation issues in Toronto needed to be addressed across the organisation. It was necessary to consider, as a primary matter, human resource issues, including wage harmonisation, movement of people, and the retention and attraction of talent.
- The time it takes to achieve full amalgamation should not be underestimated. The transition in Toronto was undertaken in nine months, with little forward planning. The process of integrating the separate planning systems has taken almost 10 years, including harmonisation of mechanisms for dealing with

consent applications. The same 10-year time frame for harmonisation has been true for the unification of other services, including IT systems. The Commission noted that this prolonged time frame was attributable in part to shortcomings in managing the transition process.

- It is not possible to force cultural change, and strong leadership is required to build a new organisational culture.
- Problems associated with the Toronto amalgamation included disconnection with previous municipal entities, and associated loss of institutional memory, a matter that will need to be addressed as part of the Auckland transition.

33.27 City officials expressed the view that it was better and less disruptive to use one organisation as the core entity into which others are absorbed. This insight may be relevant to aspects of the Auckland transition, for example, the proposal that the best of existing IT systems should be used as the base for the Auckland Council system.

33.28 Conclusions drawn by the Commission from the Australian and Toronto experience included the following:

- the value of using an independent body to undertake the establishment of the Auckland Council and to oversee transition, using people experienced in managing change in large organisations
- the need to properly cost and budget for reorganisation, taking into account the costs and efficiency gains
- the need to establish clear and realistic objectives, and a programme of work across political and administrative structures, and to identify completion timelines for each aspect of the programme
- the importance of connection with the entities being disestablished, and the desirability of carrying forward staff and institutional knowledge needed for the new organisation
- the importance of strong communication with the public and council staff throughout the transition process and beyond
- the importance of government ownership of the process.

Recommended approach

33.29 Having regard to the considerations set out in paragraph 32.28, and the available alternatives, the Commission recommends that an independent and experienced Establishment Board, reporting to Government, should be responsible for managing the operational establishment of the Auckland Council and the transition from existing councils. This approach has the benefit of enabling a highly skilled group of experts to act quickly and effectively, outside the sphere of local government political influence.

33. Managing the Transition

33.30 The Establishment Board will be supported in its work by a proposed Transition Management Group comprising the chief executives of the existing Auckland councils, Watercare Services Limited, and the Auckland Regional Transport Authority (“ARTA”). This group will be chaired by an experienced and independent senior local government manager with no vested interest in Auckland local government, who will report to the Establishment Board. The Transition Management Group will be responsible for ensuring business as usual continues during the transition period and, as agreed with the Establishment Board, will assist with preparations for the Auckland Council (for example, by seconding staff to work on finance, information systems, and planning matters, and taking necessary steps to achieve the smooth transfer of facilities, staff, and assets to the Auckland Council on establishment).

33.31 The model proposed by the Commission is based on the approach commonly taken for public sector reorganisation and establishment schemes in New Zealand. This typically involves the appointment of a board of expert professionals with experience in establishing or merging organisations and enterprises. The board is usually chaired by a person with significant change and commercial management expertise at a chief executive level, which the Commission considers should also be the case for Auckland’s transition. The boards are independent and project-orientated. The most recent example of an establishment board’s work is the successful formation in 2008 of the New Zealand Transport Agency.

Establishment Board

33.32 The Commission recommends that the Establishment Board comprise an independent chair and sufficient members to undertake the establishment of Auckland Council. The Commission expects that the role and functions of the Establishment Board will be established by terms of reference and empowered by legislative provisions. It is expected that the chair and Establishment Board members will have significant change-management experience at a senior level, and expertise across a range of management disciplines, including people management, finance, systems, and communications.

33.33 The Chair of the Establishment Board should have knowledge of local government and significant change management experience, particularly in large-scale reorganisations where people and information systems have played a key role. The chair should enjoy a high level of respect and credibility, and would be expected to quickly develop strong, constructive working relationships with Government, council officials, and management.

33.34 The Establishment Board should be Auckland-based and have the budget resources, staff, and legal authority needed to carry out its functions. It should be supported by a dedicated Auckland-based Project Management Office responsible for preparing and managing the implementation plan for the Establishment Board. Because of the short time frame and in order to ensure momentum is maintained, it may be desirable for there to be some continuity in staffing between the Commission, and the Project Management Office.

33.35 Decisions on the resourcing of the Establishment Board are for the Government. Resourcing will need to be adequate to fund the Project Management Office and to contract (through the Programme Management Office) expert consultants to provide specialist work in the areas of finance, systems and processes, human resources, and governance as may be required.

33.36 The Commission recommends that the Establishment Board report to the Cabinet Committee for Auckland through the Minister for Auckland (both to be appointed as a matter of urgency, as indicated above). The Secretary of Local Government will, on behalf of the Government, oversee the process and timeline, ensuring deadlines are met by the Establishment Board and the Government. The Secretary will report to the Cabinet Committee for Auckland through the Minister of Local Government.

Transition Management Group

33.37 Existing councils need to collaborate fully in the transition, and enable staff to understand and engage in the transition process. Chief executives will have a key role in ensuring this occurs, working through the Transition Management Group. During the transition period, chief executives will have dual relationships and accountabilities. They will be responsible to their elected councils for the management of business as usual, reporting on this to the Chair of the Transition Management Group. They will also be responsible to the Chair of the Transition Management Group for ensuring there is collaboration by all staff in the transition process.

33.38 It is expected that the Transition Management Group will

- ensure business as usual is properly managed (with the Chair of the Transition Management Group having an oversight role, reporting to the Establishment Board)
- provide support to the Establishment Board including
 - assisting in the preparation and implementation of the transition plan
 - supporting the audit work programme
 - assisting with the preparation of the Auckland Council's budget and financial policies
 - identifying and working, as directed, on projects to facilitate integration
 - releasing or seconding staff, if required
 - assisting with resolving issues related to the transition
- communicate with staff
- implement change-management processes to achieve the smooth transfer of facilities, staff, and assets to Auckland Council.

33. Managing the Transition

33.39 The Commission proposes that members of the Transition Management Group report, through the independent chair of the group, to the Establishment Board on matters related to the transition, including making it aware of any material matters that may have implications for a smooth transfer of assets and staff to the Auckland Council. The Establishment Board and the Transition Management Group will meet on a regular basis, and will meet from time to time with the mayors of the existing councils.

33.40 The Commission anticipates that the Establishment Board will wish to conclude a Transition Protocol between it and the Transition Management Group to ensure their respective roles are well understood.

Existing councils

33.41 The Commission has been encouraged by the general recognition of the need for change by most of the councils in Auckland. A number of Auckland's political leaders have reinforced to the Commission a desire to support the reforms. The Commission recommends that the existing councils will continue to operate until the 2010 elections. This will ensure democracy is maintained and that council management remain accountable to current councils for the delivery of business as usual. The Commission anticipates that political representatives will consider it their civic duty to assist in the smooth transition to the new Auckland Council.

33.42 It is expected that councils will continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal. Existing councils will also have an important role in managing the impact of the transition, particularly on staff. The challenge for existing entities will be to champion the benefits of the changes, minimise uncertainty for staff and maintain service stability during the pre-establishment transition period. As part of business as usual, the Commission expects that existing councils will continue work on the One Plan, as this will be an important foundation stone for the development of a spatial plan by the new Auckland Council (as described in Chapter 24, "Planning for Auckland").

33.43 The Commission expects that during the transition, existing councils will not act in ways that would be inconsistent with the establishment of the Auckland Council or pre-empt decisions more appropriately made by the Auckland Council. It is noted that any significant decisions by existing councils during the pre-establishment period must be made in accordance with processes specified in the Local Government Act 2002.⁹ While the Commission would not expect existing councils to make major new commitments, equally they should not, during the transition period, run down their assets and revenue base so as to financially disadvantage the new Auckland Council. The Government may wish to consider formalising its expectations (in legislation or by other means) with existing councils. This may include the expectation that councils and relevant council organisations ("COs") and council-controlled organisations ("CCOs") refrain from making

⁹ Local Government Act 2002, section 76.

decisions that could materially affect the creation of the Auckland Council organisation or its future activities, or that pre-empt or constrain future decisions before its establishment.

33.44 Existing councils will be responsible for organising the transfer of assets and staff within the transition plan and framework provided by the Establishment Board. In some areas, for example in the delivery of waste collection and library services, there may be little change. In other areas, for example, IT, finance, and human resources, the changes required to effect transition will be significant.

33.45 The Commission anticipates that staff from the eight existing councils will be carried over to the Auckland Council, at least initially. In addition to the Employment Relations Act 2000, provisions similar to those in Part 2 of the State Sector Act 1998 relating to staff transfers, equivalent employment, restrictions on redundancy payments, and transitional matters, need to be considered for inclusion in the legislation applying to the Auckland Council. These provisions will cover staff transferring, or being given the opportunity to transfer, from existing councils to the Auckland Council, or within the Auckland Council, or between councils and CCOs/COs.

Implementation of the Commission's recommendations by the Establishment Board

33.46 The principal task of the Establishment Board will be to achieve an operative Auckland Council organisation by the establishment date. A clean break between the roles and functions of the old councils and council entities and those of the Auckland Council is contemplated. Immediately after the October 2010 elections, the Auckland Council will take responsibility for service delivery to the public, replacing the current existing councils of Auckland.

33.47 The development of a detailed transition programme of work is a matter for the Establishment Board. To assist the Establishment Board, the Commission has prepared an outline of the principal work streams for the Establishment Board, attached as Appendix 33.1 to this chapter.

33.48 When developing the detailed design for the organisational structure, reference should be made to

- the draft structure for the elected Auckland Council set out in Chapter 15
- the key functional areas to be accommodated in the Auckland Council organisation as set out in Appendix 33.2 attached to this chapter.

33.49 In drafting its report, the Commission has also sought to identify in its recommendations where action is required by the Establishment Board and/or the Transition Management Group. Those recommendations have been collated, and are attached as Appendix 33.3 to this chapter.

33. Managing the Transition

33.50 The establishment of Auckland Council's organisation structure will bring the challenge of merging eight historically different cultures, roles, and remuneration systems into a new, unified whole. The proposed reforms will potentially affect over 6,000 current council staff. The reforms are designed to build a stronger council capability to support a growing Auckland. For that to be achieved, it is necessary to maintain a strong and committed Auckland local government workforce.

33.51 It is expected that one of the highest and earliest priorities will be the implementation of a robust staff consultation process to enable existing council management to work through the key questions and issues staff will have relating to the reform proposal. The Commission recommends that chief executives of affected councils and council organisations run an effective staff consultation process as required in the Employee Relations Act 2000 and engage with council staff as soon as possible after the Commission's report becomes publicly available. The Commission recognises the wealth of experience and knowledge held by council staff, and consideration should be given to how to encourage staff to give their ideas and input as to the best way the reforms can be undertaken and successfully implemented. There will be a very important ongoing role for members of the Transition Management Group in communicating with staff as the transition proceeds.

33.52 The smooth transfer of existing council staff to the Auckland Council will require the Establishment Board to obtain a detailed understanding of the various current organisational structures, personnel, positions, agreements, human resource policies (including superannuation and benefit schemes), and systems (including remuneration and health and safety). It is expected that this information will be verified through an extensive audit.

33.53 The Establishment Board will need to undertake work on the development of Auckland Council's organisation structure. This will include defining the key roles and positions, staffing levels, and locations; developing a harmonised set of human resource and remuneration policies; and commencing work on migration to a single human resource information system (including payroll). The Establishment Board will need to implement effective consultation, staff transfer, recruitment, retention, training, and induction processes. Working collaboratively with the Establishment Board, the Transition Management Group will need to co-manage a number of these employer/employee processes during the pre-establishment phase.

33.54 The Establishment Board will need to appoint an interim chief executive who will assume the role until the Auckland Council is in a position to appoint a chief executive. The interim Chief Executive of the Auckland Council will have an important role in assisting the Establishment Board with the development of organisational structure and staffing requirements for the Auckland Council. The interim chief executive will also provide an important link between the Establishment Board and the new council.

33.55 The Commission's recommendations in relation to CCOs and COs are set out in Chapter 21. The Establishment Board will have an oversight role in relation to the integration of local water network operations into Watercare Services, to be undertaken

by the Watercare board and chief executive. The Establishment Board will also need to develop an organisational structure for the new Regional Transport Authority, and to appoint an interim board who will then appoint an interim chief executive. The Establishment Board will need to identify additional CCOs, if any, that will need to operate at the outset of Auckland Council's establishment, and provide for this.

33.56 Preparing for unified shared services is another critical area of work. Taylor Duignan Barry estimates that the reorganisation, including in the back office and in systems integration, could indicatively bring efficiency gains of approximately 2.5%–3.5% per annum over current expenditure.¹⁰ The Commission expects the Establishment Board will take into account the 2.5%–3.5% overall efficiency gain as a reasonable target for the Auckland Council reorganisation to achieve on current baselines. This target (and implementation cost estimates) should be considered in the organisational and process design and reflected in the Auckland Council's one- to four-year budget horizon.

Post-establishment

33.57 At the point the Auckland Council is established, the Establishment Board should be able to provide it with a very clear picture of the assets, liabilities, and staffing arrangements transferred to it. It should have prepared in advance for early consideration and adoption by the Auckland Council, recommended structures, delegations, and policies, and have undertaken preliminary work in a number of areas. This is intended to position the Auckland Council to be operative immediately, but the Establishment Board cannot bind the Auckland Council to any policy, nor is it appropriate that it should do so.

33.58 The Commission anticipates that the complete process of making the change in Auckland local government will take a number of years. Once the Auckland Council is established, the Establishment Board will be disbanded, and responsibility for realising the benefits of reorganisation will pass to the elected Auckland Council and its chief executive. In the short term, it is expected the Auckland Council will need to attend to the following matters:

- approving and adopting budgets, rating, and other financial plans and policies
- approving and adopting other plans and policies relating to the operation of Auckland Council
- approving the roll-over of staff from existing councils
- adopting the Auckland Council Committee structure, the organisational structure and accountabilities, and draft delegations from the Auckland Council to local councils and the Waiheke, Great Barrier Island, and the Central City and Waterfront Community Boards

¹⁰ See Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, February 2009, p. 5 (report appended as Appendix B, pp. 746–776).

33. Managing the Transition

- adopting a work plan, and completing implementation of the Establishment Programme
- implementing an interim e-government and information systems strategy and commencing preparation of a new information systems strategy
- adopting a long-term council community plan
- ongoing work on, and adoption of, a spatial plan containing a 20-year vision for Auckland
- commencing preparation of a new district plan and, in the interim, administering existing district plans
- completing systems integration.

33.59 The Auckland Council may also need to address residual issues arising from the transition process, for example, the disposal of surplus assets identified by the Establishment Board.

33.60 The size and complexity of the overall transition exercise should not be underestimated, as it is intended that the reforms should involve not just structural change, but a fundamental shift in the working practices and organisational culture in Auckland's local government. It will be important for the Establishment Board to strike an appropriate balance between ensuring the Auckland Council can operate from day one, while ensuring that the leaders and management of the Auckland Council are not pre-empted in setting the council's future direction and agenda after the October 2010 elections. The Commission has sought to achieve this balance in describing the Establishment Board's role.

Recommendations

- 33A** Existing Auckland councils should be retained until the October 2010 local government elections, at which time they will be abolished and the Auckland Council established.
- 33B** An independent Establishment Board should be formed to manage the establishment of Auckland Council. The Board will be comprised of an independent chair and a sufficient number of members to undertake the task.
- 33C** The chair of the Establishment Board should have significant change-management experience at chief executive level, with board members having a mix of relevant skills.
- 33D** The Establishment Board should report to a Cabinet Committee for Auckland through the Minister for Auckland.¹¹
- 33E** The Secretary of Local Government should monitor progress by the Establishment Board, and report to the Cabinet Committee for Auckland through the Minister for Local Government.
- 33F** The Establishment Board should be required to implement the essential elements of the structural reforms necessary to establish the Auckland Council by 10 October 2010.
- 33G** A Transition Management Group should be formed to support the work of the Establishment Board consisting of the chief executives of existing councils, ARTA, and Watercare Services Limited, with an independent chair.
- 33H** Existing councils should continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal up until the 2010 local government elections.
- 33I** The Government should consider formalising requirements for existing councils to fully cooperate in the transition process, and specifying constraints which will apply to council decision making, including in relation to decisions with major financial implications.

¹¹ See Recommendation 15K.

33. Managing the Transition

Appendix 33.1: Establishment Board work streams

The Commission has already undertaken the conceptual design for the Auckland Council in this report. Given the limited time available, it is expected that the Establishment Board will build on the recommendations made by the Commission and the guidance provided by it in carrying out its work.

Set out below are the principal work streams the Commission expects the Establishment Board will need to include in its new work programme (work to be undertaken by Government is not included). Unless otherwise indicated, the structures, policies, delegations, and budgets to be prepared by the Establishment Board will be in draft, for early consideration and adoption by the Auckland Council, once established.

Governance and management

- preparing the overall transition programme of work
- implementing communications, change, and programme management plans
- establishing the accountability, monitoring, and reporting framework for the transition work
- undertaking a due diligence audit of current councils and relevant CCOs and COs including records, funding arrangements, land, assets, liabilities, commitments, litigation, claims and contingencies, and issues
- stocktaking of existing by-laws and regulatory instruments
- stocktaking of activities and functions undertaken by individual councils identifying those that will continue to be carried out by local councils, and those functions and activities to be undertaken directly by the Auckland Council
- stocktaking of policies relating to the operation of councils
- preparing draft policies for the governance and management of the Auckland Council organisation including delegations of authority, procurement procedures, and operating expectations.

Auckland Council organisation

- designing the proposed structure of the elected Auckland Council – including the key roles and positions (such as the chairs of committees), the committee structures, the terms of reference for each of the committees, and the structure and composition of advisory panels and groups (A draft structure for the Auckland Council is included in Chapter 15.)
- designing the proposed organisational structure for the Auckland Council, taking into account the key functional areas, key roles for council administration, the staffing levels, staff locations, and the systems necessary for the Auckland Council to operate on the establishment date (Attached as Appendix 33.2 is an outline of the key functional areas that the Commission anticipates will need to be accommodated in the organisational structure.)

- developing draft policies relating to the operation of the Auckland Council
- finalising accommodation and location requirements for the Auckland Council, local councils, the Regional Transport Authority, and three community boards
- developing a draft of functions to be delegated by the elected Auckland Council to the local urban and rural councils, respectively, supplementary to the statutory powers of local councils
- developing a draft of functions to be delegated to the Waiheke and Great Barrier Island Community Boards and the Central City and Waterfront Community Board.

Local councils

- designing the structure for each of the six elected local councils (including committees and advisory panels or committees, if any)
- designing the proposed administrative structure for each of the local councils
- developing draft policies for the operation of local councils
- preparing a draft template of a community action plan for use by local councils.

Human resources

- stocktaking of the staffing and employment arrangements for all existing councils
- preparing for and facilitating the transfer of staff to the Auckland Council
- preparing standard human resource policies and systems including the alignment of the collective employment agreements with the relevant unions
- recruiting, seconding, or transferring staff to assist with the establishment of the Auckland Council
- recruiting key or interim management (including the interim chief executive) for the Auckland Council with the assistance of the State Services Commissioner
- preparing staff to work in one organisation (potentially including an induction process)
- appointing an interim Appointments Advisory Panel.

Information systems and unified services

- developing the detailed design of the unified service environment, processes, and the systems requirements
- preparing an interim e-government and information systems strategy, including
 - evaluating the current information and communications technology environment to identify essential “day one” systems infrastructure (as part of the audit of current councils) and assessing the ability of that infrastructure to be used by the Auckland Council
 - planning the migration and integration of essential systems to Auckland Council and defining future functional requirements

33. Managing the Transition

- preparing draft policies
- implementing interim arrangements
- integrating and decommissioning systems.

Finance

- establishing financial policies required to be developed under the Local Government Act 2002, as set out in Chapter 20, “Funding and Financial Management Arrangements”
- preparing the Auckland Council’s draft budget and funding plan for its first year of operation
- making arrangements for the roll-over of existing rating systems for the Auckland Council, and preparing options for the design of a new rating system
- refining the estimated efficiency gains and integration costs identified in the report by Taylor Duignan Barry.¹²

Asset and infrastructure management

- establishing an asset register
- developing proposed asset management policies.

Planning

- undertaking preparatory work for the preparation of a new regional spatial plan and district plan
- undertaking preparatory work in relation to the new planning, consenting, and consultation systems, including recommending delegations to local councils.

Council-controlled organisations

- with the exception of Watercare, Auckland Regional Holdings, and the new Regional Transport Authority, reviewing all current CCOs and COs and exempt organisations, in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued and whether new ones should be created
- taking an oversight role in relation to the integration of retail water suppliers into Watercare, to be undertaken by the Watercare Board and chief executive and the development of a new, draft statement of intent
- establishing a proposed management structure for the new Regional Transport Authority, appointing interim directors (taking into account the guidelines contained in Chapter 25, “Transport”), and overseeing the development of a draft statement of intent by the interim directors

¹² Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, February 2009, p. 6 (report appended as Appendix B, pp. 746–776).

- making such arrangements as necessary for the continuation of Auckland Regional Holdings
- preparing an establishment plan for any other proposed new CCOs
- as necessary, appointing interim board members to existing CCOs during the transition period.

Transition Management Group

- overseeing the management by the Transition Management Group of business as usual for the existing Auckland councils
- identifying transition issues or projects for action by the existing councils and directing the Transition Management Group to undertake these.

Government and key stakeholder management

- ensuring a regular exchange of information with Government, to ensure coordination of transition and establishment processes and appropriate management of issues and risk areas
- ensuring there is a regular dialogue with existing mayors to identify emerging issues that may need to be addressed.

Social issues

- designing the organisational structures, functions, and roles necessary to give effect to the Commission recommendations in Chapter 9, “Promoting Social Well-Being”
- developing the draft terms of reference for the Social Issues Board (to be approved by the Cabinet Committee for Auckland and the Auckland Council)
- undertaking a full stock-take of current regional and local government social well-being activities and relevant data, preparing a report for the Social Issues Board on potential priority issues
- developing draft engagement structures and processes for consideration by the Social Issues Board to ensure appropriate engagement (particularly with disadvantaged communities) is achieved in relation to the social well-being strategy.

Appendix 33.2: Auckland Council organisation: Key functional areas for which provision should be made

Local Council & Community Board Management	Business Services	Information, Communications, & Technology	Planning, Urban Design, Heritage, Arts	Social Well-Being	Economic Development
<ul style="list-style-type: none"> • Rodney • Waitemata • Waitakere • Tāmaki-makau-rau • Manukau • Hunua • City Centre & Waterfront 	<ul style="list-style-type: none"> • Customer services • Finance & Administration - Accounts payable - Tax - Treasury - Budget management • Procurement & Supply Management • Legal & Democratic Services¹ • Human Resources - Employment - Payroll - Training & development - Health & safety - Policy • Asset management - Assets including property management - Library services - Fleet management • Communications • Risk management - Internal audit - Risk management - Emergency management 	<ul style="list-style-type: none"> • Information policies and management • Technology management (including GIS) • Networks & communications • Unified service delivery including the shared data & call centre services • Knowledge management including archiving • Business process improvement 	<ul style="list-style-type: none"> • LTCCP • Spatial planning • District planning • Cultural affairs • Planning services • Regulatory obligations - RMA - Building - PPS - Hazards management - Harbourmaster - Biosecurity • Heritage conservation • Art & culture advocacy • Recreational planning • Parks, zoos, stadiums & galleries 	<ul style="list-style-type: none"> • Community advocacy & facilitation • Policy advice • Sport & physical activity • Resource allocation & management • Intra-council advocacy and integration of social wellbeing outcomes into council policy • Secretariat support [SIAG] • Regulatory obligations i.e. <ul style="list-style-type: none"> - Alcohol - Gambling - Environmental health - Prostitution etc • Other functions to be determined by the Social Issues Board 	<ul style="list-style-type: none"> • Tourist promotion • Energy advocacy • Broadband advocacy • Economic development advocacy • International investment promotion • Industry sector development • Skills advocacy • Regulatory obligations

¹ Democratic Services encompasses Secretariat & Committee support and policy capacity to service the Auckland Council Committees, Boards, Panels, and Advisory Committees, as required. Notes: GIS, geographical information systems; LTCCP, long-term council community plan; RMA, Resource Management Act 1991; RPS, regional policy statement; SIAG, Social Issues Advisory Group.

Appendix 33.3: Summary of establishment recommendations

The Commission's recommendations relating to transition arrangements are set out below in a consolidated list, noting the chapters in which they appear.

Chapter 7. Economic Development

- 7E** The Cabinet Committee and Minister for Auckland should begin work immediately with the Establishment Board to lay the ground for the Auckland Council's work in priority areas, including the Rugby World Cup 2011 and broadband.¹³
- 7F** As a basis for future decision making by the Auckland Council, the Establishment Board should review whether existing local economic development programmes are delivering value for money.

Chapter 9. Promoting Social Well-Being

- 9G** The Establishment Board should ensure the necessary structures and processes are in place to ensure that the Social Issues Board, the Social Issues Advisory Group, and the Auckland Council are able to commence work on their immediate priorities.

Chapter 14. The Auckland Council

- 14M** The Establishment Board should develop the proposed structure of the elected Auckland Council and local councils (including the committee structure and advisory panels and groups).
- 14N** The Establishment Board should develop the proposed organisational structure of the Auckland Council. This will include defining the key roles and positions for council administration, staffing levels, staff locations, and the systems necessary for the Auckland Council to operate on the establishment date.
- 14O** The Establishment Board should review the functions and activities currently carried out by the Auckland Regional Council and seven territorial authorities, identifying those that will continue to be carried out by local councils, and those relevant functions and activities to be undertaken directly by the Auckland Council.
- 14P** The Establishment Board should determine the location of council offices (particularly Auckland Council, and Tāmaki-makau-rau and Rodney Local Councils) and service centres.

Chapter 15. The Elected Auckland Council

- 15O** The Establishment Board should review all current council advisory panels and groups and report to the Auckland Council on which current advisory groups should be continued by the Auckland Council.
- 15P** The Establishment Board should appoint an interim Appointments Advisory Panel. It will assist the Establishment Board to

¹³ See Recommendations 15K on Minister and Cabinet Committee, and 33B on the Establishment Board.

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- a) undertake the review of existing advisory panels described above
- b) prepare draft terms of reference for new and continuing advisory panels
- c) identify potential candidates for such panels
- d) recruit interim directors for council-controlled organisations, as necessary.

Chapter 16. Local Councils

- 16H** The Establishment Board should prepare draft delegations of authority for the Waiheke and Great Barrier Island Community Boards for the consideration of the Auckland Council.

Chapter 17. City Centre and Waterfront

- 17D** The Establishment Board should prepare draft delegations for the City Centre and Waterfront Community Board for the consideration of the Auckland Council.

Chapter 18. Boundaries

- 18J** The Local Government Commission should, by April 2010, finalise all wards and boundaries of Auckland Council including the local councils and community boards.

Chapter 19. Leadership

- 19D** In designing the structure for the Auckland Council, the Establishment Board should make provision for the establishment of an appropriately staffed office for the Mayor of Auckland, with a small number of personal advisers to be appointed by the Mayor.
- 19E** The Establishment Board should appoint an interim Chief Executive for the Auckland Council.

Chapter 20. Funding and Financial Management Arrangements

- 20G** The Establishment Board should
- a) undertake a comprehensive review of alternative funding tools for capital expenditure including assessing existing policies, mechanisms, and institutional capacity.
 - b) prepare draft standard financial policy options for consideration by the Auckland Council. These would include policies on revenue and financing, liability management, investment, development contributions or financial contributions, and partnerships with the private sector.
 - c) develop an interim budget for the Auckland Council to cover the period from its establishment until 30 June 2011.
 - d) ensure sufficient funding is available to meet the operating costs of the Auckland Council from its establishment until it has approved and

implemented a budget for the 2011/12 financial year. This will be met from income and reserves held by the existing eight councils.

- e) undertake a comprehensive analysis and develop options for a unified rating system for the Auckland Council, reflecting the findings of the Report of the Local Government Rates Inquiry.
- f) prepare a report for consideration by the Auckland Council scoping a process and timeline for development of the first annual plan for 2011/12 and the long-term council community plan for 2012–2021.
- g) take any necessary steps to enable the Auckland Council to strike a rate in the interim period from July 2011 until a new unified rating system is adopted as outlined in Recommendation 20F.

Chapter 21. Council Organisations and Council-Controlled Organisations

21G The Establishment Board should review all existing CCOs and COs and exempt organisations in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued and, as part of that review, will

- a) prepare an inventory of CCOs, COs, and exempt organisations, recording their purpose, constitution, assets, liabilities, and legal status
- b) prepare advice for the Auckland Council on the continuance of these entities
- c) for continuing entities, define the purpose, objectives, and activities of the entities and the outcomes sought by the council shareholder.

21H The Establishment Board should

- a) undertake the establishment of the Regional Transport Authority
- b) oversee the restructuring of Watercare Services Limited into an integrated regional water and wastewater organisation
- c) provide for the continuation of Auckland Regional Holdings.

21I The interim Appointments Advisory Panel should be used to assist in the recruitment or reappointment of suitable CCO interim board candidates, as required.¹⁴

Chapter 24. Planning

24G The Establishment Board should undertake preparatory work on the development of the Auckland regional spatial plan and consider the new planning and regulatory requirements when designing Auckland Council's organisation and unified service arrangements.

¹⁴ See Recommendation 15P.

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Chapter 25. Transport

- 25G** The Government should promote legislation to implement the proposals in Chapter 25, by amending as necessary the Land Transport Management Act 2003 and the Local Government (Auckland) Amendment Act 2004, and other relevant Acts.
- 25H** The Establishment Board will oversee the establishment of the RTA and appoint interim directors, who will consult with the Auckland Council on a draft statement of intent at an early stage. The interim board of the RTA should appoint an interim chief executive who will work with the Establishment Board on the design of the RTA organisational structure.

Chapter 26. The Three Waters

- 26N** The Establishment Board will have an oversight role in relation to the integration of local water network operations into Watercare Services Limited. This integration will be undertaken by Watercare Services Limited. Watercare Services Limited should consult with the Establishment Board on the development of a draft statement of intent and agree on appropriate efficiency targets for the integration.

Chapter 27. Information and Communications Technology

- 27F** The Establishment Board should prepare an interim information systems and e-government strategy for Auckland Council, including those elements set out in detail in Chapter 32.

Chapter 29. Civil Defence, Rural Fires, and Resilience

- 29G** At the establishment date of the Auckland Council, the interim chief executive should be in a position to chair the Co-ordinating Executive Group supported by an interim civil defence controller.

Chapter 32. Achieving a High-Performance Auckland Council

- 32H** To give effect to Recommendation 32A, the Establishment Board should review the estimated efficiencies and integration costs identified in the Taylor Duignan Barry report attached as Appendix B, and build relevant savings targets and implementation costs into the Establishment Board's implementation plan and draft budget of the Auckland Council.
- 32I** The Establishment Board should develop the framework described in Recommendation 32C and in addition should quantify the cost, benefits, and priorities for unified services.
- 32J** In carrying out all the above work, the Establishment Board should draw on the expertise and resources of the Transition Management Group.

Chapter 33. Managing the Transition

- 33A** Existing Auckland councils should be retained until the October 2010 local government elections, at which time they will be abolished and the Auckland Council established.
- 33B** An independent Establishment Board should be formed to manage the establishment of Auckland Council. The Board will be comprised of an independent chair and a sufficient number of members to undertake the task.
- 33C** The chair of the Establishment Board should have significant change-management experience at chief executive level, with board members having a mix of relevant skills.
- 33D** The Establishment Board should report to a Cabinet Committee for Auckland through the Minister for Auckland.¹⁵
- 33E** The Secretary of Local Government should monitor progress by the Establishment Board, and report to the Cabinet Committee for Auckland through the Minister for Local Government.
- 33F** The Establishment Board should be required to implement the essential elements of the structural reforms necessary to establish the Auckland Council by 10 October 2010.
- 33G** A Transition Management Group should be formed to support the work of the Establishment Board consisting of the chief executives of existing councils, ARTA, and Watercare Services Limited, with an independent chair.
- 33H** Existing councils should continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal up until the 2010 local government elections.
- 33I** The Government should consider formalising requirements for existing councils to fully cooperate in the transition process, and specifying constraints which will apply to council decision making, including in relation to decisions with major financial implications.

¹⁵ See Recommendation 15K.

Appendices

- Appendix A: Terms of Reference
- Appendix B: Taylor Duignan Barry report
- Appendix C: Glossary of Local Government Terms
- Appendix D: Glossary of Māori Terms
- Appendix E: Abbreviations

Appendix A: Terms of Reference

The terms of reference for the Royal Commission on Auckland Governance were approved by Order in Council on 30 October 2007 and published in the *New Zealand Gazette*, No. 118, 1 November 2007.

Royal Commission on Auckland Governance

Elizabeth the Second, by the Grace of God Queen of New Zealand and Her Other Realms and Territories, Head of the Commonwealth, Defender of the Faith:

To The Honourable PETER SALMON Q.C., of Auckland, retired High Court Judge; Dame MARGARET BAZLEY, of Wellington, retired public servant; and DAVID SHAND, of Auckland, consultant:

GREETING:

Recitals

WHEREAS, over the next 100 years, the Auckland region will face enormous change brought about by global economic, environmental, and political forces. Local trends, including high population growth, add to the challenges and opportunities for the region. Auckland has to compete in a global market place to sell its goods and services and to attract the talented people it requires to secure a sustainable and prosperous future:

And whereas, to face these challenges Auckland requires local and regional governance equal to the best in the world and capable of working effectively with central government to ensure Auckland is a successful, sustainable city in the Asia Pacific region and is recognised as such:

Appointment and order of reference

KNOW YE that We, reposing trust and confidence in your integrity, knowledge, and ability, do, by this Our Commission, nominate, constitute, and appoint you, The Honourable PETER SALMON Q.C., Dame MARGARET BAZLEY, and DAVID SHAND to be a Commission to receive representations on, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner,—

- (a) the current and future well-being of the region and its communities; and
- (b) the region's contribution to wider national objectives and outcomes:

Matters to be taken into account

And, without limiting the order of reference set out above, We declare that, in conducting the inquiry and making recommendations, you must, under this Our Commission, take into

account the implications of the findings of the Independent Inquiry into Local Government Rates for local government arrangements in the Auckland region:

Relevant matters

And, without limiting the order of reference set out above, We declare that, in conducting the inquiry, you may, under this Our Commission, investigate and receive representations on the following matters:

- (a) what changes to current legislation (consistent with the purposes and principles of local government as described in the Local Government Act 2002) are considered desirable to achieve or support the achievement of the inquiry's objectives; and
- (b) what changes to the boundary of the Auckland region, or to the collaborative arrangements or mechanisms involving other regions across New Zealand, are considered desirable to achieve or support the achievement of the inquiry's objectives; and
- (c) what is required for effective relationships and collaborative arrangements between central and local government; and
- (d) what ownership, governance, and institutional arrangements and funding responsibilities are required to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities to support and enhance—
 - (i) the current and future well-being of the Auckland region and its communities; and
 - (ii) the performance of the Auckland region as a growth engine in the New Zealand economy and in its role as a key transport hub for New Zealand and the Pacific region; and
 - (iii) the ability of the Auckland region to compete internationally as a desirable place to live, work, invest, and do business; and
 - (iv) the ability of the Auckland region to respond to economic, environmental, cultural, and social challenges (for example, climate change); and
- (e) what governance and representation arrangements will best—
 - (i) enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the Auckland region; and
 - (ii) provide leadership for the Auckland region and its communities, while facilitating appropriate participation by citizens and other groups and stakeholders in decision-making processes; and

Appendices

- (f) what alternative transition processes for the implementation of any new or changed local government arrangements, and of any associated matters that are identified, are necessary or desirable:

Definitions

And We declare that, in this Our Commission, unless the context otherwise requires,—

Auckland region means the geographical area within the jurisdiction of the Auckland Regional Council

inquiry's objectives means the objectives set out in the order of reference

mechanisms means any committees, boards, organisations, or forums required to support primary local government institutions in the effective governance of a region:

Exclusions from inquiry and scope of recommendations

But We declare that you are not, under this Our Commission, to inquire into the following matters:

- (a) the purposes and principles of local government as described in the Local Government Act 2002:
- (b) local government arrangements in New Zealand generally:
- (c) the extent to which recommendations relating to the Auckland region may also be appropriately implemented in other regions across New Zealand, except as provided in paragraph (b) under the heading Relevant matters set out above:
- (d) central government agency and institutional arrangements and the accountability of Ministers of the Crown to Parliament for the expenditure of appropriated funds, the provision of services, and the stewardship of assets within their ministerial portfolios:

And We also declare that you are not, under this Our Commission, to make recommendations on the quantum of central or local government funding needed to support the Auckland region:

Appointment of chairperson

And We appoint you, The Honourable PETER SALMON Q.C., to be the Chairperson of the Commission:

Power to adjourn

And for better enabling you to carry this Our Commission into effect you are authorised and empowered, subject to the provisions of this Our Commission, to make and conduct any inquiry or investigation under this Our Commission in the manner and at any time and place that you think expedient, with power to adjourn from time to time and from place to place as you think fit, and so that this Our Commission will continue in force and that inquiry may at any time and place be resumed although not regularly adjourned from time to time or from place to place:

Consultation and procedures

And you are required, in carrying this Our Commission into effect,—

- (a) to consult with the public in a way that allows people to express clearly their views on issues relating to local government arrangements for the Auckland region; and
- (b) to adopt procedures that will encourage people to express their views in relation to any of the matters referred to in the immediately preceding paragraph; and
- (c) to consult and engage with Māori in a manner that specifically provides for their needs; and
- (d) to use relevant expertise, including consultancy and secretarial services, and to conduct, where appropriate, your own research:

And you are empowered, in carrying this our Commission into effect,—

- (a) to prepare and publish discussion papers from time to time on topics relevant to the inquiry; and
- (b) unless you think it proper in any case to withhold any evidence or information obtained by you in the exercise of the powers conferred upon you,—
 - (i) to include in any discussion papers prepared and published by you all or any of that evidence or information; and
 - (ii) to publish or otherwise disclose in such other ways that you think fit all or any of that evidence or information:

General provisions

And, without limiting any of your other powers to hear proceedings in private or to exclude any person from any of your proceedings, you are empowered to exclude any person from any hearing, including a hearing at which evidence is being taken, if you think it proper to do so:

Appendices

And you are strictly charged and directed that you may not at any time publish or otherwise disclose, except to His Excellency the Governor-General in pursuance of this Our Commission or by His Excellency's direction, the contents or purport of any report so made or to be made by you:

And it is declared that the powers conferred by this Our Commission are exercisable despite the absence at any time of any one member appointed by this Our Commission so long as the Chairperson, or a member deputed by the Chairperson to act in the place of the Chairperson, and at least one other member, are present and concur in the exercise of the powers:

And We do further declare that you have liberty to report your proceedings and interim findings under this Our Commission from time to time if you judge it expedient to do so:

Reporting date

And, using all due diligence, you are required to report to His Excellency the Governor-General in writing under your hands, not later than 1 December 2008, your findings and opinions under this Our Commission, together with any recommendations that you think fit to make in respect of them:

And, lastly, it is declared that these presents are issued under the authority of the Letters Patent of Her Majesty Queen Elizabeth the Second constituting the office of Governor-General of New Zealand, dated 28 October 1983,* and under the authority of and subject to the provisions of the Commissions of Inquiry Act 1908, and with the advice and consent of the Executive Council of New Zealand.

In witness whereof We have caused this Our Commission to be issued and the Seal of New Zealand to be hereunto affixed at Wellington this 30th day of October 2007.

Witness Our Trusty and Well-beloved The Honourable Anand Satyanand, Chancellor and Principal Companion of Our New Zealand Order of Merit, Principal Companion of Our Service Order, Governor-General and Commander-in-Chief in and over Our Realm of New Zealand.

[L.S]

ANAND SATYANAND, Governor-General.

By His Excellency's Command—

HELEN CLARK, Prime Minister.

Approved in Council—

DIANE MORCOM, Clerk of the Executive Council.

* SR 1983/225

Appendix B: Taylor Duignan Barry report

The following 31 pages include the unaltered report presented to the Royal Commission on Auckland Governance by Taylor Duignan Barry Ltd.

The Commission asked Taylor Duignan Barry to provide a financial analysis of its preferred reorganisation model for local governance in Auckland.

Financial Analysis
Re-organisation of the Councils in the Auckland Region

9 February 2009

Royal Commission on Auckland Governance

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Glossary

2008 Annual Plan	Annual Plans are required to be published by the Auckland councils for the financial year ended 30 June 2009.
Auckland City	Auckland City Council
ARC	Auckland Regional Council
ARTA	Auckland Regional Transport Authority
Auckland councils	The eight existing councils in the Auckland Region comprising: ARC, Auckland City, Franklin District, Manukau City, North Shore, Papakura District, Rodney District and Waitakere City.
Auckland Council	The new unitary council for the Auckland region proposed by the Commission.
AWSI	Auckland Water Services Industry
CAPEX	Capital Expenditure
CGEY	Cap Gemini Ernst & Young
CCO	Council Controlled Organisation
the Commission	Royal Commission on Auckland Governance
Dep'n	Depreciation
EMA	The Employers & Manufacturers Association (Northern)
Franklin District	Franklin District Council
FTE	Full Time Equivalent
LGBRB	Local Government Boundary Review Board
LTCCP	Long Term Council Community Plan
Manukau City	Manukau City Council
North Shore	North Shore City Council
NPV	Net Present Value
NZCID	NZ Council for Infrastructure Development
NZICA	NZ Institute of Chartered Accountants
OPEX	Operating and maintenance Expenditure
Papakura District	Papakura District Council
Rodney District	Rodney District Council
TDB	Taylor Duignan Barry Limited
Waitakere City	Waitakere City Council

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1. Executive Summary

This Report has been prepared for the Royal Commission on Auckland Governance (the Commission) by Taylor Duignan Barry Limited (TDB) to provide a preliminary financial analysis of the Commission's preferred option for re-organisation of the eight councils in the Auckland Region (Auckland councils). The financial costs and the benefits (i.e. the direct monetary effects) of the Commission's preferred option are derived by comparing it with the status quo to provide a preliminary estimate of the Financial Net Present Value (NPV)¹ of the Commission's preferred option. These financial costs and benefits are also compared to the financial costs and benefits of an alternative option considered by the Commission.

TDB has been asked to evaluate the efficiencies (largely in the form of cost savings which are able to be expressed in monetary terms) achievable from the re-organisation². The re-organisation could, however, be expected to have significant positive or negative impacts on the quality of infrastructure, accountability, compliance costs and other aspects of Auckland local government. These wider effects would need to be considered in a comprehensive evaluation of the costs and benefits of the restructuring options to the wider Auckland economy.

The analysis supporting the findings of this report is a preliminary and partial assessment only as it covers only an evaluation of the operations of the Auckland councils themselves and has been undertaken as a "desk-research" exercise using information from submissions to the Commission and publicly available reports. TDB has not had access to the executive management and the detailed accounts of the Auckland councils.

The financial analysis has been based on the Auckland councils' 2008 Annual Plans and on the levels and patterns of expenditure for the 2008/09 financial year. A further limitation on this analysis is that the costs and benefits have not been based on a transition plan for any possible re-organisation. A transition plan is to be developed as part of a pre-establishment programme of work. Such a plan would include individual efficiency and transition projects with clearly defined resource requirements, tasks, accountabilities and timelines. The transition plan would need to overcome the obstacles that have prevented the existing councils from implementing shared services on a much wider scale than has been achieved to date. For the purposes of this financial analysis, it has been assumed that the transitional plan will overcome these obstacles.

Two options are evaluated in this financial analysis. The Commission's preferred option is based on the creation of a unitary Auckland Council which undertakes regional planning and infrastructure planning and delivery (except local roading). Six subsidiary local councils will provide local service delivery including management of local roads, community assets and the processing of planning applications and performance of certain regulatory functions. The Commission's alternative option assumes the same split of functions as the preferred option except that there would be twenty local councils, rather than the six envisaged under the Commission's preferred option.

¹ The Financial NPV provides the net present value of the (direct) financial costs and benefits only. The NPV is the sum of discounted net cashflows over the life of the project concerned. A project with a positive NPV means that the Present Value of the benefits exceeds the Present Value of the costs and is worth pursuing, subject to funding and competing projects.

² An efficiency gain arises from the reduction in the costs of producing the same level of goods or services.

The total expenditure of the new Auckland Council's operation will be more than three times that of the largest operation at present (i.e. that of Auckland City Council).

In assessing the level of potential efficiency gains, TDB has based its analysis on the following assumptions:

- Sector reports for the water and wastewater industry where estimates of efficiency gains have been made;
- For procurement, savings of 5% of the relevant expenditures; and
- For those functions to which a unified service delivery environment can be applied, efficiencies of 10%-15% of the relevant expenditures.

The assumptions in the table below reflect TDB's view of what is potentially achievable with a high quality implementation of the Commission's preferred option. The assumptions are based on evidence from the studies discussed in the main body of this Report, although given that a transition plan has yet to be developed the assumptions are necessarily broad brush in nature.

In 2008/09 the Auckland councils are planning total expenditure of around \$3.2B, comprised of almost \$2B on Operating Expenditure (OPEX) and almost \$1.3B on Capital Expenditure (CAPEX). With respect to the Commission's preferred option, the indicative range of annual assessed efficiency gains when fully realised are as follows:

Commission's Preferred Option Indicative Range of Efficiency Gains	Low	High	Medium
	\$M p.a.	\$M p.a.	\$M p.a.
CAPEX Efficiency Gains	22	37	30
OPEX Efficiency Gains	54	77	65
Total Efficiency Gains	76	113	95

Overall, the indicative range of total efficiency gains are estimated to lie in the range of \$76M to \$113M p.a. which represents approximately 2.5% – 3.5% of the total expenditure of the Auckland councils planned for 2008/09 (of around \$3.2B). The indicative level of CAPEX efficiency gains is estimated to be in the range \$22M p.a. to \$37M p.a. which would represent approximately 2-3% of the total CAPEX of the Auckland councils planned for 2008/09 (of almost \$1.3B). The indicative level of OPEX efficiency gains are estimated to be in the range \$54M to \$77M p.a., which would represent approximately some 3-4% of the total OPEX of the Auckland councils planned for 2008/09 (of almost \$2B).

The available reviews of previous Australasian local government re-organisations do not provide evidence of large efficiency gains. In many cases, however, efficiency gains may have been achieved but have been reallocated to new functions or to enhancements in services. In reviews where quantification of re-organisation benefits were undertaken, cost savings of 2% to

8.5% p.a. were assessed. Potential efficiencies of up to 5% of annual OPEX are also supported by the Gershon Review³ of public expenditure in the UK.

With respect to the Commission's preferred option, the financial analysis has assumed that a transition plan would be developed under which the level of integration costs would be centred around two times the combined assessed annual level of OPEX and CAPEX efficiency gains when fully realised. In the NPV analysis, for the "base case" scenario, it is assumed that integration costs will total around \$180M. A "pessimistic" scenario has assumed total integration costs of around \$240M together with low efficiency gains. An "optimistic" scenario has assumed total integration costs of around \$120M together with high efficiency gains. A table outlining these key assumptions is provided below:

	Commission's Preferred Option		
Key Assumptions	Pessimistic Scenario	Optimistic Scenario	Base Case Scenario
	\$M	\$M	\$M
Total Annual Efficiency Gains	76	113	95
Total Integration Costs	237	118	178

To derive present values, TDB uses the Treasury guideline/default discount rate of 10% real pre-tax, with a sensitivity analysis using a discount rate of 7.5%. There is an argument that the lower 7.5% rate is more appropriate for analysis of the sectors within which the bulk of activities are undertaken by the Auckland councils. Consistent with the discount rate, the analysis is undertaken in terms of pre-tax cashflows derived from the re-organisation at constant prices. As noted earlier, the costs and benefits only relate to the financial impact on the Auckland councils' operations.

The results of the NPV analysis of the Commission's preferred option are given below:

NPV Comparisons	Discount Rate	Commission's Preferred Option		
		Pessimistic Scenario	Optimistic Scenario	Base Case Scenario
	%	\$M	\$M	\$M
Standard Discount Rate Assumption	10	277	574	426
Sensitivity Analysis	7.5	488	902	695

For the Commission's preferred option, the NPV ranges around a mid-point of about \$425M at a 10% discount rate to around a mid-point value of about \$700M at a 7.5% discount rate. Whilst the actual results from the re-organisation under the preferred option would have to fall substantially short of the assessed outcomes to result in a negative NPV, a high quality implementation of the re-organisation would still be required to secure the potential efficiency gains which are assumed by this financial analysis.

³ "Releasing resources to the front line, Independent Review of Public Sector Efficiency", Sir Peter Gershon, CBE, July 2004 (Gershon).

The NPV of the re-organisation under the Commission's alternative option could be around half that generated by the Commission's preferred option when the higher costs of running twenty rather than six local councils are taken into account. The Commission's alternative option would, however, have different effects on infrastructure availability, accountability and compliance costs experienced by Auckland residents. Since TDB has not been asked to provide an opinion on these matters, they are not covered in the present financial analysis. These aspects would need to be taken into account in a full comparative assessment of the Commission's preferred and alternative options, such as in a cost benefit analysis.

2. Structure of This Report

This Report is structured as follows:

Section 3 compares the Commission's preferred and alternative options with the Status Quo;

Section 4 provides some background on the level and patterns of spending by the Auckland councils, which serves as a base for assessing potential efficiency gains;

Section 5 describes the nature of the efficiency gains that could be generated from procurement savings and unified or shared services;

Section 6 with respect to the Commission's preferred option, analyses the range of potential efficiency gains by broad functional category of Auckland council activity, including a comparison of the overall indicative range of estimated efficiency gains with evidence presented to the Commission and from overseas;

Section 7 with respect to the Commission's preferred option, assesses the integration costs, including a risk analysis;

Section 8 evaluates the NPV of the Commission's preferred option in terms of the direct efficiency gains to the Auckland councils, including a sensitivity analysis;

Section 9 considers the impact of the Commission's preferred option on the wider Auckland economy; and

Section 10 assesses and evaluates the impact of the Commission's alternative option compared with the Commission's preferred option on the Auckland councils' themselves.

3. Commission's Options Outlined

3.1 Commission's Preferred option

The preferred option as advised by the Commission and as documented in their Report is for one unitary authority, the "Auckland Council" and six local councils which is compared to the Status Quo in the following Table:

Table One: Commission's Preferred Option Compared to Status Quo

Item	Status Quo	Commission's Preferred Option
Councils	8	1 unitary authority and six local councils (i.e. one less than at present)
Land Use Plans	8	1 Spatial Plan
Rates Bills	2	1
Service Centres	8	7
Rating Authorities	8	1
Data Centres	9	1
Land Transport Entities	8	1
Water/Wastewater	12	1 Water and Wastewater operator

In the Commission's preferred option, the Auckland Council would own all assets and undertake the following regional functions:

- Spatial planning;
- Prepare the Long Term Council Community Plan (LTCCP) and the Annual Plan;
- Make and administer rates for the region;
- Deliver regional network services including; water, wastewater and solid waste management, arterial road construction and maintenance;
- Own and manage all assets;
- Act as the "parent" organisation to local council "subsidiaries", including monitoring their performance and approving budgets; and
- Undertake purchasing, human resource, finance and information communication technologies.

In the Commission's preferred option, the local councils are described as "subsidiaries" of the Auckland Council and would undertake a number of local functions including the following:

- Input to regional policy making;
- Local road construction and maintenance;

- Administration of the district plan, hear and decide most resource consents and building consents processing;
- Develop and maintain local parks and other community facilities;
- Animal and environmental health control;
- Education and health advocacy; and
- Community engagement.

The local councils would be part of a unitary Auckland Council which will have a common set of accounts and a single financial system. Auckland Council would employ all council staff and there would be a single human resource management system, including payroll.

3.2 Commission's Alternative Option

The alternative option considered by the Commission is a variant on its preferred option whereby there would be twenty, rather than six, local councils. It is envisaged that the functional activities split between the Auckland Council and the local councils would be the same as for the preferred option. The only difference would be that there would be fourteen additional local councils. The twenty local councils option involves an average population of around 70,000.

3.3 Summary

The Commission's two options are evaluated in this financial analysis. The Commission's preferred option results in the creation of an Auckland Council which would undertake regional planning and infrastructure planning and delivery (except local roading). Six local councils would provide service delivery of local roads, community assets and process planning applications and undertake compliance functions. The Commission's alternative option would result in the same split of functions except that there would be twenty local councils, rather than the six envisaged under the preferred option.

4. The Existing Auckland Councils' Expenditure⁴ Patterns

4.1 Key Statistics

Table Two: Auckland Councils – Key Statistics

Item	Auckland Councils
Population (2006)	1,314,000
Staff (2008)	6356
Total OPEX (2008/09)	\$1952m
Total CAPEX (2008/09)	\$1264m
Total OPEX and CAPEX (2008/09)	\$3216m

Source: Auckland councils' 2008 Annual Plans for OPEX and CAPEX for the 2008/09 financial year (that is for the 12 months ended 30 June 2009), supplemented by data from 2008 Annual Reports. OPEX includes; depreciation (or dep'n.), interest, staff expenses and "other".

4.2 OPEX Composition

Table Three below depicts a breakdown of the Auckland councils' OPEX for 2008/09 by major expense category. It is assumed that interest payments and depreciation cannot be reduced by efficiencies resulting from the re-organisation⁵. Therefore these costs are separated from the remaining expenses which are potentially "amenable" to efficiency gains.

Table Three: Auckland Councils – OPEX Breakdown (2008/09)

Item	OPEX Breakdown	% Total OPEX	OPEX Excluding Dep'n Interest	% Total OPEX
	\$M	%	\$M	%
Depreciation	374	19	-	-
Interest	113	6	-	-
Staff	479	25	479	25
Other	985	50	985	50
Total	1952	100	1464	75

NB: Totals may not add due to rounding

Source: TDB analysis of Auckland councils' 2008 Annual Plans. NB; This analysis includes the Auckland Regional Council's (ARC) contribution to the Auckland Regional Transport Authority (ARTA) but excludes all other Council Controlled Organisations (CCOs), such as Watercare.

Up to 75% of the Auckland councils' OPEX could be influenced by the efficiencies resulting from a re-organisation.

⁴ Expenditure is split between capital expenditure (CAPEX) and operating expenditure (OPEX).

⁵ These costs can be reduced by changes in council policies in the future, including decisions on the level and timing of CAPEX and on funding policies for CAPEX.

4.3 Functional Analysis

Table Four below provides a breakdown of the Auckland councils' estimated OPEX in 2008/09 by function:

Table Four: Auckland Councils – Functional OPEX Analysis (2008/09)

Function	Total OPEX (2008/09)		"Amenable" OPEX (2008/09)
	\$M	%Total	\$M
Transport	586	30	586
Less transfers to ARTA			(185)
Transport excluding ARTA			401
Community Assets	687	35	687
Solid Waste/Three Waters	364	19	364
Regulation/Economic Development/Democracy	315	16	315
Total	1952	100	1767
Total OPEX Amenable to Efficiencies (75% of above)	-	-	1325

Source: TDB analysis of Auckland councils' 2008 Annual Plans. NB: Totals may not add due to rounding.

Almost half of the Auckland councils' OPEX is devoted to the provision of utility services including; transport, solid waste management and water and waste water treatment. This functional analysis will subsequently be used to assess the potential for efficiencies. In assessing the OPEX that could be influenced by the efficiency gains arising from re-organisation, the \$185m appropriation by the ARC to ARTA was excluded on the basis that this expenditure on trains, buses and ferry services, most of which is contracted out, is sufficiently different to the other activities of the Auckland councils that there would be limited opportunities for efficiencies.

The aggregate OPEX amenable to efficiency gains from re-organisation is assessed to be \$1325M p.a. or approximately two-thirds of the total estimated OPEX of the Auckland councils in 2008/09 of \$1952M.

5. Key Organisational Assumptions & Mechanisms to Achieve Efficiencies

5.1 Introduction

TDB's estimates of efficiencies from re-organisation are derived from the following three sources:

- Sector reports such as the report on the Auckland Water Services Industry (AWSI) by Saha International⁶;
- Reported savings obtained from centralised procurement; and
- Reported efficiencies from unified or shared service delivery.

A range of studies that have assessed the savings achievable from the second and third aspects listed above have been considered by TDB in undertaking the estimation of the possible efficiencies achievable. The assumptions TDB has used in the analysis are set out in this Section. These assumptions are then compared in the next Section with the assessments of possible savings in a variety of comparable situations as reported by submitters and experts.

The context of the assumptions regarding savings from centralised procurement and shared services is that the preferred option results in a new entity substantially larger than any of the existing operations. The total expenditure of the new Auckland Council's operation will be more than three times that of the largest operation at present (i.e. that of Auckland City Council).

5.2 Procurement Efficiencies

For the purposes of evaluating the efficiencies available to the Auckland Council, it is assumed that procurement efficiencies would be generated by:

- Increasing the Auckland Council's buying power by consolidating expenditure volumes and values;
- Rationalising the number of suppliers to the Auckland Council;
- Formalising and managing key Auckland Council supplier relationships; and
- Introducing catalogue-based purchasing processes.

Many analyses of mergers and acquisitions show that procurement savings can contribute up to half of the consequential efficiency gains. Booz-Allen & Hamilton⁷ report procurement savings ranging from 3 - 5%, rising to 20 - 25% dependent on the cost category. In the absence of a detailed breakdown of Auckland council expenditures, procurement efficiencies are assumed to be 5% of the aggregate amenable expenditure.

5.3 Unified Service Delivery

The proposed re-organisation of the Auckland councils assumes the consolidation of "back-office" service functions, the re-engineering of a number of processes and unified or shared service delivery with the potential for efficiencies including:

⁶ "Review of the Auckland Water Services Industry, Current state analysis", Saha International, 27 July 2006 (Saha 2006).

⁷ "Making Acquisitions Work: Capturing Value After the Deal", by Harbison, Viscio and Asin, Booz-Allen & Hamilton, 1999.

- Re-engineered (and automated) planning, rating, finance and administration, human resources and service delivery processes;
- Simplification and harmonisation of policies, bylaws and regulations;
- Centrally governed ICT infrastructure, a single payment gateway, common software applications, standards and controls and a single contact and data centre facility;
- Significantly increased on-line transactional “self-services” i.e. on-line consent and licensing applications and payments;
- Standardisation, automation and consolidation of transaction processes including, for example, the production of one rates bill; and
- Consolidated “back office” functions including finance and administration, internal audit, human resources, purchasing and asset management.

International surveys of the potential savings realised from shared services include the following:

- PA Consulting⁸ reported 12% savings in costs from shared services by FTSE 250 companies in the United Kingdom in 2006;
- In its 2007 Shared Services Survey Results⁹, Deloitte reported 75% of respondents as achieving efficiencies of more than 10%; and
- Accenture¹⁰ in an international survey, noted that the most commonly reported efficiencies lay in the range, 11-15%.

Whilst in theory, shared services could be implemented without re-organisation, the observed situation is that significant shared services strategies have not been pursued voluntarily to date by the Auckland councils. The only exceptions of note are the e-libraries project for the Greater Auckland Region - “eIGAR” and the Manukau and Auckland Recycling Services – “MARS”. The experience with shared services to date suggests that there are significant obstacles to co-operation between the existing councils. These obstacles to co-operation with respect to shared services could be an obstacle to a smooth re-organisation and the assumption made for the purposes of this financial analysis is that a transition plan will be developed that would successfully overcome these obstacles.

TDB assumes that the efficiencies derived from unified or shared service delivery lie in the range of 10-15% of the expenditure within those functions to which a shared services environment can be applied.

⁸ “Shared service centres: delivering the promise”, PA Consulting Group, 2007.

⁹ “2007 Global Shared Services Survey Results”, Deloitte, 2007.

¹⁰ “Shared Services: The Evolution of Higher Performance”, Accenture, 2003.

5.4 Summary

In assessing the level of potential efficiency gains from unified or shared service delivery, TDB has based its analysis on the following assumptions; sector reports where available, procurement efficiencies of 5% of the relevant expenditure and efficiencies of 10-15% of those expenditures within those functions to which a shared or unified service environment can be applied.

6. Commission's Preferred option - Efficiencies by Functional Category

6.1 Introduction

This Section analyses the potential for efficiencies arising from re-organisation under the Commission's preferred option with respect to both CAPEX and OPEX, by reference to the following functional categories:

- Water and Wastewater;
- Stormwater;
- Solid Waste;
- Transport;
- Community Assets; and
- Regulation/Planning/Governance.

6.2 Water and Wastewater

Under the Commission's preferred option, it is assumed that a single integrated company (Watercare Services) will manage bulk and retail water and wastewater services for the Auckland region.

Saha (2006) undertook a comprehensive survey of the reports on the Auckland Water Services Industry completed to that date. Following consultation with the Industry, the feedback was that *"most stakeholders agreed that achieving optimal investment solutions for the region is difficult because of the fragmented nature of the industry. More integrated planning would ensure that optimal solutions were delivered."*

In 2000 Cap Gemini Ernst & Young (CGEY)¹¹ were engaged by the Auckland Water Steering Group to provide advice on a range of issues including efficiencies derived from amalgamation. This review estimated that amalgamation could lead to a range of efficiencies including integrated asset management planning, amounting to 5% of CAPEX, or almost \$10M p.a. (on an estimated total CAPEX of \$3.1B over the period 2000-2016 including network operator's expenditure in addition to that of the Auckland councils).

¹¹ "Reducing Costs by Amalgamation", Cap Gemini Ernst & Young, 2000.

A more recent paper on the level of Industry spend was completed in 2007, “Funding Futures: Three Waters – Auckland Region” (Funding Futures) by Hill Young Cooper, Cranleigh Merchant Bankers and Pattle Delamore Partners¹². Funding Futures estimated that the total water and wastewater CAPEX for Auckland councils and network operators for the period 2007-2027 would be at least \$5.1B. Assuming efficiencies of 5% (per CGEY) can be applied to the latest estimate of water and wastewater CAPEX, this would result in annual savings of almost \$13M p.a.

TDB adopts a range of efficiencies in water and wastewater CAPEX of \$10M to \$13M p.a.

In addition to efficiencies with respect to CAPEX, the integration of bulk and retail services is likely to generate economies in OPEX. CGEY estimated that the efficiencies would likely be generated through the reduction of staff, achieving greater economies of scale and the removal of administrative and service duplication. Examining maintenance, operations and asset management, customer relations and corporate functions, CGEY estimated that efficiency gains in OPEX could total up to \$10M p.a. Adjusted for inflation of 25% over the last 8 years (as measured by movements in the CPI Index) efficiency gains would approximate \$12.5M p.a.

TDB adopts a range of efficiency gains in water and wastewater OPEX of \$10M to \$13M p.a.

6.3 Stormwater

Under the Commission’s preferred option, it is assumed that stormwater services will be provided by a combination of Watercare Services and local councils supported by a centralised procurement function.

TDB does not have access to studies undertaken of the potential efficiencies from integrating the region’s stormwater network and asset management planning processes. As outlined in the Funding Futures report referred to earlier, planned stormwater CAPEX is substantial, being estimated to be at least \$1.8B over the period 2007-2027. Efficiencies from consolidating procurement management amounting to 5% of annual CAPEX would generate efficiency gains of around \$5M p.a. Further unquantified but significant CAPEX efficiencies are likely from integrated stormwater asset management planning and from “three waters” asset management planning.

The Auckland councils estimate stormwater OPEX of around \$92M in 2008/09. It is assumed that 75% of this annual spend is amenable to re-organisation efficiencies, that being the average proportion of the Auckland council’s OPEX represented by staffing and costs other than interest and depreciation. Assuming that efficiency gains of 5% are available on the amenable expenditure of \$69M, based primarily on procurement initiatives, efficiency gains would amount to around \$3M p.a.

With respect to stormwater, TDB assumes efficiency gains of around \$5M p.a. in CAPEX and around \$3M p.a. in OPEX.

¹² “Funding Futures: Three Waters – Auckland Region, Final Report to the Auckland Regional Council”, Hill Young Cooper Limited, Cranleigh Merchant Bankers and Pattle Delamore Partners Limited, June 2007 (Funding Futures).

6.4 Solid Waste

Under the Commission's preferred option, it is assumed that all solid waste activities will be centrally planned including regionally significant landfill management, rubbish collection, recycling and waste minimisation initiatives.

The Auckland councils estimate that OPEX on solid waste disposal will total some \$95M in 2008/09, of which 75% is assumed to be amenable to efficiencies. Efficiencies of 5% in the amenable OPEX of \$71M p.a., driven primarily by procurement synergies, would amount to almost \$4M p.a. Auckland City and Manukau City have, however, recently formed a JV to undertake kerbside recycling to reduce landfill volumes, which may have already captured some of these potential savings. Auckland City and Manukau City account for around 60% of the Auckland council's spending on solid waste. Therefore \$4M is considered to be at the upper end of the range of possible efficiency gains.

With respect to solid waste, TDB assumes OPEX efficiency gains of between \$1M and \$4M p.a.

Examination of the Auckland councils' 2008 Plans suggests that they will undertake little CAPEX in solid waste, at least during 2008/09. This may be due in part to the outsourcing of these services to private sector operators which provide the capital facilities.

No efficiency gains in CAPEX are assumed with respect to solid waste.

6.5 Transport

Under the Commission's preferred option, it is assumed that the Auckland Council through a new regional transport authority will be responsible for the planning, development and management of arterial roads and all public transport infrastructure service planning and procurement.

Transport activities comprise roading, carparking and expenditure through ARTA on train, bus and ferry operations. In 2008/09, the Auckland councils estimate that they will undertake OPEX of \$586M on transport of which some \$185M is funded by the ARC through ARTA. The ARTA expenditure on operation of trains, buses and ferries has no direct connection with the roading expenditure which comprises most of the Auckland councils' expenditure on transport and therefore no efficiencies are expected from this area. Of the balance of transport spending of around \$400M in 2008/09, some 75% (\$300M p.a. after excluding depreciation and interest) should be potentially amenable to efficiencies. It is assumed that the new regional transport authority for Auckland would be able to achieve procurement efficiencies. Efficiencies of 5% of the annual OPEX have been assumed with respect to roading, amounting to \$15M p.a. – driven primarily by procurement cost savings.

TDB assumes efficiency gains of \$15M p.a. with respect to OPEX on roading.

Aggregate CAPEX on transport is estimated by the Auckland councils to be \$570M in 2008/09 and comprises around 45% of the total Auckland council's CAPEX. The opportunity to co-ordinate the letting of contracts for the arterial roads by the Auckland Council presents opportunities for further procurement efficiencies. There may be less opportunity for cost savings with respect to CAPEX on local roads, unless related tenders are combined and offered in groups. Some of the procurement efficiencies might have already been extracted through tendering.

Efficiency gains of 5% are only assumed with respect to 50-100% of the estimated CAPEX in 2008/09 on Transportation activities, amounting to between \$14M and \$29M p.a.

6.6 Community Assets

Under the Commission's preferred option, it is assumed that the Auckland Council will devolve management of community assets to local councils and local councils will benefit from assumed procurement initiatives.

Community asset activities include; parks, libraries, community halls, pools and contributions to the arts. By and large these activities comprise individual facilities or programs. Procurement efficiencies should still be able to be found, such as being able to tender larger contracts and bulk purchase of goods and services. Of the \$687M OPEX on community assets estimated by the Auckland councils in 2008/09, up to some 75% (\$515M p.a.) might be amenable to efficiency gains after depreciation and interest expenses have been excluded. Because of uncertainty around the proportion of expenditure from which efficiencies might be obtainable, procurement efficiencies of 5% have been assumed to be applicable to 75-100% of the amenable expenditure, resulting in an assessment of efficiency gains in a range of \$19M to some \$26M p.a.

Efficiency gains of \$19M to \$26M p.a. are assumed with respect to the OPEX incurred on Community Assets.

Because the CAPEX relating to community assets comprise one-off, individual projects which are tendered, there would be less opportunity for efficiencies.

No efficiency gains are assumed with respect to CAPEX on Community Assets.

6.7 Regulation/Planning/Governance

The balance of the Auckland councils' expenditure lies in the areas of; regulation, policy and compliance, economic development, executive management and the expenditure servicing and remunerating the elected representatives. In 2008/09 the Auckland councils' estimate that they will incur \$315M of OPEX on the regulation, planning and governance activities. It is assumed that some 75% of this expenditure (around \$236M) is amenable to efficiencies. Given the overlap and duplication of activities, these items are suitable for the implementation of shared services.

TDB assumes that the efficiency gains derived from unifying and streamlining planning and regulatory processes and related governance systems lie in the range of 10-15% of the regulatory and governance costs that are amenable to efficiency gains. However, lack of detail on the composition of this expenditure, leads TDB to assume that up to 25% of the potentially amenable expenditure is not suitable for shared or unified service application.

Given potentially amenable OPEX of \$236M by the Auckland councils on Regulatory and Governance Activities in 2008/09, efficiency gains of 7.5 - 15% have been assumed, which would range between \$18M and \$35M p.a.

On completion of the re-organisation, some CAPEX could be reduced through less demand for office space and the number of computing stations.

No net efficiency gains are assumed with respect to CAPEX in the Regulation/Governance Activity.

6.8 Commission's Preferred Option: Indicative Range of Efficiency Gains

This Section brings together the overall estimated indicative range of efficiency gains from the Commission's preferred option, which will then be tested against external evidence.

Table Five: Commission's Preferred Option: Overall Range of Indicative Efficiency Gains

Activity	Low \$M p.a.	High \$M p.a.
CAPEX		
Water and Wastewater	10	13
Stormwater	5	5
Solid Waste	0	0
Transport	14	29
Community Assets	0	0
Regulatory and Governance	0	0
Total CAPEX Efficiency Gains	28	46
<i>% Total CAPEX (2008/09, \$1264M)</i>	2.2	3.6
OPEX		
Water and Wastewater	10	13
Stormwater	3	3
Solid Waste	1	4
Transport	15	15
Community Assets	19	26
Regulatory/Governance	18	35
Total OPEX Efficiency Gains	67	96
<i>% Total Amenable OPEX (2008/09: \$1325M)</i>	5.1	7.2
<i>% Total OPEX (2008/09: \$1952M)</i>	3.4	4.9
Total CAPEX and OPEX Efficiency Gains	95	142

NB: Totals may not add due to rounding. CAPEX efficiency gains in the water and wastewater functions have been assumed to apply to CCOs as well as to Auckland council expenditures.

Overall, the indicative level of efficiency gains with respect to the Commission's preferred option, is estimated to be in the range \$95M to \$142M p.a. The CAPEX efficiency gains range from \$28M p.a. to \$46M p.a. and represent 2-4% of the total annual CAPEX of the Auckland councils. The OPEX efficiency gains are estimated to lie in the range \$67M to \$96M p.a., representing some 5-7% of those costs amenable to efficiencies and 3.5-5% of the total annual OPEX undertaken by the Auckland councils.¹³

The "reasonableness" of these estimates is now tested by reference to submissions made to the Commission and to external evidence including the Gershon Review in the UK

6.9 External Evidence of Efficiency Gains

6.9.1 Introduction

This Section examines the evidence for the estimated level of efficiency gains with respect to the Commission's preferred option, by reference to the following:

- Submissions to the Commission quantifying potential efficiency gains from re-organisation of the Auckland councils;
- Other submissions to the Commission referring to academic studies of previous local government re-organisations; and
- The Gershon Review which investigated the potential for efficiencies in local government in the UK¹⁴.

6.9.2 Submissions & Desk Research

In a Supplementary Paper submitted to the Commission by the Employers & Manufacturer's, Northern (EMA), Deloitte¹⁵ noted a paper by Allan (2003) which quoted experience from Australia as follows:

"the Victorian State Government claimed its amalgamation programme would yield direct cost savings of 20%, the net results have been only 8.5%, most of which was derived from competitive tendering and not from restructuring. Similarly in South Australia the authorities promised savings of 17.4%, but only achieved a mere 2.3%."

Efficiency gains might, however, have been masked by reallocation of resources to new functions or to enhancements in service.

As part of its Submission to the Commission, Papakura District Council tabled a paper by McKinlay Douglas¹⁶. With respect to South Australia, McKinlay Douglas note the findings of the Local Government Boundary Reform Board (LGBRB) which was tasked with reporting on the outcomes of the 1995 reform process. In its 1998 Report, the LGBRB noted that the recurrent

¹³ For the purposes of the financial analysis, some 80% of these potential efficiencies will be used in the calculation of benefits arising from re-organisation.

¹⁴ See footnote 3.

¹⁵ "Financial benefits of consolidation", Deloitte, April 2008 (Deloitte 2008).

¹⁶ "Local Government Structure and Efficiency", A report prepared for Local Government New Zealand, McKinlay Douglas Limited, October 2006.

savings estimate of \$19.4M p.a. (2.3% of total costs) could be considered as conservative because it had been agreed that whilst there would be no reduction in staffing levels, service delivery would be expanded. In effect, potential savings were re-allocated to service increases rather than to rate reductions. *“On this basis, it is possible that the potential cost savings (including these converted directly into expanded services), could be as a much as double those actually recorded”*.

Rouse and Putterill¹⁷ analysed data regarding the cost of highway maintenance by New Zealand local bodies before and after the 1989 amalgamation. They find no evidence of either gains from the amalgamation or economies of scale. Indeed they find some evidence suggesting diseconomies of scale. They attribute these results to small local bodies being able to access all available economies of scale by outsourcing highway maintenance activities. The diseconomies of scale suggested by their analysis may arise because larger local bodies decide that they will carry out such activities in-house whereas it would be more efficient if the activities were outsourced. The results of the Rouse and Putterill study do not refute the suggestion that economies of scale are likely to be available in those administrative expenditure areas which cannot be outsourced. The results provide a warning that in areas where economies can be achieved by outsourcing, amalgamation will not provide any benefit and indeed could increase costs if the larger entities resulting from amalgamation decide to undertake activities in-house that would be better outsourced.

In summary, review of the evidence from past local government amalgamations in Australasia does not provide evidence of large efficiency gains but in many cases these may have been achieved but been reallocated to new functions or to enhancements in service. Where quantification of amalgamation benefits was undertaken, cost savings have been estimated at 2% to 8.5% p.a.

6.9.3 Submissions – Auckland Council Re-organisation

This Section reviews the specific evidence for the efficiencies arising from amalgamation or unification of the Auckland councils presented in Submissions to the Commission. Whilst the EMA, ARC and NZ Council for Infrastructure Development (NZCID), provided views on the potential efficiency gains, only the EMA submission contained a detailed estimate of these benefits. The EMA provided a Supplementary Paper to its submission to the Commission (Deloitte 2008) which contained an indicative assessment by Deloitte of potential efficiencies from a unitary model in Auckland. This indicative assessment estimated total OPEX and CAPEX efficiencies of \$132M p.a. based on estimated outlays by the Auckland councils in 2007/08. When these estimates are scaled up for the 10% increase in the estimated aggregate OPEX spending by the Auckland councils between 2007/2008 and 2008/2009, the estimated efficiency gains increase up to \$145M p.a.

The efficiency gains indicatively estimated by Deloitte (\$132m to \$145M p.a.) are at the higher end of the \$95M to \$142M p.a. range estimated by TDB above. The two estimates are broadly consistent however, because the Deloitte analysis assumed a unitary structure whereby all the local councils would be subsumed within the unitary authority. Such a unitary structure would increase the opportunity for overhead and other savings, relative to the re-organisation under the preferred option which retains six of the present seven local councils. This financial analysis is based on the preferred option.

¹⁷ “Local government amalgamation policy: A highway maintenance evaluation”, Rouse and Putterill in Management Accounting Research, 2005.

6.9.4 The Gershon Review

In July 2004, Gershon assessed the potential for efficiency gains in the UK public services including in Local Government. Efficiency targets were established totalling 21.5B pounds sterling per annum, representing a 7.5% saving (2.5% p.a.) in real terms by 2007/08. A saving of 6.5B pounds sterling was established with respect to Local Government. At least half of the savings to be made by Local Government were to be capable of being redirected to the front line, with the other half to be delivered through increased outputs and enhanced services.

HM Treasury reported in 2008¹⁸ that a total of 23.1B pounds sterling of savings had been made, including 6.7B pounds sterling by Local Government. Whilst these savings could be achieved through reducing staff numbers and other economies, a survey of Local Government Finance Directors¹⁹ suggested that the bulk of savings in the last two years of the three year program (up to 5% of total costs) would come from a combination of both IT and shared services with other councils or authorities. The OPEX efficiencies indicatively assessed in this Report (3.5-5% of total estimated OPEX in 2008/09) are consistent with the outcomes from the Gershon Review in the UK.

6.10 Conclusion

TDB tested the potential for efficiency gains from re-organisation by reference to academic studies, evidence presented to the Commission and international public sector restructuring. This evidence supports the indicative estimates in this Report of potential efficiency gains from re-organisation in the order of 3.5-5% of total annual OPEX. As noted earlier, the estimates derived for this financial analysis are indicative, being based on desk research and in the absence of a detailed transition plan.

7. Commission's Preferred Option: Integration Costs

7.1 Introduction

Under the Commission's preferred option, the new "Auckland Council" is assumed to become operational immediately following the next council elections in November 2010. The re-organisation is then expected to be substantially completed within 4 years.

Typically, any major transformation involves one-off costs to restructure the existing organisations and to establish the new entity. The establishment costs would include the expenses of temporary parallel running of essential activities to ensure business continuity. Restructuring costs would be contained as a result of pursuing the following transition path:

- The local councils will utilise existing facilities wherever possible;

¹⁸ "2004 Spending Review: efficiency progress to December 2007", HM Treasury, March 2008.

¹⁹ "Shared services as a long-term solution for Local Government, Delivering on the Gershon Report", September 2005, which was commissioned by Serco Solutions.

- The activities integrated within the Auckland Council are those where there are regional co-ordination benefits; and
- Auckland Council ICT infrastructure will make significant use of current (scalable) enterprise resource planning systems and infrastructure.

If a detailed transition plan had been developed, the costs of each transition project would be assessed and compiled. Since such a plan has yet to be developed, TDB has assessed the integration costs by reviewing evidence submitted to the Commission, tested by reference to our experience in large scale transactions and in particular to the relationship between the scale of targeted efficiency gains and integration costs. We also refer to some offshore experience.

7.2 Submissions to the Commission

In the Supplementary Submission of the EMA, Deloitte (2008) indicatively estimated that the one-off re-organisation costs could total \$306M, some 2.3 times the indicatively estimated level of total efficiency gains. These costs reflected the assumption of “full” integration whereby all functions would be assumed by the “Unitary Authority”. The preferred option which is the subject of this financial analysis, retains six of the current seven local councils and (for the purpose of the analysis) assumes leaving around half of the staff and resources in their current location. This assumption leads to lower restructuring cost assumptions than Deloitte’s.

7.3 Comparative Experience

Although there is no necessary relationship between efficiency gains and integration costs, TDB observes that as a rule of thumb integration or unification costs usually amount to at least one year’s and up to two year’s of the annual efficiency gains once fully realised. For example, with respect to ANZ’s acquisition of the National Bank of New Zealand in 2004, ANZ’s renounceable rights issue prospectus advised integration costs of A\$230m, some 2.1 times the full year efficiency gains of A\$110M p.a. This ratio is similar to that in the recently announced Westpac Banking Corporation/St George acquisition (2 times) but significantly higher than some other apparently comparable experience namely the Suncorp/Promina merger at 1.6-1.8 times and the Bendigo/ADB merger at around one times the level of annual efficiency gains.

In January 2006, The Office of the Deputy First Minister in Northern Ireland published a study²⁰ which identified potential efficiency gains of up to 206M pounds sterling in education, health and local council entities. The integration costs were assessed to be up to 397M pounds sterling or around 1.9 times the annual efficiency gains.

In April 2009 the six existing District and Borough Councils and Cornwall County Council will be amalgamated to form a new Council that will cover the whole of Cornwall. The resident population of Cornwall is some 524,000 (2006). The latest estimate by the One Cornwall Implementation Executive’s Finance and Performance Group is that the net ongoing annual efficiencies would be 27M pounds sterling by 2011/12, equivalent to around 7% of the

²⁰ “Exercise to Estimate the Costs and Efficiencies of the Review of Public Administration Proposals”, The Office of the Deputy First Minister in Northern Ireland, January 2006.

expenditure in 2006/07 of 377M pounds sterling. If the maximum level of efficiency gains is achieved, it is estimated that the one-off integration costs to achieve this will be 44M pounds sterling or 1.6 times the net annual efficiency gains.

7.4 Unification Risk Mitigation

The proposed re-organisation of the Auckland councils under the Commission's preferred option is of a large scale. It is far larger than any local government re-organisation undertaken in NZ to date and would rival the largest mergers undertaken in the private sector in New Zealand. For example, the 2004 merger between the NZ operations of the ANZ and the National Bank of New Zealand resulted in a combined staffing of around 10,000, compared to the combined staffing of the Auckland councils of around 6,400. Numerous studies have concluded that at least half of all mergers fail to achieve the financial objectives established for the merger.

For the purpose of the analysis, it is assumed that under the Commission's preferred option half of the current Auckland council staff would, after implementation, be located within the local council organisational entities and half would be located within the Auckland Council organisational entity or within CCOs or COs. This reduced scale and scope of the locational changes in the restructuring compared to full centralisation will reduce the risks inherent in unification.

However the re-organisation as contemplated under the Commission's preferred option would remain a significant challenge. It has been noted earlier that the transition plan would need to overcome the barriers to co-operation between the existing councils that have prevented more extensive use of shared services to date. A key aspect of success in implementing the Commission's preferred option is how quickly the implementation can be achieved and the level of experience of the establishment and transition teams (in merger and change management).

TDB notes the following would mitigate the unification risks:

- The adoption of a phased approach to the transition and a high quality transition including the use of resources with expertise in merger and change management;
- The development of a detailed cost benefit analysis coupled with a formal detailed transition programme of work with time frames, time lines and accountabilities for delivery of the identified efficiencies, prior to the new organisation assuming its new functions; and
- A focus on successfully implementing the 20% of actions that are expected to deliver 80% of the benefits.

This financial analysis of the Commission's preferred option assumes a high quality implementation in the establishment of the Auckland Council. This financial analysis includes an assessment of the impact of several risk-based scenarios, where re-organisation costs are greater than assessed and efficiency gains are less than estimated.

7.5 Integration Costs - Conclusion

TDB assumes that a transition plan will be developed to implement the Commission's preferred option under which the level of integration costs amount to between one and two times the aggregate indicative level of assessed long run OPEX and CAPEX efficiency gains. With respect to the NPV analysis which follows below, for the "base case" scenario it is assumed that integration costs will total 1.5 times the mid-point estimate of efficiency gains when fully realised, i.e. a total of around \$180M. A "pessimistic" scenario will assume integration costs of twice the mid-point estimate of annual efficiency gains when fully realised, i.e. a total of around \$240M. An "optimistic" scenario will assume integration costs equal to the mid-point estimate of the annual efficiency gains, i.e. a total of around \$120M. These indicative estimates of the integration costs are based on desk-top research as is the indicative range of efficiency gains.

8. Net Present Value of the Commission's Preferred Option

8.1 Introduction

The NPV analysis of the Commission's preferred option undertaken in this Section brings together the estimated efficiency gains and integration costs for the Auckland councils. The re-organisation could be expected to have other benefits and costs for the wider Auckland economy but these are not included in this NPV analysis. Section 9 notes some of these wider impacts.

8.2 Range of Costs and Benefits

Consistent with the Treasury methodology²¹ the costs and benefits to be analysed are:

- Cashflows, i.e. exclude depreciation (sunk cost) and interest (which is unaffected by the re-organisation);
- In real terms – efficiency gains (and integration costs) are based on the 2008/09 estimated level of OPEX and CAPEX and are not adjusted for future inflation; and
- Pre-tax, because taxes and subsidies are transfers between citizens and do not give rise to any increase in net economic welfare. GST has, however, not been excluded because TDB lacks detail on the specific efficiency gains and integration costs.

The "costs" of the Commission's preferred option comprise the integration costs per Section 7.

The "benefits" of the Commission's preferred option are based on the indicative efficiency gains in both OPEX and CAPEX as assessed in Section 6 which arise solely from re-organisation

²¹ "CBA Primer, Version 1.12, The Treasury, December 2005.

and not through more general efficiency measures. Consistent with the focus on successfully implementing the 20% of actions delivering 80% of the estimated efficiencies, this financial analysis will only take account of 80% of the total efficiencies estimated in section 6.

The “**pessimistic**” scenario analysed under the NPV comprises the following:

- Low end of the indicative range of the assessed OPEX and CAPEX efficiency gains of \$76M p.a. (80% of \$95M p.a.) when fully realised; and
- Integration costs totalling \$237M.

The “**optimistic**” scenario analysed under the NPV comprises the following:

- High end of the indicative range of assessed OPEX and CAPEX efficiency gains of \$113M p.a. (80% of \$142M p.a.) when fully realised; and
- Integration costs totalling \$118M.

The “**base case**” scenario analysed under the NPV comprises the following:

- Mid-point estimate of the assessed indicative OPEX and CAPEX efficiency gains of \$95M p.a. (80% of \$118M p.a.) when fully realised; and
- Integration costs totalling \$178M.

In this NPV analysis, the integration costs therefore centre around twice the level of expected annual efficiency gains (when fully realised).

8.3 Timing of Costs/Benefits

In the absence of a transition plan, TDB must make some assumptions on the timing of the costs and benefits of the Commission’s preferred option. Based on the outline transition process contemplated by the Commission, key assumptions are as follows (with reference to years being calendar years):

- The establishment of the Auckland Council organisation assumes an 18 month timeframe;
- A detailed transition plan is developed by an Establishment Board and Auckland Council’s organisation is established to operate immediately following the establishment date (November 2010);
- Integration costs are assumed to be incurred as follows; 5% of the total in 2009, 10% in 2010, 25% in each of 2011, 2012 and 2013 and 10% in 2014; and
- Re-organisation benefits are assumed to accrue as follows, expressed as a cumulative percentage of the total full year efficiency gains; zero in 2011, 10% of the total in 2012, 25% of the total in 2013, 50% in 2014 and 100% as from (1 January) 2015.

The full year efficiency gains have been assumed to carry on indefinitely as the re-organisation is a permanent change in the governance arrangements of the Auckland councils²².

8.4 Discount Rate

The net cashflows need to be discounted to arrive at a Net Present Value. A discount rate needs to be selected. The Treasury (2005) advises as follows - *“There is no single rate of return that is appropriate for every project. The Treasury uses a 10% real discount rate whenever there is no other agreed sector discount rate for costing policy proposals. Where there is an agreed sector rate, it may be used instead.”*

TDB notes that some 50% of the Auckland councils’ annual OPEX and an even greater proportion of CAPEX relates to transport (roads and rail) and water/solid waste treatment. A further 35% of OPEX relates to community assets. These activities could be regarded as “utilities” which could be expected to have below average risk. For example, the real, pre-tax cost of capital for Vector (the public listed Auckland electricity lines company) might approximate 7-8%²³. This might be broadly indicative of the cost of capital of much of the activities undertaken by Auckland City and is significantly lower than the Treasury standard/default benchmark discount rate of 10%.

TDB has not undertaken a detailed examination of the merits of each of the potential approaches to derivation of an appropriate discount rate for the Auckland councils. However the evidence suggests that a discount rate of 10% real, pre-tax, is at the high end of a likely and applicable range of discount rates in this case.

In this financial analysis, TDB uses the Treasury guideline/default discount rate of 10%, with a sensitivity analysis employing a discount rate of 7.5%, which can be argued to be more relevant given the sectors within which the bulk of activities are undertaken by the Auckland councils.

8.5 NPV Analysis

Table Six below, presents the analysis of the Commission’s preferred option. In that it is based on the estimated efficiencies assessed earlier, it is subject to the same qualifications.

²² It is recognised that many financial analyses might use a 20 or 25 year timeframe for the analysis - this being the assessed “economic life” of those projects. This financial analysis has assumed no real growth in the volume of activity (and hence level of potential savings) from 2009, excepting to some extent with respect to the AWSI. Auckland is, however, growing in population. As a sensitivity, TDB ran a scenario assuming a fixed 25 year timeframe and a 2% p.a. real growth factor. Because the resultant NPVs were higher than the levels assessed using the assumption of no real growth, but with an indefinite time horizon, TDB has adopted the latter set of assumptions.

²³ As at 30 June 2008, PWC assessed the Weighted Average Cost of Capital (WACC) of Vector at 7.2%, “The Cost of Capital Report”. These discount rates are not directly comparable to those used in either cost benefit analyses or financial analyses such as this, since they are nominal (i.e. include inflation) and are after tax. Making adjustments for tax and inflation would result in a real, pre-tax, weighted average cost of capital for Vector of around 7-8%.

Table Six: NPV – Commission’s Preferred Option

NPV Comparisons	Discount Rate	Commission’s Preferred Option		
		Pessimistic Scenario	Optimistic Scenario	Base Case Scenario
	%	\$M	\$M	\$M
Standard Discount Rate Assumption	10	277	574	426
Sensitivity Analysis	7.5	488	902	695

For the Commission’s preferred option, the NPV using a 10% discount rate ranges around a mid-point of about \$425M and the NPV using a 7.5% discount rate (the sensitivity) ranges around a mid-point value of about \$700M. Further sensitivity analysis is undertaken on the pessimistic scenario with a 10% discount rate, because this set of assumptions has the lowest assessed NPV and therefore is the most likely scenario from which a negative NPV might be generated.

The pessimistic scenario with a 10% discount rate has an NPV of around \$280M. One of the following scenarios would have to prevail to reduce the NPV to zero – that is where the present value (PV) of the integration costs equals the PV of the benefits and the Commission’s preferred option would be marginal at the Treasury’s 10% discount rate:

- Integration costs would have to increase by some \$400M from around \$240M to around \$640M, with the full year efficiency gains unchanged at \$76M p.a.; **or**
- Full year efficiency gains would have to fall short of the assessed levels by almost \$50M p.a., down from \$76M p.a. to around \$28M p.a., with the integration costs unchanged at \$237M; **or**
- Some combination of the above.

The re-organisation under the Commission’s preferred option results in a positive NPV using all the assumptions relevant to Table Six. Actual results would have to fall substantially short of the assessed levels to result in a negative NPV. The most obvious way that this could occur is if the re-organisation was mismanaged. As noted earlier many mergers do fail. Thus a high quality implementation of the re-organisation is essential to secure the potential efficiency gains assumed in the NPV.

9. Commission’s Preferred option – Impact on the Wider Auckland Economy

The NPV analysis of the Commission’s preferred option in Section 8, incorporates as benefits of the re-organisation only the direct efficiency gains (i.e. financial savings) to the Auckland councils themselves. It has not captured either:

1. Potential benefits to the wider Auckland economy of consolidating key infrastructure and project delivery, streamlined planning, regulatory consenting and compliance monitoring processes. Co-ordination benefits are those which the wider community receives from more efficient, quicker and higher quality decisions by the councils. In principle such benefits can be substantial; or
2. Potential costs to the wider Auckland economy and population of any changes in accountability or local participation in regard to local government. Reduced accountability can result in inefficient local government expenditure and in reduced utility being obtained by citizens from local government which can manifest as reduced local participation. In principle such inefficiencies due to reduced accountability could be substantial.

TDB has not been requested to undertake an assessment of the above costs and benefits. Such an assessment would be a very substantial task and is partially covered in other analyses available to the Commission, albeit in most cases without quantification. In this Section we note some aspects that have been drawn to our attention however this is not a comprehensive survey of the issues.

The NZCID has stressed the regional co-ordination benefits arising from re-organisation. For example they have cited the opportunity cost arising from delays to the Auckland western ring road package. In 2004, Allen Consulting²⁴ assessed the total benefit to the economy arising from this project at some \$838M p.a. Each year's delay in this project therefore results in an opportunity cost to the economy potentially of the same order as the NPV estimated in this financial analysis where only the benefits of efficiency gains to the Auckland councils themselves are considered. It would be very difficult to assess the extent to which re-organisation could accelerate specific regional transport or other infrastructure projects in the future, but the scale of the potential benefits suggests that as a result of the re-organisation, they could be significant relative to the benefits derived from the direct efficiency gains generated within the Auckland councils.

The wider community could also experience significant economic benefits from any streamlining of building and other consenting and monitoring processes. The NZ Institute of Chartered Accountants (NZICA)²⁵ has noted that *"US studies suggest the direct costs of regulation to be in the order of 4-12% of GDP. Credible estimates suggest indirect costs of regulation are around four times the direct costs."* The annual costs of the consenting and compliance monitoring activities undertaken by the Auckland councils might be in the order of \$150M p.a. based on an analysis of the 2008 Annual Plans. Where the indirect compliance and opportunity costs are in a ratio of 4:1 relative to the Auckland council costs, they could range up to \$600M p.a. If meaningful reductions could be made to the compliance costs faced by the community as a result of re-organisation, with little or no impact on their benefits or intended results, these potential wider economy benefits could be significant relative to the efficiency gains captured by the Auckland councils themselves. Better co-ordination achieved under the preferred option could reduce consenting and compliance monitoring costs. On the other hand, any reduction in accountability could result in increases in such costs.

²⁴ "Benefits of investing in New Zealand's Road Infrastructure", A report to the New Zealand Automobile Association, The Allen Consulting Group, August 2004.

²⁵ Submission to the Commerce Committee on the Regulatory Responsibility bill, NZICA, August 2007.

The potential efficiency gains to the wider economy from accelerating transport projects and streamlined consenting and regulatory compliance processes have not been included in the NPV. Nor has the analysis included possible costs relating to any reduction in accountability and local participation. The financial analysis undertaken in this Report includes only the direct financial impact of the re-organisation on the Auckland councils themselves and in this sense provides a preliminary and partial assessment only. The wider benefits and costs would however be an important consideration in a cost benefit analysis. They are also a factor in comparing the Commission's preferred option and alternative options, to which this Report now turns.

10. Comparison of the Commission's Preferred and Alternative Options

10.1 Introduction

The Commission considered and rejected the alternative option of creating twenty local councils. One reason was the very high transition costs, including the need to establish headquarters and service centres with attendant capital costs. This section comments on the additional set up and on-going costs issues associated with this alternative option.

10.2 Additional Costs

Under either the Commission's preferred or alternative options, the new local councils are "subsidiaries" of the unitary Auckland Council. Under the Commission's alternative option, it has been assumed that each newly created entity would, however, have the following dedicated resources additional to those required under the preferred option:

- An additional 14 Chairs and additional Councillors – direct expenses, meeting and support costs;
- An additional 14 Local Council Managers; and
- Overheads to support 14 additional service centres.

It is estimated that each additional local council would require some \$1.5M p.a. in additional costs to provide the resources identified above. Thus the total additional cost would be some \$21M p.a. which would have a total cost of some \$200M in present value terms (at a 10% discount rate). In addition, there would be one-off establishment costs.

The assumed additional costs under the Commission's alternative option would result in the NPV being \$200M lower than the Commission's preferred option, all other things being equal. At a 10% discount rate, the NPV of the Commission's alternative option could be around \$225M, or about half that of the Commission's preferred option with an assessed NPV of \$425M. This calculation naturally does not take into account possible gains in accountability and local decision making that some may consider would be achieved by the Commission's alternative option.

10.3 Wider Impacts

One matter on which TDB has not been asked to provide an opinion, relates to the impact of each of the Commission's options on the wider (Auckland) economy outside of the Auckland councils themselves. Another issue which could potentially impact both the absolute and relative merits of each option is their impact on local accountability and participation. These matters are also outside TDB's brief. Both of these wider impacts would need to be taken into account in a full comparative assessment of the Commission's preferred and alternative options, such as in a cost benefit analysis.

Appendix C: Glossary of Local Government Terms

Annual plan	An annual plan must be prepared by a council annually, and it must be adopted before the commencement of the year in which it operates. It contains the budgets on which rates are decided for each financial year. The purpose of the annual plan is set out in the Local Government Act 2002, section 95(5). [See also long-term council community plan (LTCCP).]
Annual report	An annual report must be prepared annually for each financial year. The purpose of the annual report is to compare activities performed with those intended in the annual plan. The annual report is described in the Local Government Act 2002, section 98.
Annual value	The annual value is one basis on which local authorities can set rates. It is a measure of what a property would fetch if rented on the open market.
At large election	An election where voting is conducted across an entire region, city, or district, without division into wards.
Auckland Regional Transport Authority (ARTA)	ARTA was established under the Local Government (Auckland) Amendment Act 2004. It is responsible for transport activities across the region, including <ul style="list-style-type: none">• planning, purchasing and improving bus, train and ferry services• providing public transport information• planning and funding school bus services• working with councils on local roading projects.
Borough	An administrative division of a city/region. Boroughs were abolished in 1989 when local government was restructured. There have been some calls for a restoration of borough councils, for instance in Devonport.
Brownfield	A previously developed area, mainly for industrial purposes, which is now ready for redevelopment.
Call for Submissions	A booklet published by the Royal Commission on Auckland Governance calling for public submissions (March 2008; ISBN 978-0-473-13307-8).
Capital value	This is defined by the Rating Valuations Act 1998 as, “subject to sections 20 and 21, the sum that the owner’s estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require”. Capital value does not include chattels, stock, plant, or machinery that may normally be included in the sales of properties.

Glossary of local government terms, *continued*

Central government	Central government is the national government of New Zealand. It includes elected members of Parliament, the sitting government, parliamentary support agencies, and the public service.
Chief executive (of a council)	Every local authority is required to have a chief executive, who is responsible for the day to day running of the local authority. The chief executive implements council decisions, advises councillors, and is responsible for effective management and the employment of staff. (Refer LGA 2002, section 42.)
Committee (of a council)	A council may appoint a committee to work in a certain area of responsibility where the local authority operates. A committee is a working group that usually has fewer members than the full council, but it may include co-opted (unelected) members, and may be chaired by someone other than the mayor. (Refer LGA 2002, Schedule 7, clauses 26, 30, 31, 32.)
Community (of interest)	A network of people and organisations linked together by common factors. This might be a network of people linked together geographically (i.e. in one place) or linked by a common interest or identity.
Community board	Community boards are established under the Local Government Act 2002 in order that a community with a distinct character, needs, and aspirations is recognised by the local council and provided with the opportunity for a voice in local council decision making. The Act specifies the role of the community boards, which includes <ul style="list-style-type: none"> • representing, and acting as an advocate for, the interests of its community • considering and reporting on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board. (Refer LGA 2002, sections 49–53.)
Community outcome	Councils must identify their community outcomes that are priorities for the intermediate and long-term future. Community outcomes are reconsidered every six years, and the council must monitor progress towards achieving the outcomes and report every three years. (Refer LGA 2002, sections 91, 92.)
Council organisation (CO)	Any organisation in which one or more local authorities owns or controls any portion of the voting rights, or has the right to appoint one or more of the directors or trustees. (Refer LGA 2002, section 6.)
Council-controlled organisation (CCO)	Any organisation in which one or more local authorities owns or controls 50% or more of the voting rights or has the right to appoint 50% or more of the directors, trustees etc. (Refer LGA 2002, section 6.)

Glossary of local government terms, *continued*

Council-controlled trading organisation	Council-controlled trading organisations are council-controlled organisations that operate a trading undertaking for the purpose of making a profit. (Refer LGA 2002, section 6.)
District plan	A land use plan made by every territorial authority under the Resource Management Act 1991. It usually specifies zones and controls on land use and subdivisions within each zone. (Refer Resource Management Act 1991, sections 72, 73, 75.)
First past the post (FPP)	A voting system, used by most local authorities, where the candidates with the most votes win. Under FPP the voter places a tick next to the names of the candidates they wish to vote for. The voter can vote for as many candidates as there are positions available to be filled. (See also STV below.)
Governance	Governance, as distinct from government, connotes joint action between a council and elements of the community it serves. It has been defined by the United Nations as “the process of decision-making and the process by which decisions are implemented (or not implemented)”. Academic writers define it as “government plus the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes”. Another defines governance as “... the joint work of government and civil society. It cannot be done by government alone; all governance is in some sense co-governance.” (See discussion in the Introduction to this report.)
Governance principles	Governance principles that apply to all local authorities are stated in the LGA 2002, section 39. Local authorities must (among other things) ensure that governance structures are effective, open, and transparent; ensure that regulatory processes are separated from other processes; and be a good employer. (Compare principles relating to local authorities, below.)
Governing body	The governing body of a local authority comprises the councillors and mayor, or councillors and chairperson in the case of a regional council. The governing body is responsible and democratically accountable for the decision making of the local authority. (Refer LGA 2002, section 41.)
Greenfield	A piece of usually rural or semi-rural undeveloped land, often considered as a site for expanding urban development.
Gross domestic product (GDP)	Gross domestic product represents the country’s income earned from production in New Zealand. It includes income from production carried out by New Zealanders and by foreign firms operating within New Zealand.

Glossary of local government terms, *continued*

Hauraki Gulf islands	In this report, the Hauraki Gulf islands include Great Barrier Island (Aotea), Little Barrier Island (Hauturu), McCallum’s Island, Motuihe Island, Motukorea Island, Motutapu Island, Pakatoa Island, Pollen Island, Ponui Island, Rangitoto Island, Rakino Island, and Waiheke Island.
Joint committee	Councils may form a joint committee to work together on certain issues.
Land value	This is defined by section 2 of the Rating Valuations Act 1998. In summary land value is the amount that might be realised if the estate were offered for sale by a bone fide seller and no improvements had been made on the land.
LGA 2002	The Local Government Act 2002.
Local authority	A local authority means a regional council or territorial authority. (Refer LGA 2002, section 5.)
Local Council	A local council is a new kind of local agency, proposed in the report of the Royal Commission on Auckland Governance.
Local government	Local government refers to the government structures overseeing a particular locality, region, city, or district, such as a regional council, city or district council, or a community board.
Local Government Commission	An agency appointed by central government, to consider and report on local government matters and review the operation of the Local Government Act and Local Electoral Act. The Local Government Commission has decision-making power over changes to council boundaries and amalgamations of councils.
Long-term council community plan (LTCCP)	Each local authority is required to publish an LTCCP every three years (LGA 2002, section 93(6)), to <ul style="list-style-type: none"> (a) describe the activities of the local authority; and (b) describe the community outcomes of the local authority’s district or region; and (c) provide integrated decision-making and co-ordination of the resources of the local authority; and (d) provide a long-term focus for the decisions and activities of the local authority; and (e) provide a basis for accountability of the local authority to the community; and (f) provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by the local authority.

Glossary of local government terms, *continued*

Operating expenditure	Operating expenditure is that which pays for day-to-day operations and services. Operating expenditure also includes depreciation (that is, the wearing out, consumption, or loss of value of an asset).
Place-shaping	The creative use of powers and influence to promote the general well-being of a community and its citizens. (See Chapter 16 of the report.)
Principles relating to local authorities	Local authorities are required to act in accordance with various principles, including to <ul style="list-style-type: none"> • conduct business in an open, transparent, and democratically accountable manner, and give effect to its desired outcomes in an efficient and effective manner • make itself aware of, and have regard to, the views of all its communities • in decision making, take account of the diversity of the community, the interest of current and future communities, and likely impacts on the four well-beings • provide opportunities for Māori to contribute to decision-making processes • cooperate with other local authorities • conduct commercial transactions with sound business practice. (Refer LGA 2002, section 14.) Compare governance principles, above.
Purpose of local government	This is defined in the Local Government Act (section 10) as being <ol style="list-style-type: none"> (a) to enable democratic decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities, in the present and in the future.
Rates	A land tax based on property values, which provides the major revenue source for many local authorities in New Zealand. (Local Government (Rating) Act 2002.)
Regional council	A regional council is one type of local authority, which operates within a defined region. The Auckland Regional Council (ARC) summarises its functions as: managing the region's air and water quality, its growth and development, regional parks, public transport, the coastal and marine environment, and natural and cultural heritage sites. (See www.arc.govt.nz/council/ , accessed March 2009.)
Regional land transport programme (RLTP)	The three-yearly land transport infrastructure and services proposal for funding from the National Land Transport Fund prepared by regional transport committees. The Auckland Regional Land Transport Programme is prepared by ARTA.

Glossary of local government terms, *continued*

Regional land transport strategy (RLTS)	Under the Land Transport Management Amendment Act 2008, every regional transport committee on behalf of the regional council must prepare, and consult on, a regional land transport strategy to provide guidance on the land transport outcomes sought by the region. The RLTS must be produced every six years and cover a period of 30 years, and it must contribute to the vision set out in the strategy.
Regional policy statement (RPS)	The RPS is a policy document made by a regional council under the Resource Management Act 1991, for the management of natural and physical resources of the region. District plans must give effect to the RPS.
Regional transport committee	Every regional council or unitary authority must establish a transport committee for its region and appoint a range of representatives (including those from the regional council, territorial authorities, the New Zealand Transport Agency, one representing each of the five transport objectives and one from a cultural perspective). The main functions of the regional transport committee are to prepare a regional land transport strategy and a regional land transport programme.
Significant decisions	A decision that has a high degree of importance in terms of the four aspects of well-being, the people who are likely to be particularly affected by or interested in the decision, or the capacity of the local authority to perform its role and the financial and other costs of doing so. Local authorities must adopt a policy on significance. (Refer LGA 2002, sections 71, 90, 97.)
Single transferable voting (STV)	A voting system, used by some local authorities in New Zealand, under which the winning candidates are selected on the basis of voters' preferences. Under STV voters rank candidates in their order of preference using numbers. A voter would write "1" next to the name of their favourite candidate, "2" next to their second favourite candidate and so on. Voters may give preferences to as few or many candidates as they wish. (Local Electoral Act 2001.)
Standing committee	A standing committee is a permanent committee of a council.
Strategic asset	An asset or group of assets that the local authority needs to retain to maintain its capacity to promote any outcome it considers important to the current or future well-being of the community.
State highway	A State highway is a road owned and operated by the Crown, through the New Zealand Transport Agency. State highways are mostly major through routes that link major centres in New Zealand. (State highways are distinct from council roads, variously described as local, collector, and arterial roads.)

Glossary of local government terms, *continued*

Territorial authority (TA)	A type of local authority, called either city or district councils. Territorial authorities' usual responsibilities include the provision of local infrastructure, including water, sewerage, storm water, roads, civil defence and emergency management, building control, public health inspections and other environmental health matters, controlling the effects of land use (including hazardous substances, natural hazards, and indigenous biodiversity), animal control, noise, and the effects of activities on the surface of lakes and rivers. (See longer list of activities in Chapter 3.) Territorial authorities in Auckland region comprise the Rodney, Papakura, and Franklin District Councils, and North Shore, Waitakere, Auckland, and Manukau City Councils.
Three waters	The three waters refers to wastewater (including sewage), stormwater, and drinking or potable water. The supply and drainage pipes, and treatment/sanitisation for the three waters are commonly regarded as infrastructural responsibilities of councils.
Unitary authority	A unitary authority is a territorial authority that has the responsibilities, duties and powers of a regional council conferred on it by law. (Refer LGA 2002, section 5.)
Volumetric water charging	A system of charging based on the volume of water used.
Ward	An electoral division of a city or district, used to elect one or more city or district councillor.
Well-being	One of the purposes of local government is to promote the social, economic, environmental, and cultural well-being of communities in the present and the future. (LGA 2002, section 10.)

Appendix D: Glossary of Māori Terms

Māori term	English equivalent in context
Aotearoa	New Zealand
hapū	sub-tribe, extended family group
hui	conferences, meeting(s)
iwi	tribe, tribal grouping made up of a number of related hapū or extended family groups with a common whakapapa (genealogy/bloodline) from an important tipuna (ancestor)
kāinga	home, address, residence, village, habitation, habitat
kaitiaki	guardian, caretaker
kaitiakitanga	guardianship, the responsibilities passed down from the ancestors for tangata whenua (people of the land) to take care of the places, natural resources, mauri (life force), and other tāonga in their rohe (area).
kaumātua	male elder(s)
kāwanatanga	government, governance
kia ora	greetings, hello, an acknowledgement, thanks
kōrero	communicate, speak
mahinga kai	places where food and other resources are traditionally gathered
mana	authority, prestige, standing
mana whenua	local Māori with ancestral ties to the land
manāki	hospitality, hosting those living or visiting in tribal area/rohe
manākitanga	a sacred obligation to care for all people within one's rohe, including taura here (Māori with ancestral ties outside the area) and non-Māori
marae	tribal meeting house(s) and buildings, including ceremonial courtyard
Maungawhau	Mt Eden
mauri	essential life force, the spiritual power and distinctiveness of each person and object
Pākehā	of European descent
Papatūānuku	the ancestral elemental Mother, the earth, the land
rangatira	chief

rangatiratanga	independence, self-determination, the rights and authority of iwi and hapū to make decisions and control resources
reo	language
rohe	tribal area, geographical territory customarily occupied by an iwi or hapū
rūnanga	councils, boards, committee of senior decision makers of an iwi or hapū
Tāmaki-makau-rau	Auckland
tangata	man, human being
tangata whenua	local indigenous people, people of the land, Māori people
tāonga	precious assets, belongings, valued resources, prized possessions both material and non-material
taumata	high-level forum for decision making
taumata rūnanga	local group/meeting
taura here	Māori from another area, without ancestral ties to the region
te reo Māori	Māori language
Te Tiriti o Waitangi	Treaty of Waitangi
tikanga Māori	Māori cultural protocol, customs, customary correct ways of doing things, traditions
tino rangatiratanga	independence, the right to control or self-determination
tipuna	ancestor
urupā	burial ground, cemetery
wāhi tapu	sacred place, location with spiritual meaning
wāhine	women
wai	water
Waiheke	cascading waters
wairua	spirit
Waitematā	sparkling waters
waka	traditional Māori canoe
whakapapa	genealogy, heredity, bloodline
whānau	family, blood relatives
whenua	land

Appendix E: Abbreviations

AIAL	Auckland International Airport Ltd
ALW Plan	Auckland Regional Plan: Air, Land and Water
APEC	Asia-Pacific Economic Cooperation
ARA	Auckland Regional Authority
ARBA	Auckland Regional Broadband Advisory
ARC	Auckland Regional Council
AREDA	Auckland Regional Economic Development Association
AREDF	Auckland Regional Economic Development Forum
AREDS	Auckland Regional Economic Development Strategy
ARH	Auckland Regional Holdings
ARPASS	Auckland Regional Physical Activity and Sport Strategy
ARPHS	Auckland Regional Public Health Service
ARST	Auckland Regional Services Trust
ARTA	Auckland Regional Transport Authority
AUT	Auckland University of Technology
BOOT	build, own, operate, transfer
CBD	central business district
CCO	council-controlled organisation
CCTO	council-controlled trading organisation
CDC	community development corporation
CDEM	civil defence emergency management
CEG	Co-ordinating Executive Group
CEO	chief executive officer
CO	council organisation
CPI	Consumers Price Index
DART	Developing Auckland's Rail Transport
DHB	district health board
DOC	Department of Conservation
DSL	digital subscriber line

EDA	economic development agency
EECA	Energy Efficiency and Conservation Authority
e-GIF	e-Government Interoperability Framework
EMA	Employers and Manufacturers Association
FAST	Forum for Auckland Sustainable Transport
GDP	gross domestic product
GPS	Government policy statement
GUEDO	Government Urban Economic Development Office
ICT	information and communications technology
IT	information technology
IWRM	integrated water resource management
LGA 2002	Local Government Act 2002
LGAAA	Local Government (Auckland) Amendment Act 2004
LTCCP	long-term council community plan
LTMA	Land Transport Management Act 2003
Metro Plan	Metropolitan Auckland Project
MRF	materials recovery facility
MUL	metropolitan urban limit
NGO	non-governmental organisation
NPS	national policy statement
NZDep	New Zealand Index of Deprivation
NZTA	New Zealand Transport Agency
OECD	Organisation for Economic Co-operation and Development
POAL	Ports of Auckland Ltd
PPP	public/private partnership
RGS	regional growth strategy
RLTS	regional land transport strategy
RMA	Resource Management Act 1991
RPS	regional policy statement
RTA	Regional Transport Authority [proposed by Commission]

Appendices

SIAG	Social Issues Advisory Group [proposed by Commission]
SIB	Social Issues Board [proposed by Commission]
SOE	State-owned enterprise
SOI	statement of intent
SOPHAR	State of Public Health in the Auckland Region (report)
SPARC	Sport and Recreation New Zealand
TA	territorial authority
TDB	Taylor Duignan Barry
TMPL	Tomorrow's Manukau Properties Ltd
Transit	Transit New Zealand
WAG	Welfare Advisory Group
Watercare	Watercare Services Ltd