

New Zealand Local Government Conference Report: Gary Russell

Day 1.

Speaker: Hon. Paul Keating. Ex. PM. Australia.

Topic: Global Economy, A Politicians Perspective.

Comments: 6 key points:

1. Global economic cycles of 7 years and the present one next finishes in 2009/10.
2. Economy is at a medium activity plateau at this stage until next cycle 2009/10.
3. Accused USA on a Nuclear Arms race path.. The USA has resumed the nuclear arms race and New Zealanders must not be trapped into supporting this policy.
4. He also questioned if the present USA leadership had the wisdom and resources to run the globe?
5. There was a concern that the USA was empire building, winner take all approach?
6. The USA had adopted a unilateral approach and had no notion of cooperation or multilateral framework for talks.

Conclusions: Start building your nuclear fallout shelter now? The USA nuclear subs are on the horizon, watch the politicians change tack?

Speaker: Dr. Alan Bollard.

Topic: NZ. Economic Policies: Reserve Bank Perspective.

Comments: 7 Key Points. Closed Door sessions.

1. Warned that local rate increases (average in NZ 2004 4.5%) do push up inflation directly and indirectly.
2. Housing price rises are not a concern on the inflation rate though councils need to ensure they are not adding to the price pressures.
3. Annual growth in operating incomes for local bodies has been over 4% at the above rate of inflation for the past decade, this is an added cost to the consumer as the rate is above CPI and inflation rate.
4. The average rate rise of 4.5% by next March could result in the Reserve Bank tightening monetary policy.
5. Domestic economy is very strong at this moment and is spurred on by increased property valuations.
6. Only one Council had a rate rise of less than the inflation rate.
7. Movement in the loan rates was dependent on the medium range of 1-3% and not the 0-3% levels of the past.

Conclusions: Important points in pegging Council rates to inflation figure increase balanced out over a five year plan, forget the annual plan go straight to the 3 year plan. warn ratepayers of expected increase before hand..

Speaker: Professor Ian Pool. Waikato University.

Topic: NZ Demographic study: future predictions.

Comments:

1. Central Government and Councils need a demographic plan to plan in earnest for an aging population.
2. The population needed to increase slowly in the next twenty years.
3. Immigration the only means to ensure a higher enough working population number.
4. A bulge in the coming 15-24 age group who must be educate to find work in the community.
5. The older population is the group who mostly vote!!

Conclusions: Biggest wake up call, Council needs a person power/population growth strategy? What is happening to our youth in 5 , 10 years time??

Speaker: Professor David Bellamy.

Topic: Environment: GE & WHALE sustainable philosophy.

Comments:

1. W. Water is the key factor for sustainable community, increasingly it will be the earth's most important sustainable factor.
2. H. Habituate is to shared with all flora and fauna, need to live in harmony as each is part of the wider jig saw of a sustainable earth.
3. A. Atmosphere is being polluted a a faster rate each year, need more than the Kyoto Protocol to resolve the issues of air pollution.
4. L. Land and erosion by clear filling must be controlled and planting of a more ecological sustainable crop approach is required.
5. E. Energy is limited, avoid fossil fuels and the next generation of energy is from solar and wave action producing technologies, not wind or hydro sources.

Remember: "Councils are the eyes and ears of the community as the spokesperson"

GE debate: It is "foolhardy" for NZ Government to allow genetically engineered crops to be grown in New Zealand. He called on the Govt. to extend the moratorium on GE field trials until such time as scientist can find out if GE organisms were safe. He believed there was not enough information known on the effects on humans and the environment. Especially if GE went wrong around the world NZ would have a serious advantage if was it was GE free.

Conclusions: Interesting and WCC on track with most, opportunities with the WAVE power, forget wind power-save the birds and para-guiders.

Speaker: Hon. Jim Anderton

Topic: Regional Development.

Comments: 4 key points

1. The human capital was the key to economic growth, education and training were key components to future growth.
2. Opportunities through regional & local cooperation.
3. New LGA provide more opportunities to support regional employment/growth.
4. Overseas examples are not the best examples to use for NZ(GR opinion)

Conclusions: Make sure you back winners and be aware of using overseas examples, stick to your knitting? Clusters are not only same industry type groups, but also businesses sharing power and complementary business sharing resources, one businesses waste is another's material/supply resources.

Speaker: Hon. Steve Maharey

Topic: Social Well-Being..Housing.

Comments: 6 key points.

1. Councils need a Social Well being strategy/policy otherwise they will miss out on regional development funding. A social Development plan brings Regional development funds
2. Councils must identify the Social Investment they need to make in there Community.
3. Social issues are very marginal with most councils, Councils must set Social indicators, housing needs are an example.
4. Providing key jobs was another social indicator, Dunedin Council provided an apprenticeship scheme in the city.
5. Councils need to control land value as too expensive land mean's Govt. could not afford to provide housing for low income people.
6. A social indicators chart was displayed. WCC would be one of the leading Councils in this area.

Conclusions: WCC is well placed to take advantage of these opportunities, which it has already started to do, but must not sit on its laurels, others will catch up fast. Pension Housing is one area needs looking at? Social Policy means economic policy, forget the GDP measurement?

Speaker: Peter Winder: CEO Local Govt. NZ.

Topic. New Local Govt. Act.-Challenges

Comments: 7 points

1. Holistic view of Councils role in the community.
2. Independent Councillors stance is gone
3. Councillors will be become more professional/directors.
4. Avoid single interest groups; community must be well informed on all issues before they came to completion.
5. Consultation will slow the process down.

6. Decision-making process will be more expensive and slow down the process.
7. The needs of the young are as important as the elderly.

Conclusions: Need more sessions on Governance issues and expertise in internal communication and focus on decision-making processes and information sharing to understand what the council culture requires to operate most effectively in producing outputs not outcomes? It's a Brave New World!

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DAY 2.

Prime Ministers Speech: Copies circulated and it was widely reported in the News Papers.

The key point was she made the extra special effort of getting to Queenstown for the conference direct from Seoul, she made it care she takes Local Government concerns seriously.

Satellite Session One:

Attended the Economic Session:

Ist. Speaker: Dr. Murray Milne. Telecom technical/implementation manager

Topic: New Age Communication Broadband.

Comments:

1. Hype for telecom., plug for there services. Probe?
2. In Oct. the Commissioners response to unbundling the access to the land lines for all parties. Key factor in the growth of the Broadband access.
3. New Technology opens up region for increased down load speeds from Mbps to Gbps.
4. Future importance for home/community based businesses.

Conclusions: Push on with Eco-Tech approach, need to tie into business partners? Come on Oct. 1st. and the monopoly end.

Speakers: Jeremy Dwyer & Chris. Butler. CEO Asia 2000

Topic: Sister Cities Assc. Economic report study presented.

Comments: Copy of the Research study in the Council Staff room.

Conclusions: Suggest WCC needs to do a key business links assessment of the potential business development opportunities with its sister cities?

2nd Speakers: Panel_of Mayors from New Plymouth, Christchurch & Dunedin.
 CEO Colin Dale. Manukau City Council

Topic Youth economic opportunities?

Comments:

1. Youth bulge 15-14. interesting set of figures:

In the last 5 years 174 000 new jobs were created: Breakdown:

Regions:

29% new job increase in Taranaki

1% less jobs in South Island.

Overall all erratic job growth in the regional areas

Industry/Service:

35% in service sector-Health, community roles.

19% in Construction

-5% decline in manufacturing..

Age & Ethnicity:

36% Maori/Polynesian increase in employment rate

68% jobs went to 45+ year olds. (2/3rds of the new jobs)

13% to under 24 year olds (1:8 new jobs)

16% skill shortage- lack of people to fill the jobs.

Job Creation Strategy:

Need to find another 105 000 new jobs in the next 5 years.

\$56.6 million invested in youth transition programmes for jobs.

Council cadetship programmes. New Plymouth & Manukau successful

Council Scholarships for students to attend University.

Pro-active in building relationships with business in creating jobs

Job Creation programme:

1:10 ratio of supervisors.

Dedicated people to supervisor

Attracting Industry:

Council Web site page to attract businesses? Manukau. Did with a USA.

Company, which resulted in 350 new jobs

Conclusions: Need to get up to SPEED on this, or we will have a lost generation, its putting faith in the future of our young people with action not just words. More statistical analysis of the employment situation locally?

Satellite Session 2.

Attended the Cultural Well Being session.

Speakers: Panel from Creative NZ, refer to handouts. Appendix.

Human Rights Commissioner.*

Comments:

1. Creative NZ has a wide brief and need to build on youth job initiatives.
2. Hold community youth arts. cultural events.. Lower Hutt.
3. Publish Art Guides-Tourism e.g. Otago Arts Guide(Council Staff Room)
4. Diversity of cultures means a rich base for arts and crafts development.

* Human Rights Commissioner is touring NZ giving this speech? Watch For the Council's calendar..Massey Budget Services AGM.

Conclusions: Read the appendix-reports in Council Staff room

Sector group Meeting: (Zone One AGM)attached.

Speakers: Housing NZ CEO, Strategy and marketing person.

Copy of the presentation and folder notes in the Council staff room:

Specific Questions asked on the Hobsonville Housing development proposal:

Question:

What impact does the high property rates of Hobsonville have on the Housing NZ budget: 3000 dollars per an.??

Answer: It does come into the equation, we need to meet and discuss this situation?

Conclusions: WCC needs a long term housing policy. read the report in the Council staff room

Extra Sessions Attended:

Speaker: Tim Barnett MP

Topic : Prostitution Reform Act. And Local Bodies:

Comments: Panmure has 18 certified bothels? Question how many does New Lynn have? Who knows and who cares??

Conclusions: This could be costly for Council in terms of dollars and community understanding?? OHPs Appendix to report.

Transport Facts & Figures:

Courtesy of Terry Mc Davit. Deputy Chair of Wellington Regional Council.

Average roading expenditure per Km internationally is \$1,193

NZ average roading expenditure per km is \$400 , one third of the world average.

Read the book Broken Rail, history of the UK Rail privatisation?

Comparison Auckland and Wellington transport figures for CBD area:

	<u>Auckland</u>	<u>Wellington</u>
Passengers ann:	2 million	10-11 million
Per day CBD	2-3000	10 000
Subsidy	\$34.5million	\$17.5million
Subsidy per pass.	\$9.15c	\$1.70c
Public transport Use	2%	26%

(Overseas average is 7%
Wgtn is 2%cycle/13%bus/13%train)

Highlights:

PM speech..Bellamy, Bollard, Maharey, Pool, Youth bulge, CreativeNZ, the Black Balloon Table, Harry's, Bob wins camera and a night mountain jump off over Queenstown,city nights looked great. Sitting all day at Queenstown airport,



15 May 2003

budget
2003

Hon Steve Maharey
Acting Minister of Housing

Third sector and local government housing encouraged

\$63 million is to be spent encouraging greater involvement in housing by third sector groups and local government.

Acting Housing Minister Steve Maharey today announced an extra \$43.262 in capital funding and \$19.831 in operating funding will be spent over the next four years encouraging greater housing partnerships with local government and third sector organisations such as church groups and other non-government organisations, as well as iwi and Maori.

"We are keen to develop these sectors' involvement in social housing. Demonstration projects will be used to test their ability in developing housing solutions for low income people.

"The aim is to safeguard and extend the stock of social housing that is available to those on low incomes and those with special needs. Local government and third sector groups, with their strong community links, are in an excellent position to provide local solutions to local problems if they have the resourcing."

In the case of the third sector, Mr Maharey said it would take time to grow in to a sustainable and reasonable sized housing sector. This funding will assist with growth in both the third sector and local government.

"Activity levels are likely to be low initially and to increase incrementally over time."

An evaluation of the initiatives would be done in 2004/05.

Details of both the third sector initiative and the local government initiative are still under development and will be released later this year for comment. Some background information is attached.

For more information contact Lyn Holland, ph 04 4719 063 or 021 2709004.



Background Information

Third Sector Initiative

This will involve a four-year programme, starting this year. It will include demonstration projects delivered in partnership with non-governmental organisations to buy, build or modify a mix of social rental accommodation and develop affordable home ownership opportunities. It will be funded through a Housing Innovation Fund to be set up by Housing New Zealand Corporation. The fund will comprise funding for demonstration projects, an establishment fund for capacity and infrastructure building, and help for qualifying agencies develop housing proposals. It will also include funding to develop a third sector representative group.

The framework for how projects will be chosen is yet to be finalised, but it is proposed that partner groups would need to contribute at least 15 percent of the required resources (such as land, capital and labour). Housing New Zealand Corporation contributions would vary and could include loans, equity contributions and grants.

Potential projects could include housing for low income groups with specific or specialist housing needs such as people with disabilities or kaumatua housing.

Local Government Housing Initiative

Local Government is the second largest provider of social housing in New Zealand, after Housing New Zealand Corporation.

The main objective of this four-year initiative, which starts later this year, is to encourage councils to retain and add to their existing stock of social housing by providing assistance with the purchase of new stock and the modernisation of existing rental stock.

The details for the initiative are yet to be finalised but it is expected that government assistance will be in the form of interest-free suspensory loans for both acquisitions and modernisations. In the case of acquisitions it is proposed there would be a 50:50 split of the cost of purchasing the property between the council and Housing New Zealand. In the case of modernisations there would be a maximum 100 percent suspensory loan of \$30,000 per unit from Housing New Zealand over a specified term

A condition of the loans would be that the housing is retained for social housing purposes and must meet a community need. In return councils would have to agree to conditions whereby the government would be able to recover its contribution if the properties were sold or no longer used for social housing.

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New funding for third sector and local government social housing initiatives

In Budget 2003, the Minister of Housing announced new \$63 million funding for third sector and local government social housing to be spent over four years. The funding is intended to encourage third sector groups and local government to increase their involvement in providing social housing for low-income New Zealanders.

The objectives for local government initiatives are to encourage councils to retain and add to their existing rental housing stocks by helping them to buy new stock, modernise existing stock, and/or reconfigure existing stock; and to protect central and local government investment in local government-owned housing in the long run.

Acquisitions: Where a Council wants to buy a property, assistance will be in the form of an interest-free suspensory loan, with the cost split 50:50 between HNZC and the Council.

Modernisations: Where a Council wants to modernise a property, an interest-free suspensory loan up to a maximum \$30,000 per unit will be made available.

Reconfigurations: Where a Council wants to reconfigure housing stock that does not result in increased available housing, up to a maximum \$30,000 contribution will be made available per unit. Where the reconfiguration results in an increase, the Council can ask to split the cost 50:50 for the additional units.

Funding will be subject to conditions designed to protect the investment in local government social housing. Councils can continue to buy and sell housing after accessing the Fund, provided the proceeds of any sale are used for social housing purposes. If the proceeds are not put back into social housing, or the use of the property changes, the conditions will be put into effect. Conditions are currently under development.

The fund will be administered by the Housing New Zealand Corporation. All Councils are eligible to apply. Procedures for administering the fund are under development and priority will be given to proposals that demonstrate a Council's long-term commitment to maintain and build up their social housing portfolio, and that meet the following identified social housing needs:

- low to moderate income households whose housing needs are not currently being met by HNZC or the private market;
- low income households whose specialised housing needs are not being fully met;

For further information please contact:

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New Zealand Housing Strategy

The Housing New Zealand Corporation is leading development of a New Zealand Housing Strategy setting out a vision and strategic direction for the next 10 years.

The strategy will establish policies to support the housing activities of government agencies, the housing industry and wider community organisations. It will draw together initiatives, proposals and interventions across a number of government agencies that impact on housing, and will identify the linkages between housing goals and the wide range of government policies that affect them.

The strategy will reflect the fact that housing has far-reaching implications for individuals at all stages of their life, for communities, society and the economy as a whole. It will be consistent with existing government strategies, and will enable an integrated, "whole of government" approach to housing policy. It will also focus on housing policy's contribution to sustainable social and economic development.

The outcomes of the New Zealand Housing Strategy will be:

- a reduction in unmet housing need;
- reduced inequalities in housing;
- improved quality of the housing stock;
- a housing sector that encourages appropriate provision of, and investment in, housing.

Strategic goals that have been developed to contribute to those outcomes are:

- housing markets that are more efficient and effective;
- improved housing quality for all New Zealanders;
- better access to affordable and sustainable housing;
- more choice and diversity in housing;
- better integration of housing with other services;
- a housing sector with the capacity to deliver good housing.

Work on the strategy began in September 2001, when about 180 key stakeholders met to discuss issues affecting access to housing. During 2002, working parties were formed and Cabinet approved a framework for a New Zealand Housing Strategy. The working party reports are available at www.hnzc.co.nz

Local Government New Zealand is being consulted as the draft strategy develops and Councils will be invited to attend regional consultation meetings. You will also be able to comment on the draft strategy through a web-based submissions process.

For further information, or for a copy of the stakeholder reports, please contact:

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The economic benefits of Sister City relationships

Report to Sister Cities New Zealand

March 2003

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Preface

The New Zealand Institute of Economic Research (NZIER), based in Wellington, was founded in 1958 as a non-profit making trust to provide economic research and consultancy services. Best known for its long-established *Quarterly Survey of Business Opinion* and *Quarterly Predictions*, the Institute also undertakes a wide range of consultancy activities for government and private organisations. It obtains most of its income from research contracts obtained in a competitive market and trades on its reputation for delivering quality analysis in the right form, and at the right time, for its clients. Quality assurance is provided on the Institute's work:

- by the interaction of team members on individual projects;
- by exposure of the team's work to the critical review of a broader range of Institute staff members at internal seminars;
- by providing for peer review at various stages through a project by a senior staff member otherwise disinterested in the project;
- and sometimes by external peer reviewers at the request of a client, although this usually entails additional cost.

Authorship

This report has been prepared at NZIER by Joanna Smith and John Ballingall and reviewed by Ian Duncan. We gratefully acknowledge the valuable contributions of:

- Jeremy Dwyer and James Morgan (Sister Cities New Zealand)
- Margaret Cooper (Tauranga City Council)
- Fiona Vessey (Far North District Council)
- Ondine Crosby and Caroline Lassiter (Auckland City Council)
- Dave Adamson (Christchurch City Council)
- Jeny Lapham (Dunedin City Council)

We thank the numerous businesses, educational establishments and other organisations that provided information and time to this project. We also thank all respondents to our scoping survey.

EXECUTIVE SUMMARY

Brief

NZIER was commissioned by Sister Cities New Zealand, Local Government New Zealand, the Ministry of Economic Development and the Asia 2000 Foundation to fill the gap in existing knowledge related to the economic benefits of sister city relationships in New Zealand. We used a survey and visits to Councils, organisations and businesses around New Zealand to establish the types of economic benefits that have already arisen from sister city relationships, and those that are likely to occur in the near future.

A note on quantifying economic benefits

Quantifying the precise economic benefits of sister city relationships is fraught with difficulty. It is difficult to identify and attribute specific economic benefits to any one sister city relationship. Local-level data is often scarce, and in many cases commercial confidentiality restricted the information available to us. So rather than attempting to quantify the total economic benefits of sister city relationships in New Zealand, our research looked at selected programmes and projects. We focussed our investigation on ascertaining *how* sister city relationships have helped generate economic gains, and how this information could most usefully be applied to fostering economically successful sister city relationships throughout New Zealand.

Conclusions

1. *Sister city relationship have delivered economic benefits at the firm level*

Our interviews with firms that have used sister city relationships in their business plans indicate that, at the microeconomic (or firm) level, these relationships have delivered economic benefits. However, from a macroeconomic perspective (i.e. compared to total economic activity in New Zealand), these benefits are small.

Table 1 shows some examples of the economic benefits arising from the five sister city relationships we studied in depth. Note that it would be inaccurate to attribute all of these economic benefits to the fact that sister city relationships exist. Some of the benefits are due to the efforts of businesses and individuals that would have occurred whether or not a sister city relationship was in place. However, sister city relationships have certainly aided these transactions to take place, as they have been a catalyst for each project.

Table 1 Summary of case study projects displaying economic benefits

Project	Economic benefit
Auckland	
Exports of education	Estimated 700 students from Guangzhou, China. Direct benefit of \$24 million per annum.
Compendium	Attendance at trade fairs in Fukuoka, Japan, has opened up new markets for New Zealand gifts.

Transport network planning	Sharing of knowledge/technology transfer with Brisbane, Australia. There are potential benefits for Auckland from more efficient transport system.
Computerised information management	Sharing of knowledge/technology transfer with Brisbane, Australia. Improved efficiency of Auckland City Council computer systems.
Christchurch	
Kurashiki orchestra visit	Week long visit by 100-strong orchestra from Japan. Direct impact estimated to be around \$175,000.
Human Interface Technology laboratory	Technology transfer and knowledge sharing are highly likely to lead to commercial success in future, following example of US HIT lab. Enhances Christchurch's reputation as centre of excellence for information technology.
Canterbury Car Club	100 visitors from Adelaide attended a Premier 3 racing car meet. Direct impact estimated to be \$150,000. Possibility of a larger visit (230 team members) in 2004, resulting in additional expenditure of \$340,000.
DBS International Limited	Exports of comb honey to Kurashiki, Japan, worth over \$200,000.
Bone marrow project	Link with Fred Hutchinson Cancer Research Center, Seattle. Staff exchange and knowledge transfers represent cost savings and improved treatment for Christchurch facilities.
Australian publicity	Hour long documentary on Christchurch was shown on primetime TV in Adelaide, organised at low cost to the City. A 10 page glossy feature in <i>Encounter Australia</i> magazine was also organised. This kind of publicity represents valuable advertising.
Transport planning, 'green' building processes	Knowledge exchange with Seattle and Adelaide. Significant transfer of information at very low cost. Some interest shown overseas in purchases of environmentally-friendly electric buses from Ashburton.
Dunedin	
Wallis Nurseries	Nursery established in Shanghai, China. Two others set up elsewhere in China. Actual financial benefits so far have been small. Aim is to supply Councils with millions of plants for beautification of Beijing prior to 2008 Olympics.
Natural History New Zealand (NHNZ)	Dunedin's sister city relationship with Shanghai provided NHNZ with point of difference over competitors when selling there. Gave firm a headstart over rivals.
Beijing Broadcasting Institute (BBI)	NHNZ's contacts with the BBI has resulted in strong interest in Beijing students attending the University of Otago's film and design courses.
Otago Polytechnic	80 students from Otago, Japan per year for 4 week courses. Direct expenditure impact of around \$250,000. 10 students from other parts of Japan as a result - total tuition fees of \$150,000, plus expenditure on gifts, leisure, etc.
Far North	
Exports of education	Existing benefits are small as relationship with Liaoning province is young, but potential exists.
Māori tourism	Interest expressed by visiting delegations from Liaoning, potential for further visits.
Investment	List of investment opportunities in Liaoning presented to Far North District Council, passed onto MED and Industry New Zealand for advice.
Tauranga	

Jeifco International Limited	Agricultural firm now has office in Yantai, China, and has signed export contracts worth over \$1 million.
Peico New Zealand Limited	Knowledge exchange on aquaculture, potential opening of new export markets in Yantai.
Comvita	Exporting natural health products to Japan, via visiting delegations.

Source: NZIER

Table 2 outlines the direct costs of sister city relationship to the councils studied. This does not take into account the cost of committee volunteers' time or the expenses of businesses that put their own resources into projects related to sister city relationships. Without knowing the true cost of sister city relationships, it is very difficult to determine the *net* economic benefits arising from such linkages.

Table 2 Direct costs to Councils of sister city programmes

Costs per Council	Auckland	Christchurch	Dunedin	Far North	Tauranga
Sister city funding, 2002 FY	\$25,000	\$350,000	\$40,000	\$10,000	\$29,000
Staff resources (1)	1	1.5	As required	0.05	0.33

Notes: (1) Stated in terms of number of full time employees.

Source: City or Regional Councils

2. *These benefits are broad ranging*

Economic benefits typically cited as arising from, and attributable to sister city relationships include:

- Establishing business contacts.
- Providing a gateway into new markets and product lines.
- Enhancing the overseas reputation of both individual firms, and New Zealand as a whole – giving businesses a competitive edge.
- Reducing transactions and search costs in business negotiations.
- Attracting foreign-fee-paying students.
- Facilitating knowledge and technology sharing and joint research.
- Increasing tourism.

The first three points relate to the creation of potential economic benefits, whereas the last four points represent realised benefits.

3. *The potential benefits are augmented if opportunities are maximised*

There is substantial potential for extracting further economic benefits from sister city relationships. Some firms that we talked to have yet to see tangible gains from their business dealings via sister city links, but they expect in the near future to see a return on the resources that they have invested into developing networks and building trust overseas. Other firms expect the benefits that they have already enjoyed to increase over time.

If Councils and businesses wish to experience greater economic gains from their sister city relationships, they need to better take advantage of the opportunities that such links provide. The results of our interviews led us to create a set of best practice guidelines for Councils and firms to consider when they are looking to derive economic gains from their sister city relationships (see **Best Practice Guidelines** below).

4. *Sister city relationships are evolving – economic benefits are now more important*

Sister city relationships have evolved over time since their introduction in the 1950s, but government to government relationships remain very important in many countries. The relationships have traditionally focused on cultural and educational exchange and knowledge sharing. Although many of New Zealand's active sister city relationships still maintain this focus, a good many others now see the development of economic benefits as a key objective.

This change has occurred relatively recently in New Zealand and thus the business links that have occurred as a result of sister city relationships remain relatively young. However, the role (and subsequent economic pay-offs) of sister city relationships acting as catalysts to developing business linkages is likely to increase over the next decade.

Cultural and commercial objectives need not be mutually exclusive – enhancing cultural understanding in the short term can promote commercial exchange in the long run. In a world where cultural barriers have been lessened by technological developments such as the internet, and by increasing globalisation, it may be that less emphasis is required on the cultural aspects of these relationships. In addition, reduced barriers to the physical flow of goods, services, investment and workers have meant that it is imperative for most economies – and in particular small open economies such as New Zealand – to be outwards looking in their trade policies.

5. *Goal-setting and effective planning are the keys to success*

While objectives will differ across relationships, it is important that each one is planned and the aims explicit. That said, flexibility is also important, to accommodate changing objectives as relationships evolve and develop. Developing cultural links and understanding can lead to commercial benefits, and are an important foundation for successful business deals. Sister city committees' strategic plans therefore need to be reviewed regularly, to ensure they reflect changing priorities.

Sister city relationships can dovetail nicely with other strategic goals. Some of the most successful relationships focused on identifying and exploiting the region's competitive advantages and existing clusters and infrastructure. By targeting key growth industries, sister city relationships can build on both regional and national strategic economic goals, and maximise the economies of scale of their activities.

Best practice guidelines

Our case studies of successful sister city relationships highlighted a number of critical success factors, both for business and for Councils. By considering and implementing these suggestions, Councils will be able to improve the number of economic success stories resulting from their relationships. Businesses can improve their chances of using a sister city relationship effectively if they examine how other firms have succeeded.

Guidelines for Councils

- **Identify your targets** – exploit the comparative advantage of your locality.
- **Planning is vital** – have a strategic plan for each relationship. Build in regular reviews, and ensure that changing objectives can be accommodated.
- **Define the roles** – Councils are not always the best agency to conduct business negotiations, and roles should be delineated accordingly. Internal politics can be offset by using outside agencies for some activities.
- **It's a two-way thing** – include local businesses in trade promotion activities. But by the same token, know when to back off, and let the business partners negotiate the deal.
- **Don't rush things** – sister city relationships thrive on continuity of contact and the building of trust between local and overseas local bodies. Ensure that continuity of contact is not over-reliant on individuals.
- **Evaluation is essential** – evaluating Council activities, and keeping track of business successes helps demonstrate accountability, and contributes valuable information regarding best practice.
- **Savings are benefits too** – information and technology exchange can be a valuable, low cost source of information.
- **Make use of technology** – the internet provides an effective, low-cost vehicle for advertising your region and its comparative advantages.
- **Details matter** – Councils can help business by providing important cultural and background information.

Guidelines for business

Sister city relationships represent another tool in a business's toolbox. While they shouldn't be relied upon as the only way for a firm to achieve growth overseas, they can be an important part of any strategic business plan. In this respect, putting time and resources into sister city relationships should be regarded in the same way as any other investment. Building successful business relationships with sister city contacts requires up-front expenditure and effort, and will not generate immediate benefits. It can take time – sometimes years – for these efforts to bear fruit. Continuity of contact, and time spent establishing trust and building personal relationships is vital to maximising the economic benefits from sister city relationships.

- **Use the sister city relationship as a springboard** – sister city contacts can open the doors to new markets.
- **Planning is vital** – sister city links work best as part of a business plan. Details matter, and market research is essential to getting the details right.
- **Treat it like any other investment** – don't expect to reap the rewards straight away. Take the time to develop personal relationships and establish trust.
- **Savings are benefits too** – contacts made through sister city relationships and delegations can reduce transactions and search costs.
- **It's a two-way thing** – don't expect Council to do all the leg-work; be pro-active in following up contacts and seeking out the information you need.

REPORT TO METRO SECTOR MAYORS FORUM 29TH JULY 2003

Activities – Metro Sector CEO Forum

Purposes of Forum:

The principal purposes of the Forum, which meets every few months, are information sharing, consideration of strategic issues affecting the larger urban areas of New Zealand and providing an advisory role to the Metro Mayors Group as required. Specific work streams and reports are also initiated as necessary for consideration by government agencies and/or LGNZ.

The Forum provides an opportunity to keep abreast of the work programme of LGNZ, central government policy work and developing a co-ordinated view on how best to address issues affecting the heavily urbanised areas in terms of social and economic development, environmental management and good governance. There is also consideration of shared services concepts, best practices and successful innovations in respective authorities.

Recent Activities Included:

- *Quality of Life Indicators reporting – overview of 2003 document*
- *Sustainable Development Strategy and action at national, regional and local level*
- *The development of LTCCPs and policies*
- *E-government / E-local government*
- *LGA implementation plans*
- *Land Transport legislative issues – National Transport Strategy*
- *“Zero Waste and the New Zealand Waste Strategy” Working Party*
- *Weathertightness issues – Building Legislation*
- *Community safety – law and order*
- *Sharing of information on corporate services eg information technology, human resources, contract management etc.*
- *National Sport and Recreation Policy*
- *Framework for Triennial Agreements*
- *Development Contributions Policy issues*
- *Development of Best Practices - Management*

The Forum has been of significant value for all members and we look forward to advice and guidance from the Metro Mayors in respect of any issues that require our special attention across all Metro Councils.

We maintain strong linkages and alignment with LGNZ and SOLGM as necessary.

It is intended that the CEO Forum report to the Metro Mayors Forum at each meeting.

Colin Dale
Convenor, Metro Sector CEO Forum

Recommendation: “That the report be received.”

**The
PROSTITUTION REFORM ACT
and
LOCAL BODIES**

Tim Barnett MP
July 2003

Contents

- Objective of Act
- Decriminalisation
- Harms and response in Act/existing law
- Review process
- Key implementation agencies
- Suggested good practice guide for local bodies

Objective

- To decriminalise prostitution; and
- To create a framework that:
 - safeguards the human rights of sex workers and protects them from exploitation;
 - promotes the welfare and occupational health and safety of sex workers;
 - is conducive to public healthetc etc

The Act is based on a decriminalisation concept (rather than legalisation or partial/total prohibition)

Decriminalisation

- = harm minimisation
- = specific, enforceable, harm-focussed prostitution-related laws
- plus
- exposure to general law

Harm

- Threat of sexually transmitted infections
- Poor occupational health and safety standards

Response

- Clauses 8 and 9 - safer sex obligations
- Clause 10 – HSE Act applies

Harm

- Offensive media advertising
- Offensive public signage

Response

- Clause 11 – partial media advertising ban
- Clause 12 and 13 – by-law making power

Harm

- Brothel location unsuitable/offensive

Response

- Clause 14 – by-law making power
- Clause 15 – additional resource management powers

Harm

- Coercion (inducing, compelling) into prostitution
- Client violence

Response

- Clause 16 – clarified law, stronger penalties
- Clause 17 – empowers sex worker to withdraw from contract

Harm

- Being forced into sex work
- Prostitution-related immigration abuses

Response

- Clause 18 – benefit unaffected by refusal to work as sex worker
- Clause 19 – amendments to Immigration Act *plus* existing anti-trafficking provisions

Harm

- Involvement of under-18 year old sex workers
- Involvement of unsuitable operators

Response

- Clauses 20 to 24 – tougher penalties against clients and operators
- Clauses 34 to 41 – operator certification

Harm

- Harassment or offensive behaviour on the pavement by sex workers

Response

- Existing Summary Offences Act provisions

Review Process



- Reports in 3-5 years.
- Initial snapshot of the industry
- Nominees covering:
Justice, women, youth, health, police,
operators of sex business, local government,
sex workers.

Key implementation agencies



- Department of Labour
- local bodies
- New Zealand Police
- New Zealand Prostitutes Collective
- Occupational Safety and Health
- public health
- sex industry operators
- voluntary sector (entry avoidance and exit encouragement services)

Suggested good practice guide for local bodies



1. Understand the new law and the drivers and principles behind it.

Good practice guide



2. Set up an open process involving key local interest groups:
- Sex workers, public health, youth agencies, police, operators, OSH;
 - Ongoing, with the local body acting as a catalyst

Good practice guide



3. Map the local sex industry scene and identify local priorities for action

Good practice guide



4. Develop principles for considering the specific options which local bodies have in the Act
- eg
- harm minimisation
 - enforceability
 - compatibility with Purposes of Act

Good practice guide



5. Make appropriate decisions, working on technical matters with the Local Government New Zealand Working Party

Potentially challenging issues

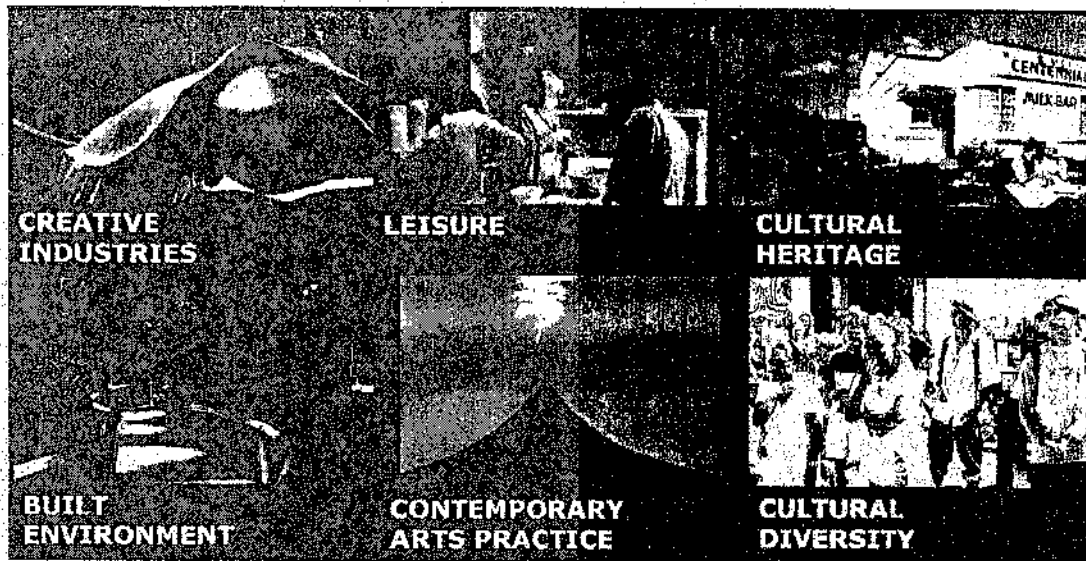


- Resource Consent for existing brothels previously operating as escort agencies in non-commercial areas
- Defining "offensive" re signage
- Effective consultation with sex industry interests (operators ≠ sex workers)
- Understanding Act's impact on industry patterns

Over to you
(working with the agencies in your community)!



Streams that draw on and engage human creativity feed the cultural wellbeing of communities



These streams can be viewed as fields of local government activity that when actively managed, will, generate cultural as well as economic, social and environmental wellbeing.

Because cultural wellbeing is broader than the arts or the mandate of any one agency, the development of an information base needs a multi-agency approach. Creative New Zealand is committed to working proactively with Local Government New Zealand and other agencies.

Creative New Zealand can provide assistance and information including:

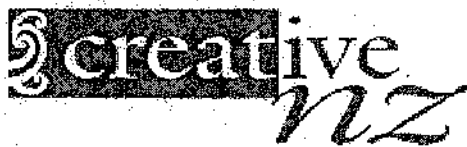
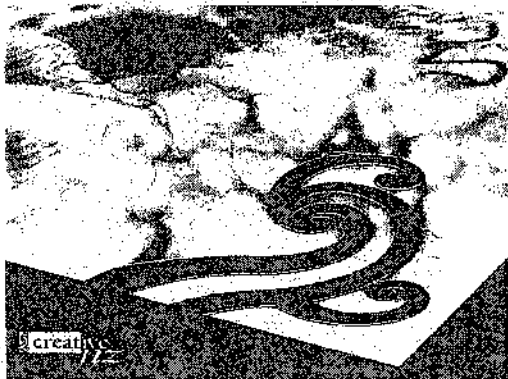
- best practice case studies;
- a planning tool called, *The Tool Kit*, which provides practical information about community consultation;
- information about our funding programmes that can support the types of projects you are undertaking;
- contacts for Creative New Zealand staff with responsibilities relevant to local government;
- links to relevant websites, organisations and groups in New Zealand's arts and cultural sector.

Copies of the Creative New Zealand's Cultural Wellbeing address to the Local Government New Zealand conference July 2003 can be downloaded from the Resources section of the Creative New Zealand website www.creativenz.govt.nz

Cultural Wellbeing Presentation to the Local Government New Zealand Conference July 2003 by Creative New Zealand

"We believe that the new local government legislation creates a 'once-in-a-generation' opportunity to work towards the holistic integration of the social, economic, cultural and environmental dimensions of life to generate long-term vitality and sustainability in New Zealand's diverse communities"

- culture defines and shapes both the physical and social aspects of a place and the communities to be found there.
- concepts of 'culture' within a local government setting might commonly include the following elements: community and individual identity, language, place, spirit, stories, symbols and the land.
- local government is already engaged in promoting cultural wellbeing.
- when local government actively attends to the cultural wellbeing of diverse communities within a town or city and couples cultural and social respect with up-to-date infrastructure, people want to stay and communities thrive.
- local authorities can now take an integrated, holistic approach to planning with the result that cultural dimensions will be addressed in all the work of a Council work rather than just confined to, for example, a cultural plan.



www.creativenz.govt.nz

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