

Towards a Definition of the Problem in Auckland Local Governance

**A collation of previously published views to inform
Waitakere City's consideration of matters to be
addressed by the Royal Commission on Auckland
Governance.**

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Introduction

Purpose of the Report

In recent years, there have been many local, regional and national articulations of the “Problems with Auckland” seeking to influence public policy and/or funding allocation. This report gathers together these expressions of problem definition and contextualises them, by making transparent the interests that are served and highlighting “issues” in a way that they can be examined and compared. This brings the benefit of drawing out commonly voiced opinions and recurrent themes, but does not necessarily provide a full range of views or concerns.

This report also particularly seeks to investigate the implicit problems suggested by the Terms of Reference of the Royal Commission on Auckland Governance with a view to examining the areas in which WCC may make submissions to the Commission.

It is first useful to acknowledge that all cities have problems. In Auckland’s case the problems appear to be multi-layered and systemic. What is specifically being sought through the work of this Royal Commission is to examine both the form of governance best suited to Auckland and the nature of governance issues currently facing it. Precise problem definition is a very important precursor to identifying solutions.

Waitakere is well placed to consider these issues because of its ‘principles-based’ and holistic approach in local governance; leading many social and environmental initiatives locally and regionally. This is because Council has recognised that a strong city is one that engenders in its residents a strong attachment to specific places, and that this unites people in a shared identity which empowers them.

Local government is expressly mandated and well placed to consider the views of others in its decision-making processes. It is also well placed to ‘filter’ these voices; balancing the desires, aspirations and demands of multiple stakeholders and communities.

Recent regional strategic documents have been drawn upon in this report also. These documents include:

- The START Forces paper
- The Auckland Sustainability Framework
- The Auckland Metro Plan
- Local governance reports on regional governance
- The review by Greg Clark on Strengthening Auckland's governance

Structure of the Report

Section One of the report sets out the implicit problems suggested by the Terms of Reference of the Royal Commission. Section One looks at seven key areas for consideration, which are included in the terms of reference. These areas are:

- Funding and Rating levels
- Legislation
- Boundaries of the Auckland Region
- Relationships and collaborative arrangements between central and local government
- Ownership, Institutions, Governance, Institutional Arrangements and Funding
- Governance and Representation
- Transition processes

Under each of these headings organisations that have made comment on the area are listed along with the problems they perceive in that area and their suggested solutions to those problems.

Section Two of the report outlines the perceived issues, proposal for change and suggested benefits from each group/paper that has been examined.

1. IMPLICIT PROBLEM DEFINITIONS AND COMMENTS FROM VARIOUS ORGANISATIONS ON EACH PROBLEM

This section of the report examines the implicit problems, which are suggested by the Terms of Reference of the Royal Commission on Auckland Governance. Each problem is posed in the form of a statement, this is followed by each of the groups/reports which have been examined and a brief outline of what each document has said about the problem and the suggested solution of each group or report.

1.1 THERE IS A PROBLEM WITH CURRENT FUNDING/RATING LEVELS AND THIS NEEDS TO BE ADDRESSED

LOCAL GOVERNMENT RATES INQUIRY

Perceived problems

The seven territorial authorities in the Auckland Region are diverse. They have different rating systems including rating on annual value, land value and capital value. Each Council uses debt in different ways and structures their water and wastewater businesses differently. Some councils are showing insufficient financial restraint and they pay inadequate attention to the equity and affordability of their plans. Local government does not adequately present key choices or alternatives in LTCCPs to facilitate input by citizens and to enable councillors to adequately manage and prioritise expenditures.

Solutions

The Local Government Rates Inquiry has suggested that a common rating system based on capital value be applied across the country (including Auckland) for general rates. In addition, local government needs to show more restraint in its expenditure and to improve its planning function, which drives this expenditure. In addition to these measures there is scope for reduction in rates by greater use of debt funding for long-life assets and for reducing the extent to which depreciation is funded.

Rates should remain central to local government revenue, although being reduced to 50% as a percentage of operating revenue. There is no 'pot of gold' available either from existing central government revenues or from new taxes to provide additional funding to local government.

Greater central government investment could be utilised and there are instruments that could be further developed for the use by local government that would help raise additional revenue and address funding issues. Some suggestions include an international visitor environmental levy, the existing Local Authority Petroleum tax (an increase of 2 cents a litre on petrol) and the establishment of an 'Infrastructure Equalisation Fund' to provide greater Government assistance for infrastructure for the three waters.

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

The Property Council of New Zealand perceives that the problems with Auckland stem from inadequate funding, multiple funding and provider agencies, competition between agencies and inadequate existing infrastructure. The Council suggests there are too many agencies that plan, fund and provide for transport in Auckland. This decreases the possibility of efficiency, collaboration and cohesion between key services. The Auckland region's water and wastewater industry is complex and fragmented and therefore expensive.

Solutions

Solutions include moving away from property rates as the only form of taxation, using debt funding for major infrastructure projects in the Auckland region to enable intergenerational equity, producing a clear plan for funding and defining a clear vision of funding. In particular they suggest providing and managing an integrated land transport strategy that is free from ambiguity and political interference, for the purpose of meeting the transport needs of existing and future commuters

THE LOCAL GOVERNMENT FORUM

Perceived Problems

The Local Government Forum concludes that rates are too high especially for the Business sector with the level of rates being excessive and their distribution being unfair. Substantial expenditure growth has been foreshadowed in the LTCCPs. The Forum believes there are large gaps between the Auckland Regional Transport Authority's plan for public transport and the provision that has been made in the Auckland Regional Council LTCCP. There are continuing issues over the funding of the Auckland City Art Gallery and the Auckland Zoo (which Auckland City Council argues that other Council's should fund as well). This is another inequity in the region.

Solutions

Solutions to these problems include limiting the scope of councils to impose inefficient and inequitable funding, with the core activities of the councils being prescribed in legislation. Councils would be required to obtain the explicit consent of the affected ratepayers before undertaking significant activities that extend beyond their core business. The general rate would continue to be the main tax available to raise revenue for the councils. However councils would be permitted to apply a lower general rate to all ratepayers in a defined area where clearly specified services available to ratepayers in general were not available to those in the affected area. Councils would continue to apply uniform annual general charges with the current 30% cap removed. The power of councils to impose financial and development contributions should emphasise efficient pricing and taxing principles. All government owned land used should be rateable and councils would be required to supply ratepayers with an itemised rate demand

NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT

Perceived problems

The New Zealand Council for Infrastructure Development argues that there is insufficient revenue at the regional level.

Solutions

The solution to this problem is to change the governance structure of the Auckland Region by introducing one greater Auckland Council with new funding sources and responsibilities to produce more certainty and responsibility for funding and service delivery.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived Problems

The Stronger Auckland forum suggests that the problems with Auckland are that the region fails to deliver on strategy because of fragmented powers and accountabilities for funding and service delivery and commitment to fund, that there is a lack of certainty (especially in funding) and there is insufficient revenue at the regional level.

Solutions

Solutions suggested in the Strengthening Auckland's Regional Governance paper include securing multi-year funding agreements between central and local government, establishing a process between councils of the region and central government to agree on funding for regional facilities and amenities and transition arrangements as well as investigating expanding shared services arrangements, and identifying ways of optimising current rates bases and tools.

1.2 THERE MAY NEED TO BE A REVIEW AND/OR CHANGE IN LEGISLATION IN ORDER TO ACHIEVE OR SUPPORT THE INQUIRYS OBJECTIVES

THE LOCAL GOVERNMENT FORUM

Perceived Problems

The main pieces of legislation, which the Local Government Forum perceives as a problem, are:

- The Resource Management Act 1991
- The Building Act 2004

Solution

The solution to this problem is to conduct a first principles review should be undertaken of the Resource Management Act 1991, the Building Act 2004 and other regulations that councils administer.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived Problems

There is heavy reliance on voluntary and statutory joint decision-making especially with regard to transport strategy but these joint decisions 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.

Solutions

The solution to this is to amend transport legislation to enable the Regional Land Transport Strategy to specify major projects, as well as strategic areas for focus and activity. Although the Regional Land Transport Committee membership should remain broad to include interested stakeholders, voting could be restricted to those responsible for funding the Regional Land Transport Strategy's implementation.

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

Auckland's infrastructure development has not kept up with the region's rate of growth. There are too many agencies that plan, fund and provide for transport in Auckland. This decreases the possibility of efficiency, collaboration and cohesion between key services. Auckland region's water and wastewater industry is complex and fragmented

Solutions

The solution is to amend the Local Government Act (2002) to enable public-private partnerships for the provision of infrastructure and to clarify the development and governance of regional service infrastructure through prescriptive legislation

1.3 THE BOUNDARIES OF THE AUCKLAND REGION MAY NEED TO BE REASSESSED OR THERE MAY NEED TO BE CHANGES TO THE COLLABORATIVE ARRANGEMENTS OF CITIES ACROSS THE AUCKLAND REGION

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

There are too many territorial authorities that administer Auckland with different bylaws, regulatory processes and conflicting policy agendas. In addition to this there are too many agencies that plan, fund and provide for transport in Auckland. This decreases the possibility of efficiency, collaboration and cohesion between key services.

Solutions

Solutions to these problems include establishing one regional governance body and 20 community councils, integrating the agencies responsible for managing land transport infrastructure, as well as providing and managing an integrated land transport strategy. In addition regional agencies would be developed to provide core regional services encompassing water, transport, economic development, planning and regulation, as well as regional parks and facilities. Vertical integration of water and wastewater services in the Auckland region would occur.

THE LOCAL GOVERNMENT FORUM

Perceived Problem

There are conflicts of interest between regional councils and territorial local government over the provision of goods and services as well as regulatory responsibilities.

Solution

Create a single public entity that is corporatised and a move toward direct pricing in a competitively neutral environment. Following an analysis and allocation of functions and activities among regional and territorial councils and the establishment of separate entities, the existing boundaries of territorial authorities might be examined.

NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT

Perceived problems

The New Zealand Council for Infrastructure Development sees the problems with boundaries as including duplication of common functions across the region leading to inefficiency and higher than necessary costs. Duplicating activities is wasteful and leads to inconsistent standards. This also means plans aren't integrated with each other, there are competing interests and there is no big picture for Auckland's priorities. No single organisation has full responsibility for the region's infrastructure.

Solutions

Solutions to these problems include unifying local authority, central government and non-governmental leadership within Auckland in a single organisation that will provide direction, services and leadership across the region. Within the organisation five service agencies would plan and provide transport, water services, economic development, regional parks and facilities, and regulatory and environmental services. The proposed Community Council structure would be based on the current parliamentary electoral boundaries. It builds up the local in local government

and lines up central government representation taking the co-ordination of leadership even further in a positive direction.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived Problem

There is generally adequate strategy but this is not fully integrated or aligned into an overall direction that indicates the region's priorities.

Solution

Create a greater Auckland council with a new name, new directly elected representation arrangements, broader role and responsibilities, and access to new funding sources as well as regional rates.

1.4 THERE MAY NEED TO BE CHANGES TO THE RELATIONSHIPS AND COLLABORATIVE ARRANGEMENTS BETWEEN CENTRAL AND LOCAL GOVERNMENT TO MAKE THEM MORE EFFECTIVE

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

The Property Council of New Zealand perceives that there are too many territorial authorities that administer Auckland with different bylaws, regulatory processes and conflicting policy agendas. This impacts on the ability of the Auckland region to interact with central government.

Solutions

Solutions include establishing one regional governance body and 20 community councils to allow better relationships between central and local government and embarking on a co-ordinated long-term infrastructure planning and asset management program, which involves central, local and regional government, and non-government organisations.

NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT

Perceived problems

In this category the New Zealand Council for Infrastructure Development sees fragmented powers and accountabilities, disunity, competing leadership, and duplication of common functions across the region. National and regional needs have been subordinated to inward looking local interests and mislocated decisions wrongly undertaken at the national or local sphere of government when the impacts are mostly regional.

Solutions

A single organisation where elected representatives will be required to act in the interests of the region and work closely and co-operatively with community councils and local Members of Parliament. Community Councils would be a link between community organisations, special interest groups, the local Member of Parliament and the constituent One Auckland Council member.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived Problems

There is generally adequate strategy but this is not fully integrated or aligned into an overall direction that indicates the region's priorities to central government. The region fails to deliver on strategy because of fragmented powers and accountabilities. Some decisions appear to be "mislocated" (undertaken at the national or local sphere of government when the impacts are mostly regional)

Solutions

Stronger Auckland suggests the creation of a Greater Auckland Council, tasking it with developing 'One Plan' for the Auckland region to promote social, economic, cultural and environmental well being through prioritised action plans. For central government, Stronger Auckland suggests developing new national strategies that link with and guide regional strategies, and importantly, guide central government funding and delivery. Establishing a process between the councils of the

region and central government to agree on funding for regional facilities and amenities and transition arrangements are also seen as important.

1.5 OWNERSHIP, INSTITUTIONS, GOVERNANCE, INSTITUTIONAL ARRANGEMENTS AND FUNDING MAY NEED TO CHANGE TO ENSURE THE EFFECTIVE, EFFICIENT AND SUSTAINABLE PROVISION OF PUBLIC INFRASTRUCTURE, SERVICES AND FACILITIES

1.5.1 Infrastructure, services and facilities

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

Auckland's infrastructure development has not kept up with the region's rate of growth. This is in part due to inadequate funding, multiple funding and provider agencies, competition between agencies and inadequate existing infrastructure. There are too many agencies that plan, fund and provide for transport in Auckland. This decreases the possibility of efficiency, collaboration and cohesion between key services. The Auckland region's water and wastewater industry is complex and fragmented leading to further deterioration. Urban sprawl is costly leading to infrastructure and environmental costs.

Solutions

Solutions for these issues include embarking on a co-ordinated long-term infrastructure planning and asset management program, which involves central, local and regional government, and non-government organisations. It will also be important to secure adequate and sustainable funding that will enable current and future regional land transport infrastructure to be developed to meet the needs of current and future users. Committing to an infrastructure paradigm in the Regional Land Transport Strategy that acknowledges that effective transport systems require optimisation of roading and public transport capacity to meet consumer needs is critical. Integrating the numerous agencies responsible for managing parts of regional land transport infrastructure in Auckland to achieve effective governance, eliminate contestability and streamline transport planning, as well as vertically integrating water and wastewater services in the Auckland region needs to be undertaken. Making changes to the laws that regulate water and wastewater services in the Auckland region to minimise the end cost of water and wastewater services to retail and trade-waste customers and amending the Local Government Act (2002) to enable public-private partnerships for the provision of water infrastructure should be implemented.

THE LOCAL GOVERNMENT FORUM

Perceived problems

Difficult and inefficient decision-making processes especially relating to transport planning, roads and public transport services. Another problem is the gaps between Auckland Regional Transport Authority's plan for public transport and the provision that has been made in the Auckland Regional Council LTCCP.

Solutions

The Local Government Forum suggests the development of a more commercial approach to water and wastewater. A review of the regulatory framework for water and wastewater should be undertaken and reorganisation of transport throughout the region facilitated.

NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT

Perceived problems

Plans aren't integrated with each other, there are competing interests and there is no big picture for Auckland's priorities. There is no single organisation has full responsibility for the region's infrastructure and this has led to fragmented powers and responsibilities meaning strategies are not delivered on.

Solutions

The solution is a "One Auckland" organisation, which would be created. Within the organisation five service agencies would plan and provide for transport, water services, economic development, regional parks and facilities, and regulatory and environmental services.

THE METRO PROJECT ACTION PLAN (AUCKLAND PLUS)

Perceived Problems

Infrastructure constraints including significant expenditure which is required to redress long-standing under-investment, most notably in transport, energy and telecommunications. There has been limited success in regional coordination and integration.

Solutions

Solutions include developing world-class infrastructure and world-class urban centres by coordinating infrastructure planning, decision-making and investment. Planning should be undertaken for all infrastructure within the wider context of a single vision for the Auckland city-region. There needs to be a start on delivering on energy and broadband infrastructure requirements. Completing an energy prospectus to secure supply and better manage demand and fast-tracking widespread, high-speed broadband deployment and uptake throughout the region are priorities.

COMMITTEE FOR AUCKLAND

Perceived Problems

The infrastructure needed to connect New Zealand and Auckland to the world is not adequate for a first world region. Auckland's urban growth is not linked to productivity. Urban sprawl is costly

1.5.2 Auckland's economy needs to be assessed in light of the impact it has on the New Zealand economy and how governance impacts on this

THE METRO PROJECT ACTION PLAN (AUCKLAND PLUS)

Perceived Problems

The Metro Project suggests that Auckland has made limited productivity gains. Auckland's productivity is only slightly higher than the New Zealand average, which lags at 79 per cent of the OECD average and that there is an over-reliance on domestic-led growth. Auckland's average exports account for only 20 per cent of the total national export value.

Solutions

Solutions provided for in the Metro Auckland Project include:

- Take effective and efficient action to transform Auckland's economy

- Take an integrated region wide approach to transforming Auckland
- Deliver a single plan for the Auckland city-region
- Demonstrate strong and united leadership
- Establish well-resourced and well-coordinated response and delivery mechanisms
- Develop world-class infrastructure and world-class urban centres
- Co ordinate infrastructure planning, decision making and investment
- Plan for all infrastructure within the wider context of a single vision for the Auckland city-region
- Deliver on energy and broadband infrastructure requirements
- Complete an energy prospectus to secure supply and better manage demand
- Fast-track widespread, high-speed broadband deployment and uptake throughout the region

COMMITTEE FOR AUCKLAND

Perceived Problem

Auckland's economy is focused on domestic consumption rather than export earnings and productivity is lower than expectation.

Solutions

The solution is to refocus the economy to create a dynamic and collaborative business region where there is an acceleration of liveability and a generation of talent and knowledge within the region

1.5.3 *Auckland needs to compete with other international cities as a desirable place to live, work, invest and do business*

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

There are too many territorial authorities that administer Auckland with different bylaws, regulatory processes and conflicting policy agendas this means that Auckland's infrastructure development has not kept up with the region's rate of growth and there has been inadequate funding of infrastructure meaning that Auckland is not competing as well as it could on an international stage.

Solutions

Solutions to this problem include initiating a regional symposium on the current and future role of the town centre, using the information gathered from the town centre symposium to develop and implement a policy on town centre development and revitalisation, which encompasses consumer demand and investment decisions. A complete review of nodal town centres within the Auckland region should be carried out to improve amenities, and better regulate zoning and commercial activities so that the town centre is a desirable place to live, work and play. The development and integration of a more comprehensive housing affordability policy into the Regional Growth Strategy and the development and implementation of a policy for population, employment and a skilled labour market needs to be done.

THE LOCAL GOVERNMENT FORUM

Perceived Problems

Local government places considerable weight on the consultative process but councils are poorly placed to judge the diverse preferences of ratepayers. Consultations fail to generate the information required to evaluate the proposals. Few ratepayers participate as citizens because they believe their views are unlikely to influence council's decisions. There is a feeling that the consultation process is a sham/waste of time and that participant's views are unlikely to influence council decisions.

Solutions

Core activities of local government should be enumerated in the Local Government Act 2002. Other significant activities could be undertaken provided that more than a simple majority of ratepayers approve of such activities in a referendum. This would mean that the LGA 2002 should be reworked to reflect that local government has a vital but limited role.

NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT

Perceived Problems

There is no united public mandate and no united Auckland voice with regard to central government Auckland leadership needs to be fit for future needs and be able to deal with increasing uncertainty, complexity, diversity and change.

Solutions

A single organisation "One Auckland" would take full responsibility for all services currently provided across the 8 local authorities.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived Problems

There is generally adequate strategy but this is not fully integrated or aligned into an overall direction that indicates the region's priorities. This means that there is a lack of certainty (especially in funding), clarity, understanding, mandate, leadership and a single voice for Auckland with central government. This is impacting on the ability of Auckland's economy to grow and develop.

Solutions

Create a Greater Auckland Council with a new name, new directly elected representation arrangements, broader role and responsibilities, and access to new funding sources as well as regional rates. In addition to this, there would be an expansion of the regional economic development agency Auckland Plus, to include regional tourism and events management. There would also be the development of 'One Plan' for the Auckland region to promote social, economic, cultural and environmental well being through prioritised action plans.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (GREG CLARK REVIEW)

Perceived problems for International cities

Greg Clark has set out some of the factors which are driving the international trend towards local governance reform. Some of these factors include:

- Global demographics and human mobility
- Globalisation of the economy, industrialisation, knowledge, science and trade
- Environmental imperatives and climate change/volatility
- Technology developments (ICT, nanotechnology and bioscience)
- Continental integration
- The need to be efficient, equitable and economically competitive
- The need to provide a sense of place in a dynamic world
- The need to scale governance to the new geography of metropolitan regions
- Recognition that governance needs to be adaptable to further change and be "future proofed"

Solutions

The solution to these drivers varies depending on the level that the factor is operating at and the individual circumstances of the city-region. Some of the suggested solutions include:

- Horizontal and vertical collaboration
- Flexibility
- Focus on the capacity of local and regional leaders to broker and articulate common agendas to allow joint planning, investment and the engagement of private and civic sectors including NGO's
- Functional independence
- Building leadership function for the region as a whole
- Identifying and measuring the significance of the metropolitan region's contributions to the success of the wider territorial unit
- Assessing the major challenges facing the metropolitan region in an international context
- A focus on long term fundamental issues which will support functionality of the region
- Working towards a single purposeful plan for the region
- Integration of the different strategies into one framework which is underpinned by a core evidence base and expressed in a single narrative
- Engaging support from higher tiers of government
- Building greater investment and financing capacity
- Building implementation capacity
- Identifying catalysts
- Measuring and benchmarking progress regularly against agreed goals
- Engagement of media attention
- Building regional identity

THE METRO PROJECT ACTION PLAN (AUCKLAND PLUS)

Perceived Problems

Auckland businesses consistently report difficulty in finding labour. There is wide spread skill shortages in a tight labour market. There is disproportionately low educational achievement and employment levels among Maori, Pacific and some immigrant communities and low levels of business expenditure on investment and research & development.

Solutions

Solutions suggested in the Metro Auckland Plan include creation of strong and distinctive centres within the region, bringing the world to Auckland, building on Auckland's distinctiveness. In addition to these strategies Auckland could be positioned as a major event destination with an event portfolio to build world-class capability and profile. This could be done in conjunction with the Rugby World Cup to create long-term benefits.

The development of a skilled and responsive labour force would build on an integrated, region wide approach to tackling Auckland Skill issues, the establishment of a business-led skill leadership group facilitated by the regional economic delivery agency, matching training provision with skill needs are all potential solutions to the labour problem. To assist all of these strategies there would be a centralised information system to map regional skill needs, aggregation of activities by providing a web portal-based one-stop shop for education, training and recruitment information and a positive influence on career decisions by building improved capacity for career advisers and teachers.

Better meeting business skill needs could be produced by providing closer, clearer links between training and industry, including encouraging continuous skill building by promoting lifelong learning to parents and families, promotion of education and skilled employment within diverse communities. Coordination and bringing to scale successful local initiatives, promotion of workplace productivity best practice to Auckland city-region employers and taking a region wide approach to coordinating innovation programmes and agencies also needs to be undertaken.

There would be an establishment of a business-led innovation leadership group that is facilitated by the regional economic delivery agency which would supervise 20 to 30 high-growth potential businesses as a pilot study, providing better support for early stage businesses with high growth potential, improving access to pre-seed funding, improving coordination and information sharing between angel investor programmes and investor networks.

Central government could assist by ensuring tax policy rewards investment in early-stage ventures. There would be a strengthening of collaboration between Auckland businesses, Universities and Crown Research Institutes as well as identification of the next Centre of Research Excellence to be funded in Auckland. Improvement in tertiary research funding to support research that can be commercialised would be focused on as well as gaining more value from off shore networks and leveraging international networks to strengthen connections between existing networks and programmes.

COMPETITIVE CITIES IN THE GLOBAL ECONOMY (OECD REPORT)

Negative aspects of metro regions

The OECD report suggests a number of negative aspects of metro regions including:

- Congestion costs including traffic, and a reduction in the air, water quality and the environment generally including noise levels.
- High levels of mental illness and infectious disease
- Limited recreational facilities
- High cost of living/over heated housing and property market
- Pollution
- Poor infrastructure
- Poor social cohesion
- Poor political cohesion
- Poor fiscal cohesion
- Poor special planning and the organisation of public service provision

Solutions

There are four possible directions outlined in the OECD report which have been utilised by a range of OECD countries to overcome the negative aspects of metro regions, these are

- Reshaping of governance structures to fit or to approximate to the functional economic area of the metropolitan region
- Cooperative arrangements through inter-municipal joint authorities, most often on a voluntary basis, such as sectoral or multi-sectoral agencies
- Informal coordination bodies such as platforms, associations or strategic planning partnerships, often relying on existing networks of relevant actors, without necessarily following the logic of territorial boundaries
- Fiscal arrangements such as equalisation mechanisms and tax-base sharing whose main purpose is to deal with fiscal disparities and territorial spillover within the area as well as public-private partnerships and contract services

COMMITTEE FOR AUCKLAND

Perceived Problems

The Committee for Auckland sees one of the "brakes on Auckland" being that Auckland's relative quality of living is trending down and the relative cost of living is trending up. There are widening gaps in housing and income, educational outcomes, migrant integration, the diversity of the workforce and a shortage of skilled labour, which are threatening social cohesion. Educational outcomes are variable

Solutions

A possible solution to this is the acceleration of liveability in the Auckland region, generating talent and knowledge and increasing global relevance.

AUCKLAND SUSTAINABILITY FRAMEWORK (REGIONAL GROWTH FORUM)

Perceived Problems

The Auckland Sustainability Framework sees learning from the past, enhancing Auckland's current wellbeing and creating a positive and enduring legacy as key factors in improving the current situation in Auckland. The need to develop a resilient region that can adapt to change by building strong communities and robust ecological systems, and designing flexibility into the economy, infrastructure and buildings is a must.

Solutions

Solutions to this include putting people at the centre of thinking and action, thinking in generations, not years, valuing Te Ao Maori, ensuring an activation in citizenship, creating prosperity based on sustainable practices, reducing our ecological footprint, building a carbon neutral future and integrating thinking, planning, investment and action

1.5.4 A sustainable policy needs to be developed specifically for the Auckland region

SUSTAINING THE AUCKLAND REGION TOGETHER (START PROJECT)

Perceived Problems

The START project looked at a number of key areas where there are potential problems which need to be addressed. These included:

- Climate change/Natural hazards
- Resource availability
- Energy scarcity

- Uncertainty in technological advancement
- Worldviews and the values that underpin them
- Consumerism
- City identity and the place of migrants (demographics)
- Globalisation
- Inequalities in society – especially due to the increase in oil prices

Solutions

Solutions to each of these perceived problem areas are set out below.

Climate Change and natural hazards

- Harness the use of resources
- Better handle the demand and supply of resources
- Reverse the degradation of resources especially that caused by agricultural practices

Resource availability

- Decentralised infrastructure to build resilience into the electricity and water networks
- Demand side management to improve efficiencies in resource use
- Drip irrigation systems to reduce water consumption
- Use technology to transform "waste" resources into viable substitutes for otherwise declining supplies
- Reduce the waste generated by resource use and therefore curb the impacts on the environment
- Move towards close-production systems to reduce the material throughput of the economy. This involves the design and manufacture of goods which incorporate materials that are easily reconstituted into new or different products.

Demographics

- Policies to encourage immigration, especially of younger and skilled migrants
- Policies to direct migration to other centres in New Zealand and away from Auckland
- Policies to encourage earlier family formation and higher fertility rates among Aucklanders eg tax subsidies for children and family friendly workplaces

Globalisation

- Embrace and grow the knowledge economy
- Identify and express Auckland's uniqueness
- Offer world-class transportation and communications facilities
- Maintain strong external relationships with strategic partners
- Utilise migrant community's contacts and influence with markets to strengthen connections and further trade opportunities
- Provide strong, sustained and informed leadership with a vision of the city's future in a global environment

Technological transformations

- Maximising the substitution of information flows for energy flows
- Moving towards more localised solutions
- Using local materials and sustainable energy sources
- Utilising waste flows for free energy
- Adopting technologies which enable distributed systems
- Adopting economic development and social paradigms which are self organising and participatory rather than hierarchical

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived Problems

There is generally not a fully integrated or aligned strategy to determine an overall direction that indicates the region's priorities. Due to this the region fails to deliver on strategy because of fragmented powers and accountabilities for funding and service delivery and commitment to fund.

Solutions

Establish a Regional Sustainable Development Forum, as a standing committee of the Greater Auckland council. This forum would comprise elected representatives from all of the region's councils, plus central government and non-governmental representatives as required. Task the forum with developing 'One Plan' for the Auckland region to promote social, economic, cultural and environmental well being through prioritised action plans. The plan will include agreements on how actions will be funded.

AUCKLAND SUSTAINABILITY FRAMEWORK (REGIONAL GROWTH FORUM)

Perceived problems

The Auckland Sustainability Framework sees the problems with Auckland including climate change, high population growth, the need to build a carbon neutral environment, competition between public sector actions and market forces to bring about carbon neutrality, anticipating future challenges and opportunities, working within ecological limits, acknowledging social, cultural, environmental and economic inter relationships, learning from the past, enhancing Auckland's current wellbeing and creating a positive and enduring legacy, developing a resilient region that can adapt to change by building strong communities and robust ecological systems, and designing flexibility into the economy, infrastructure and buildings.

Solutions

Solutions to these problems include aligning existing regional strategies and projects; e.g. Regional Growth Strategy, Regional Land Transport Strategy, Auckland Regional Economic Development Strategy, aligning future regional strategies and projects, providing methods to adapt business-as-usual (e.g. Long Term Council Community Plans) and identifying strategic responses that must be undertaken to achieve sustainability goals.

1.6 AUCKLAND GOVERNANCE AND REPRESENTATION REQUIREMENTS MAY NEED TO BE CHANGED TO ENABLE EFFECTIVE RESPONSES TO COMMUNITY INTERESTS, CHANGING CULTURAL DIVERSITY, AND THE FUTURE LEADERSHIP NEEDS OF THE AUCKLAND REGION

PROPERTY COUNCIL OF NEW ZEALAND

Perceived Problems

There are too many territorial authorities that administer Auckland with different bylaws, regulatory processes and conflicting policy agendas.

Solutions

Modernise Auckland's governance structure by establishing one regional governance body and 20 community councils. Reform would include integrating city and district councils into the new structure.

Exclude local government members and employees from serving on the boards of council organisations, council-controlled organisations, and council-controlled trading organisations.

Transfer the responsibility to fund and provide core regional services from councils to specific regional agencies encompassing water, transport, economic development, planning and regulation, and regional parks and facilities.

THE LOCAL GOVERNMENT FORUM

Perceived Problems

Local government places considerable weight on the consultative process but councils are poorly placed to judge the diverse preferences of ratepayers. Consultations fail to generate the information required to evaluate the proposals. Few ratepayers participate as citizens and do not believe their views are likely to influence council's decisions. There is a feeling that the consultation process is a sham/waste of time and that participants views are unlikely to influence council decisions.

The mandate of local authorities is too broad and should be more tightly constrained.

The activities of some councils presently extend beyond their proper role, thereby threatening private property and prosperity through excessive and inappropriate spending and regulation.

Solutions

Core activities of local government should be enumerated in the Local Government Act 2002. Other significant activities could be undertaken provided that more than a simple majority of ratepayers approve of such activities in a referendum.

The LGA 2002 should be reworked to reflect that local government has a vital but limited role.

There is a need for a single public entity that is corporatised and a move toward direct pricing in a competitively neutral environment.

NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT

Perceived Problems

Problems with governance and representation include fragmented powers and accountabilities, disunity, competing leadership, dilution of expertise, duplication of common functions across the region, no big picture for Auckland's priorities, no single organisation has full responsibility for the region's infrastructure.

Joint decision making forums are heavily relied on but have little influence or effect. There is no united public mandate and no united Auckland voice with regard to central government. Auckland leadership needs to be fit for future needs and be able to deal with increasing uncertainty, complexity, diversity and change.

Solutions

A single organisation will provide direction, services and leadership across the region. The proposal means that there would be one mayor elected at large by casting vote. 21 representatives, 1 elected at large by casting vote in each of the community council areas. Community councils would be made up of 5 members elected by their local community. Community councils would represent and advocate local interests at the regional level. Community councils would consider and report on any issues or responsibilities given to them by the regional One Auckland organisation. Community councils would be an important method for local communities to maintain an overview and provide feedback to the One Auckland organisation on the services provided within the community.

STRENGTHENING AUCKLAND'S REGIONAL GOVERNANCE (STRONGER AUCKLAND)

Perceived problems

Fragmented powers and accountabilities, some decisions appear to be mislocated. There is heavy reliance on voluntary and statutory joint decision-making but these are not able to 'bind' or influence expenditure and other decisions of sovereign organisations.

Solutions

Create a Greater Auckland Council with a new name, new directly elected representation arrangements, broader role and responsibilities, and access to new funding sources as well as regional rates. Expand the regional economic development agency Auckland Plus, to include regional tourism and events management.

THE METRO PROJECT ACTION PLAN (AUCKLAND PLUS)

Perceived Problem

There has been limited success in regional coordination and integration.

Solution

Take an integrated region wide approach to transforming Auckland, deliver a single plan for the Auckland city-region, demonstrate strong and united leadership, and establish well-resourced, well-coordinated response and delivery mechanisms.

1.7 ANY NEW OR CHANGED LOCAL GOVERNMENT ARRANGEMENTS WILL REQUIRE TRANSITION PROCESSES, WHAT ARE THESE PROCESSES?

The transition requirements needed to implement the changes proposed have largely not been addressed by the documents examined in this report. Transition needs is an area where more research will have to be undertaken in order to ensure that Auckland governance will continue to function in the transition period.

2. PERCEIVED ISSUES, PROPOSALS AND BENEFITS FROM VARIOUS ORGANISATIONS IN THE AUCKLAND REGION

This part of the report examines the perceived problems with the Auckland region from a range of organisations that have an interest in the development and governance of the Auckland region. The report focuses on 11 documents that have been drafted in the last 2 years all concerning the Auckland region and the need for reform of the local government system in the Auckland region.

2.1 NEW ZEALAND COUNCIL FOR INFRASTRUCTURE DEVELOPMENT – ONE AUCKLAND PROPOSAL

Available at <http://www.oneauckland.co.nz/>

One Auckland is the site of the New Zealand Council for Infrastructure Development's One Auckland initiative. Project partners include the Employers and Manufacturers Association-Northern, Fix Auckland and the One Auckland Trust.

Perceived Problems

- Adequate strategy but poor implementation
- Fragmented powers and accountabilities
- Disunity
- Competing leadership
- Dilution of expertise
- Duplication of common functions across the region leading to inefficiency and higher than necessary costs. Duplicating activities is wasteful and leads to inconsistent standards
- National and Regional needs subordinated to inward looking local interests
- Mislocated decisions wrongly undertaken at the national or local sphere of government when the impacts are mostly regional
- Insufficient revenue at the regional level
- Plans aren't integrated with each other, there are competing interests and there is no big picture for Auckland's priorities
- No single organisation has full responsibility for the region's infrastructure
- Fragmented powers and responsibilities mean strategies are not delivered on
- Joint decision making forums are heavily relied on but have little influence or effect
- There is no united public mandate and no united Auckland voice with regard to central government
- Auckland leadership needs to be fit for future needs and be able to deal with increasing uncertainty, complexity, diversity and change

Proposal

Under the proposed One Auckland Plan, rather than 8 local authorities, a single organisation will provide direction, services and leadership across the region. One Auckland would take full responsibility for all services currently provided across the 8 local authorities. Within the organisation five service agencies would plan and provide for transport, water services, economic development, regional parks and facilities, and regulatory and environmental services.

The proposal means that there would be one mayor elected at large by casting vote. There would be 21 representatives, 1 elected at large by casting vote in each of the community council areas. Elected representatives will be required to act in the interests of the region and work closely and co-operatively with community councils and local MPs.

Under the One Auckland proposal, community councils would be made up of 5 members elected by their local community. It would be the aim of community councils to plan and promote the social, economic, environmental, and cultural well-being of communities including decisions on the level of rates for community services and amenities including main street programmes, streetscapes, community events, neighbourhood support, community arts and culture, swimming pools, playgrounds, parks and reserves, beaches, community halls and recreation centres.

Community councils would represent and advocate local interests at the regional level, they would consider and report on any issues or responsibilities given to them by the regional One Auckland organisation. They would also make annual submissions to One Auckland to secure funding and services to address specific local needs. Community councils would be an important method for local communities to maintain an overview and provide feedback to the One Auckland organisation on the services provided within the community. Community councils would provide the opportunity to gather separate funding to make specific needs possible, for example in unique environmental areas, in diverse communities or in rural communities that are remote from the relevant urban centre. Community Councils would also be a link between community organisations, special interest groups, the local Member of Parliament and the constituent One Auckland Council member.

Benefits

- Prioritise issues for the Auckland region
- Unify local authority, central government and non-governmental leadership within Auckland
- By developing a single long term regional plan "One Auckland" this mechanism will provide for all parties to agree on implementation of regional strategy
- New funding sources and responsibilities will also produce more certainty and responsibility for funding and service delivery. Funding responsibilities will be transparent and provide accountability
- Under One Auckland, decisions will be clearly allocated to the central government, regional and community council level as appropriate
- The Community Council structure will enable community involvement and influence at the most appropriate local level; a level where people feel they can influence decisions that impact on their everyday lives. Through their community council, communities will be able to have their views and needs heard
- Making decisions about joint issues in a more integrated way is the purpose of One Auckland. It is designed to achieve a more unified approach without diluting community interests
- The structure is designed to integrate the decisions of Auckland's councils, central government and non-governmental organisations. One Auckland's broader responsibilities will also mean fully integrated decision-making
- The proposed Community Council structure is based on the current electoral boundaries. It builds up the local in local government and lines up central government representation taking the co-ordination of leadership even further in a positive direction
- One Auckland will unite all of the current governance organisations. There will be no duplication of activities, improving standards and providing direct savings. The certainty and stability which will come from uniting strategy and integrating decisions will also improve value
- By uniting council activities One Auckland will produce direct savings, economies of scale and supporting revenue. New sources of revenue will also be possible

- One Auckland will unite the public mandate to work with central government on regional issues. The united structure and long term regional plan will both significantly improve regional advocacy on local issues
- One Auckland is a logical structure that would provide Auckland long term leadership which will respond effectively as one region to challenges and endure change over time
- The One Auckland structure can assist in the development of regional leaders.

2.2 PROPERTY COUNCIL OF NEW ZEALAND - INITIATIVES FOR AUCKLAND - AUGUST 2007

Available at <http://www.propertynz.co.nz/>

The Property Council is a not for profit organisation that represents New Zealand's Commercial, Industrial, Retail, Property Funds and Multi Unit Residential Property Owners. The Property Council represents all the forms of commercial property and property investment in New Zealand. The Property Council of New Zealand has over 540 member companies drawn from all sectors of property, and those supplying and servicing property interest.

Perceived Problems

- There are too many territorial authorities that administer Auckland with different bylaws, regulatory processes and conflicting policy agendas.
- Auckland's infrastructure development has not kept up with the region's rate of growth
- There is inadequate funding, multiple funding and provider agencies, competition between agencies and inadequate existing infrastructure.
- There are too many agencies that plan, fund and provide for transport in Auckland. This decreases the possibility of efficiency, collaboration and cohesion between key services.
- Auckland region's water and wastewater industry is complex and fragmented.
- Urban sprawl is costly resulting in higher than necessary infrastructure and environmental costs

Proposal

The Property Council has a series of recommendations, which include

- Establishing one regional governance body and 20 community councils
- Moving away from property rates as the only form of taxation
- Using debt-funding for major infrastructure projects in the Auckland region to enable intergenerational equity
- Integrating the agencies responsible for managing land transport infrastructure
- Producing a clear plan for funding
- Providing and managing an integrated land transport strategy
- Integrating information technology tools for land information
- Establish standardised building and resource consent applications and a single Building Consent Authority for the Auckland region

In addition to these functions the regional governance body would

- Use up-to-date research about land supply and demand to inform the direction of the Regional Growth Strategy and all land planning decisions
- Create a Regional Events Facilities program including consolidating existing stadia to ensure that those remaining are well patronised and close to public transport
- Recognise that town centres need to change to enable urban intensification
- Free up the supply of land to address the residential, commercial and industrial affordability crisis impacting on the Auckland region
- Develop and implement a regional policy for population, employment and a skilled labour market.
- Exclude local government members from serving on any council controlled organisation.
- Transferring funding responsibilities and the provision of core regional services to specific regional agencies encompassing water, transport, economic development, planning and regulation, and regional parks and facilities.

- Vertical integration of water and wastewater services in the Auckland region

Benefits

- Modernisation of Auckland's governance structure.
- The 20 Community Councils are the first point of contact between local government and the community; funding infrastructure and services that meet the needs of its local community; asset management and funding planning.
- Assist in setting policies that improve amenities, raise height limits, and better regulate zoning and commercial activities.

2.3 THE LOCAL GOVERNMENT FORUM - DEMOCRACY AND PERFORMANCE - A MANIFESTO FOR LOCAL GOVERNMENT - FEBRUARY 2007

The Local Government Forum comprises Business New Zealand, the Electricity Networks Association, Federated Farmers of New Zealand, New Zealand Business Roundtable, New Zealand Chambers of Commerce, and the New Zealand Forest Owners Association.

Perceived Problems

- Resource Management Act 1991
- Building Act 2004
- Local government places considerable weight on the consultative process but Councils are poorly placed to judge the diverse preferences of ratepayers.
- Consultations fail to generate the information required to evaluate the proposals
- Few ratepayers participate, as citizens do not believe their views are likely to influence council's decisions. There is a feeling that the consultation process is a sham/waste of time and that participants views are unlikely to influence council decisions.
- Problems can be attributed to:
 - the multiple and conflicting roles of the public agencies involved with water
 - absence of customer choice
 - lack of commercial focus
- The mandate of local authorities is too broad and should be more tightly constrained.
- Rates are too high especially for the Business sector
- There are conflicts of interest between regional councils and territorial local government over the provision of goods and services and the regulatory responsibilities.
- Decision-making processes are difficult and inefficient especially relating to transport planning, roads and public transport services.
- Substantial expenditure growth has been foreshadowed in the Long – term council community plans (LTCCP).
- There are large gaps between the Auckland Regional Transport Authority's plan for Public transport and the provision that has been made in the Auckland Regional Council LTCCP.
- There continues to be issues over funding of the Auckland City Art Gallery and the Auckland Zoo, which Auckland City Council argues that other Council's should fund as well.

The document lists a set of conclusions, which include:

- Local government has a vital but limited role.
- The activities of some councils presently extends beyond their proper role, thereby threatening private property and prosperity through excessive and inappropriate spending and regulation.
- The level of rates is excessive and their distribution is unfair.
- Local government should focus on activities that cannot be undertaken efficiently by individuals, firms and voluntary groups, and that are not performed by central government. It should administer appropriate regulation at the local level.

Proposal

- A first principles review should be undertaken of the Resource Management Act 1991, the Building Act 2004 and other regulations that councils administer.
- A first principles review of the funding of local government should be undertaken.
- Part 6 of the Local Government Act 2002, which relates to planning, decision making and accountability, should be revised to reduce the cost to councils and ratepayers of financial management.

- Core activities of local government should be enumerated in the Local Government Act 2002. Other significant activities could be undertaken provided that more than a simple majority of ratepayers approve of such activities in a referendum.
- The LGA 2002 should be reworked to reflect that local government has a vital but limited role.
- There is a need for a single public entity that is corporatised and a move toward direct pricing for services in a competitively neutral environment. The power of councils to impose financial and development contributions should emphasise efficient pricing and taxing principles.
- Develop a more commercial approach to water and wastewater. A review of the regulatory framework for water and wastewater should be undertaken.
- The role and functions of local government should be determined before the structure of local government is re – examined.
- Following an analysis and allocation of functions and activities among regional and territorial councils and the establishment of separate entities, the existing boundaries of territorial authorities might be examined.
- Water is also a region-wide activity and should be supplied on a more commercial basis. Establishment of separate water businesses, which may extend beyond the region. Need to examine whether wholesale supply and distribution should be vertically integrated with local supply and reticulation would need to be examined.
- The Auckland City Art Gallery and Auckland Zoo could become the responsibility of the Auckland Regional Council or they could be corporatised and funded by a levy payable by territorial council's in the region.
- Auckland Regional Council could fund organisations that supply services on a region-wide basis, such as marine safety or it could be funded by a levy on territorial councils within the region.
- Reorganisation of transport throughout the region.

Benefits

- Local Government can focus on democratic decision-making in respect of its core activities (activities that cannot be undertaken efficiently by individuals, firms, and voluntary groups and that are not performed by central government). Any conflict between regional councils and territorial local authorities would be reduced if councils were to focus on their core roles.
- A clear distinction between those functions and activities that are region wide in nature and those that relate to a single district.
- There could be a greater focus on functions that are to be undertaken rather than organisational structures.
- The principle of subsidiarity should apply and there should be no assumptions that bigger local authorities are necessarily more efficient.

2.4 STRONGER AUCKLAND - STRENGTHENING AUCKLAND REGIONAL GOVERNANCE – PROPOSAL – 4 DECEMBER 2006

Available at <http://www.strongerauckland.org.nz/discussion-document.cfm>

Stronger Auckland – Strengthening Auckland's Regional Governance is the project for strengthening governance and decision-making across the Auckland region. All the councils in the Auckland region are currently working with central Government on this project aimed at improving the economic, social, cultural and environmental performance of Auckland for the benefit of Aucklanders and the nation as a whole. Changes to local council boundaries are not being considered as part of this process.

Perceived Problems

- 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 "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 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 a single voice for Auckland with central government.
- There is insufficient revenue at the regional level.

Proposal

- Create a greater Auckland council with a new name, new directly elected representation arrangements, broader role and responsibilities, and access to new funding sources as well as regional rates.
- Establish a Regional Sustainable Development Forum, as a standing committee of the greater Auckland council. This forum would comprise elected representatives from all of the region's councils, plus central government and non-governmental representatives as required.
- Task the forum with developing 'One Plan' for the Auckland region to promote social, economic, cultural and environmental well being through prioritised action plans. The plan will include agreements on how actions will be funded.
- For central government to develop new national strategies that link with and guide regional strategies, and importantly, guide central government funding and delivery.
- Secure multi-year funding agreements between central and local government.
- Amend transport legislation to enable the Regional Land Transport Strategy to specify major projects, as well as strategic areas for focus and activity. Although the Regional Land Transport Committee membership should remain broad to include interested stakeholders, voting could be restricted to those responsible for funding the Regional Land Transport Strategy's implementation.
- Expand the regional economic development agency Auckland Plus, to include regional tourism and events management
- Establish a process between councils of the region and central government to agree on funding for regional facilities and amenities and transition arrangements
- Amend water legislation to enable Watercare to pay its territorial authority owners a divided that will be used on storm water infrastructure. This will enable existing Auckland Regional Holdings stormwater funding to be used for transport.

- Investigate expanding shared services arrangements, and identify ways of optimising current rates bases and tools.

Benefits

- Producing one vision for the future, unified leadership and one voice for discussions with central government on social, economic, environmental and cultural regional issues
- Having more strategic and operational linkages to Central Government that allow for agreement on strategies and their associated delivery and funding within a framework of certainty
- Delivering on decisions once they are made, including providing more certainty about funding and service delivery
- Delivering greater value for money for Aucklanders, through improving service standards, greater consistency and reducing costs through, amongst other things, shared services.
- Making decisions about interrelated issues in a more integrated way, more quickly and without re litigation but without diluting community engagement.
- Facilitating local democracy and diversity and helping to address emerging local social problems.

2.5 STRENGTHENING AUCKLAND'S GOVERNANCE - GREG CLARK – INTERNATIONAL REVIEW – NOVEMBER 2006

Greg Clark is a city and regional development advisor, speaker, and facilitator, with 20 years experience, principally in leadership roles in city agencies in London, UK, and advisory roles with many cities/regions, Governmental and inter-Governmental organisations, internationally. He currently holds a portfolio of core roles; including Advisor on City and Regional Development at the Department for Communities and Local Government, UK, Global Practice Advisor at the London Development Agency, and advisor to the OECD on City and Regional Development.

This document is his review of the Stronger Auckland – Strengthening Auckland's Regional Governance paper. In this review he looks at the international drivers for local governance reform and suggests a number of models, which other city-regions have used when conducting local governance reform.

Perceived Problem

Drivers for governance reform

- Global demographics and human mobility
- Globalisation of the economy, industrialisation, knowledge, science and trade
- Environmental imperatives and climate change/volatility
- Technology developments (ICT, nanotechnology and bioscience)
- Continental integration

Governance reform has been driven by the impact of wider global drivers, which have been acknowledged and accepted (as stated above). The case for governance reform has been most directly played out in the biggest cities of OECD nations, has appealed to the efficiency, equity and economic competitiveness, investment and infrastructure imperatives. Governance reform has appealed to the need to provide a sense of place in a dynamic world and the need to scale governance to the new geography of metropolitan regions. Finally governance reform has recognised that governance needs to be adaptable to further change and be "future proofed".

Proposal

- Horizontal and vertical collaboration
- Flexibility
- Focus on the capacity of local and regional leaders to broker and articulate common agendas to allow joint planning, investment and the engagement of private and civic sectors including NGO's
- Functional independence
- Build leadership function for the region as a whole
- Identify and measure the significance of the metropolitan region's contributions to the success of the wider territorial unit
- Assess the major challenges facing the metropolitan region in an international context
- Focus on long term fundamental issues which will support functionality of the region
- Work towards a single purposeful plan for the region
- Integrate the different strategies into one framework which is underpinned by a core evidence base and expressed in a single narrative
- Engage support from higher tiers of government
- Build greater investment and financing capacity
- Build implementation capacity
- Identify catalysts
- Measure and benchmark progress regularly against agreed goals
- Engage media attention

- Build regional identity

Models for change

- Inter municipal co-operation and public/private partnerships
- Inter municipal co-operation with specialist agencies and authorities
- Inter municipal and vertical co operation with specialist agencies and authorities so that local government may co operate with higher tiers of government within a single governance body
- Creation of new or strengthened regional governments within a two tier system
- Strengthening the role of central government as a regional actor
- Mechanisms for collaboration and or policy co ordination with wider regional authorities and interests beyond the contiguous metropolitan area
- Special arrangements for key zones within the metropolitan region, involving either vertical co ordination, public/private partnerships or innovative financing mechanisms

2.6 COMMITTEE FOR AUCKLAND - THE CASE FOR AUCKLAND - AUGUST 2006

Available at <http://www.competitiveauckland.co.nz/portfolio.cfm>

The Committee for Auckland is a not-for-profit private sector organisation seeking to leverage influence in the enhancement and development of Auckland as an exciting and dynamic place to live. The Committee for Auckland was formed in January 2003 and has now established a broad membership base, bringing together individuals from a wide range of sectors involved in, and passionate about, Auckland. It is an independent alliance of corporate directors and chief executives, tertiary sector, not-for-profit leaders and Mayors, working in the public interest.

Reports released by the Committee for Auckland underline the case for Auckland and reaffirm the importance of continued investment in New Zealand's largest city. The reports look at Auckland's social and economic infrastructure, highlighting the region's role as New Zealand's primary engine for economic growth.

The Case for Auckland report establishes Auckland's relevance and importance to New Zealand and argues that the region needs to be seen by itself and the rest of the country as a "national asset" which can drive national growth. The report looks at Auckland's current performance and opportunities, and identifies the "brakes" on performance (perceived problems) with Auckland. It states that more investment in Auckland will result in major economic benefits for New Zealand.

Perceived Problems

- Auckland's economy is focused on domestic consumption rather than export earnings and productivity is lower than expected.
- The infrastructure needed to connect New Zealand and Auckland to the world is not adequate for a first world region
- Auckland's relative quality of living is trending down and the relative cost of living is trending up.
- There are widening gaps in housing and income, educational outcomes, migrant integration, the diversity of the workforce and there is a shortage of skilled labour, all of which are threatening social cohesion.
- Educational outcomes are variable
- Auckland's urban growth is not linked to productivity. Urban sprawl is costly

Solutions

There are no specific solutions outlined in the Case for Auckland paper. Instead the report concludes that Auckland faces some unique challenges. The Committee for Auckland sets out 5 goals, which are worked through the Committee for Auckland portfolio. These are:

- Igniting leadership and momentum by fostering the next generation of well-informed, visionary leaders for Auckland
- Developing a dynamic and collaborative business region by generating an action plan which lifts the nation's prosperity by strengthening Auckland's ability to compete as a global city
- Accelerating liveability by aiming to lift the quality, design and workability of Auckland's built environment
- Generating talent and knowledge by establishing an education task force to address Auckland's delivery of talented graduates
- Global relevance by progressing the development of Auckland's waterfront as a desirable location for Aucklanders, visitors and investors and to progress the development of an international and exhibition centre for New Zealand

2.7 FUNDING LOCAL GOVERNMENT: REPORT OF THE LOCAL GOVERNMENT RATES INQUIRY - AUGUST 2007

Available at http://www.ratesinquiry.govt.nz/diawebsite.nsf/wpg_URL/Agency-Independent-Inquiry-into-Local-Government-Rates

Panel members: David Shand, Graeme Horsley, Christine Cheyne

Terms of reference for local government rating inquiry – To provide an independent assessment of New Zealand's local government rating system and identify options to enhance rates as a funding tool for local authorities. It is not a review of the system of local government.

The Government has a policy of Auckland becoming an internationally competitive city as part of its economic transformation agenda. It is difficult to establish how much the economic agenda is driving council investment projects.

Perceived problems

The seven territorial authorities in the Auckland Region are diverse:¹

- They have different rating systems – (annual value, land value and capital value),
- The basis for valuation is different
- The use of debt varies across the seven territorial authorities
- The business structure for water and waste water is different
- Some councils are showing insufficient financial restraint and they pay inadequate attention to the equity and affordability of their plans.
- Councils do not adequately present key choices or alternatives in their LTCCPs to facilitate input by citizens and to enable councillors to adequately manage and prioritise expenditure

Principles governing the Panel's recommendations:

- **Empowerment**
 - Local empowerment is a key attribute of New Zealand local government and in their required promotion of the 4 well-being's each local authority will make different decisions about the desirable size and composition of its revenues and expenditure.
 - These decisions must be made with appropriate use of the decision-making framework – consultation, planning and accountability provided by the LGA 2002 and the Local Government (Rating) Act 2002.
- **Sustainability with restraint**
 - The current and forecast level of rates appears to be higher than necessary to fund current and forecast levels of expenditure.
- **Partnership**
 - Between central and local government there is a need for better analysis, co-ordination, consultation and guidance in the development of central government policies that impact on local government.
 - There is inadequate capacity and resources within central government monitoring the operation or effect of the LGA 2002 and Local Government (Rating) Act 2002
- **Public Finance Principles**
 - There needs to be efficiency, buoyancy, ease of administration and equity in the way local governance is financed

¹ Franklin District has a part of its territory in the Auckland region but for this analysis it has been excluded.

- Rates, as a tax on property need to be considered in relation to New Zealand's overall taxation system, in which property is lightly taxed.
- **Environmental Sustainability**
 - There is a need to consider environmental impacts on the revenue and expenditure aspects.
 - Revenue is the basis of the recommendation for greater user charging for roads (through an increase in the current local authority petrol tax) and for reasonable recovery of the costs of water supply and waste- water disposal through volumetric charges.
 - Expenditure - Local Government needs to ensure accurate cost estimation and avoid any 'gold plating', and to consider deferring or spreading this expenditure over a longer period of time.
 - Greater Government financial assistance is required for the funding of water infrastructure in order to meet national environmental standards.

Solutions

- That a common rating system based on capital value be applied across the country for general rates.
- Local government needs to show more restraint in its expenditure and to improve its planning function, which drives this expenditure.
- There is scope for reduction in rates by greater use of debt funding for long-life assets.
- There is scope for reducing the extent to which depreciation is funded.
- Rates should remain central to local government revenue, although being reduced to 50% as a percentage of operating revenue. There is no 'pot of gold' available either from existing central government revenues or from new taxes to provide additional funding to local government.
- Greater Government investment – there are instruments that could be further developed for the use of local government that would help raise additional revenue and address funding issues
- An international visitor environmental levy could be introduced.
- The existing Local Authority Petroleum tax could be increased by 2 cents a litre on petrol.
- Establish an 'Infrastructure Equalisation Fund' to provide greater Government assistance for infrastructure for the three waters.

2.8 AUCKLAND SUSTAINABILITY FRAMEWORK – AN AGENDA FOR THE FUTURE – SEPTEMBER 2007

Available at <http://www.sustainingauckland.org.nz/>

The Auckland Sustainability Framework aims to help our region secure a better quality of life, and create a sustainable future socially, culturally, economically and environmentally. The Framework is a collaborative effort led by all of the region's councils working with central government, Mana Whenua and the academic, business, youth and community sectors. The Framework was endorsed by the Regional Growth Forum consisting of members appointed by their respective councils on 5 September 2007 as the region's overarching sustainability framework. It will provide direction so that local authorities and central government agencies can work together with a common purpose to embrace the opportunities and face the challenges associated with developing a sustainable region.

Perceived Problems

- Climate change
- High population growth
- Need to build a carbon neutral environment
- Competition between public sector actions and market forces to bring about carbon neutrality
- Anticipating future challenges and opportunities
- Working within ecological limits
- Acknowledging social, cultural, environmental and economic inter relationships
- Learning from the past, enhancing Auckland's current wellbeing and creating a positive and enduring legacy
- Developing a resilient region that can adapt to change by building strong communities and robust ecological systems, and designing flexibility into the economy, infrastructure and buildings.

Eight Interrelated long-term goals and shifts in thinking, planning, acting and investment:

Goals

- A fair and connected society
- Pride in who we are
- A unique and outstanding environment
- Prosperity through innovation
- Te Puawaitanga o Te Tangata (self sustaining Maori communities)
- A quality compact urban form
- Resilient infrastructure
- Effective, collaborative leadership

Shifts in thinking

- Put people at the centre of thinking and action
- Think in generations, not years
- Value Te Ao Maori
- Activate citizenship
- Create prosperity based on sustainable practices
- Reduce our ecological footprint
- Build a carbon neutral future
- Integrate thinking, planning, investment and action

Benefits of the Framework

- Align existing regional strategies and projects; e.g. Regional Growth Strategy, Regional Land Transport Strategy, Auckland Regional Economic Development Strategy.
- Align future regional strategies and projects.
- Be used to guide the development of the "One Plan".
- Provide methods to adapt business-as-usual (e.g. Long Term Council Community Plans).
- Identify strategic responses that must be undertaken to achieve

2.9 START (SUSTAINING THE AUCKLAND REGION TOGETHER) – FORCES SHAPING THE 21ST CENTURY – WORKING PAPERS FOR DEBATE – JUNE 2006

The Auckland Sustainable Cities Programme was set up in the Auckland region as a three-year trial programme, running from mid 2003 to mid 2006. It has concluded as scheduled. Central, regional and local government collaborative partnerships will continue to develop through the local and regional councils' community outcomes processes. This work is driven by the Local Government Act 2002, which requires councils (and other agencies) to respond to community outcomes within a sustainable development framework. This Programme has been a catalyst for a multi-party project that aims to develop a long-term framework for sustainability for the region. This is called "START": Sustaining The Auckland Region Together.

Perceived Problems

- Climate change/Natural hazards
- Resource availability
- Energy scarcity
- Uncertainty in technological advancement
- Worldviews and the values that underpin them
- Consumerism
- City identity and the place of migrants (demographics)
- Globalisation
- Inequalities in society – especially due to the increase in oil prices

Common themes

- Uncertainly
- Forces have the potential to generate positive and negative consequences
- The impact of human activity
- The impacts of different forces are interdependent

Proposal

Climate Change and natural hazards

- Harness the use of resources
- Better handle the demand and supply of resources
- Reverse the degradation of resources especially those caused by agricultural practices

Resource availability

- Decentralised infrastructure to build resilience into the electricity and water networks
- Demand side management to improve efficiencies in resource use
- Drip irrigation systems to reduce water consumption
- Use technology to transform "waste" resources into viable substitutes for otherwise declining supplies
- Reduce the waste generated by resource use and therefore curb these impacts on the environment
- Move towards closed production systems to reduce the material throughput of the economy. This involves the design and manufacture of goods, which incorporate materials that are easily reconstituted into new or different products.

Demographics

- Policies to encourage immigration, especially of younger and skilled migrants
- Policies to direct migration to other centres in New Zealand and away from Auckland

- Policies to encourage earlier family formation and higher fertility rates among Aucklanders eg tax subsidies for children and family friendly workplaces

Worldviews

- Shift in social values

Globalisation

- Embrace and grow the knowledge economy
- Identify and express Auckland uniqueness
- Offer world-class transportation and communications facilities
- Maintain strong external relationships with strategic partners
- Utilise the migrant communities contacts and influence with markets to strengthen connections and further trade opportunities
- Provide strong, sustained and informed leadership with a vision of the cities future in a global environment

Technological transformations

- Maximising the substitution of information flows for energy flows
- Moving towards more localised solutions
- Using local materials and sustainable energy sources
- Utilising waste flows for free energy
- Adopting technologies, which enable distributed systems
- Adopting economic development and social paradigms which are self organising and participatory rather than hierarchical

Benefits

- A more sustainable city

2.10 AUCKLAND REGIONAL ECONOMIC DEVELOPMENT FORUM - THE METRO PROJECT ACTION PLAN - OCTOBER 2006

Available at <http://www.aucklandplus.com>

Founding partners of the Metro Project – Auckland Regional Council, Auckland University of Technology, and Committee for Auckland.

Perceived Problems

- There are limited productivity gains. Auckland's productivity is only slightly higher than the New Zealand average, which lags at 79 per cent of the OECD average
- An over-reliance on domestic-led growth: Auckland's average exports account for only 20 per cent of the total national export value
- Infrastructure constraints: significant expenditure is required to redress long-standing under-investment, most notably in transport, energy and telecommunications
- Skill shortages in a tight labour market: Auckland businesses consistently report difficulty in finding labour
- Disproportionately low educational achievement and employment levels among Maori, Pacific and some immigrant communities
- Low levels of business expenditure on investment and research & development
- Limited success in regional coordination and integration.

Proposal

- The Metro Project Action Plan, which aims to transform Auckland's economy and implement nation building.

Key Objectives

- Take effective and efficient action to transform Auckland's economy
 - Strategies*
 - ❖ Take an integrated region wide approach to transforming Auckland
 - Deliver a single plan for the Auckland city-region
 - Demonstrate strong and united leadership
 - Establish well-resourced and well-coordinated response and delivery mechanisms
- Develop world-class infrastructure and world-class urban centres
 - Strategies*
 - ❖ Co ordinate infrastructure planning, decision making and investment
 - Plan for all infrastructure within the wider context of a single vision for the Auckland city-region
 - ❖ Deliver on energy and broadband infrastructure requirements
 - Complete an energy prospectus to secure supply and better manage demand
 - Fast-track widespread, high-speed broadband deployment and uptake throughout the region
 - ❖ Create strong and distinctive centres within the region
 - Complete the CBD and waterfront development
 - Fast-track town centre development
- Transform Auckland into a world-class destination

Strategies

- ❖ Bring the world to Auckland
 - Produce and implement a regional visitor strategy
- ❖ Build on Auckland's distinctiveness
 - Develop an Auckland regional brand identity with integrated communication tools for use by tourism, business and the community
- ❖ Position Auckland as a major event destination
 - Develop a major event portfolio to build world-class capability and profile
- ❖ Use the Rugby World Cup to create long term benefits
 - Deliver additional infrastructure projects such as a world-class sporting venue, high-speed transport links, and a national convention centre
- Develop a skilled and responsive labour force

Strategies

 - ❖ Take an integrated, region wide approach to tackling Auckland Skill issues
 - Establish a business-led skill leadership group facilitated by the regional economic delivery agency
 - ❖ Match training provision with skill needs
 - Establish a centralised information system to map regional skill needs
 - Aggregate activities by providing a web portal-based one-stop shop for education, training and recruitment information
 - Positively influence career decisions by building improved capacity for career advisers and teachers
 - Better meet business skill needs by providing closer, clearer links between training and industry
 - Encourage continuous skill building by promoting lifelong learning to parents and families
 - ❖ Promote education and skilled employment with diverse communities
 - Coordinate and bring to scale successful local initiatives
 - ❖ Improve workplace productivity
 - Promote workplace productivity best practice to Auckland city region employers
- Increase Auckland's business innovation and export strength

Strategies

 - ❖ Take a region wide approach to coordinating innovation programmes and agencies
 - Establish a business-led innovation leadership group that is facilitated by the regional economic delivery agency
 - Supervise 20 to 30 high-growth potential businesses as a pilot study
 - ❖ Provide better support for early stage businesses with high growth potential
 - Improve access to pre-seed funding
 - Improve coordination and information sharing between angel investor programmes and investor networks
 - Ensure tax policy rewards investment in early-stage ventures
 - ❖ Accelerate innovative businesses in Auckland
 - Profile and promote innovation success in the Auckland city region

- ❖ Strengthen collaboration between Auckland Businesses, Universities and Crown Research Institutes
 - Identify the next Centre of Research Excellence to be funded in Auckland
 - Inspire innovation by staging intellectual property showcase events
 - Better connect universities, Crown Research Institutes and Businesses
 - Improve tertiary research funding to support research that can be commercialized

- ❖ Gain more value from off shore networks
 - Leverage international networks and strengthen connections between existing networks and programmes

Benefits

- Firms get access to larger markets/consumer pools
- Learning effects increase innovation and competitiveness
- Increased productivity

2.11 OECD REPORT – COMPETITIVE CITIES IN THE GLOBAL ECONOMY – HORIZONTAL SYNTHESIS REPORT – JUNE 2006

This report provides an in-depth analysis of socio-economic trends and challenges faced by the largest OECD metropolitan areas based on the unique international database produced by the OECD on 78 metro-regions with more than 2.5 million inhabitants and more. Auckland is included as one of the metro regions (albeit one of the smaller metro regions). The acceleration of urbanisation has strengthened the weight of large cities, or metropolitan regions which tend to concentrate an important part of their national economic activities.

Positive aspects of metro-regions

- Accessibility
- Division of Labour and Competition
- Agglomeration effects
- Positive externalities for business through interaction of firms, research and education centres, public authorities and other organisations
- Physical capital in building and infrastructure
- Some aspects of social capital including the scale and diversity of communities which bring a multiplicity of organisations and civic groups which cut across the population and create a diversity of cultural backgrounds, creativity and dynamism.

Negative aspects of metro regions

- Congestion costs including traffic, and the deterioration of air quality, water and the environment including noise levels.
- High levels of mental illness and infectious disease
- Limited recreational facilities
- High cost of living/over heated housing and property market
- Pollution
- Poor infrastructure
- Poor social cohesion
- Poor political cohesion
- Poor fiscal cohesion
- Poor special planning and the organisation of public service provision

New Modes of Governance

There are three main modes, which exist along a spectrum for reforming governance of metropolitan areas and involve various levels of reform of traditional institutional and financial structures. Each has its own benefits and problems. The modes range from relatively heavy to relatively light in terms of the scope of reform they imply.

At the relatively heavy end are functional models whereby governance structures are reshaped to fit or to approximate the functional economic area of the metropolitan region. Examples include the creation of a metropolitan government and the amalgamation of municipalities.

At mid-position are a wide range of cooperative arrangements through inter-municipal joint authorities, most often on a voluntary basis, such as sectoral or multi-sectoral agencies whose main functions generally include transport, urban planning or economic development (sometimes on ad hoc basis).

At the light end are informal coordination bodies such as platforms, associations or strategic planning partnerships, often relying on existing networks of relevant actors, without necessarily following the logic of territorial boundaries.

It is worth noting that by comparison Auckland already operates towards the heavy end, but with a mix of mid position and light end strategies as well.

In addition to these different categories are purely fiscal arrangements such as equalisation mechanisms and tax-base sharing whose main purpose is to deal with fiscal disparities and territorial spill over within the metro region as well as public-private partnerships and contract services. Depending on the amount of funds they involved, they might be referred as either light or heavy forms of cooperation.

There is also no best practice or one size fits all solution. Many cities have placed greater emphasis on voluntary instruments for co-ordination and cooperation and even the few examples of strong metropolitan governance through metropolitan governments and amalgamated cities require or coexist with other forms of network arrangements. In terms of efficiency, it may be second-best to rely on a co-operative mechanism rather than a self-financed and directly elected administrative organisation, but it has its own merits of fostering communication and possibly limiting the tendency to bureaucratic mission creep. On the other hand, experiences of voluntary cooperation arrangements are most often difficult if not impossible to implement in the context of conflicting relationships between different territorial layers or when there are high intra-metropolitan disparities.

Document can be purchased at:

http://www.oecd.org/document/2/0,3343,en_2649_34413_37801602_1_1_1_1,00.html