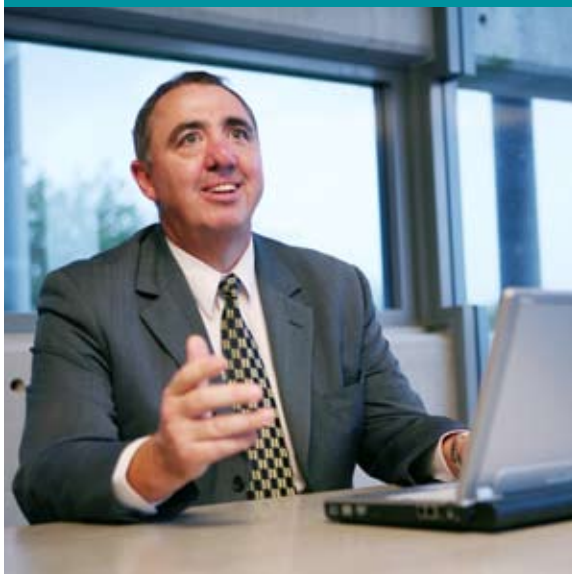




ONE AUCKLAND

The New Zealand Council for Infrastructure Development submission to the Royal Commission on Auckland Governance © NZCID, April, 2008





Stephen Selwood
Chief Executive
NZCID

“This is a once in a lifetime opportunity to get it right for Auckland and New Zealand”

A “once in a lifetime opportunity”

The structure of Auckland’s local government has a profound role to play in providing for the well-being of the communities it serves. For communities to flourish they need:

- sustained economic development
- full employment
- a healthy and safe environment
- social cohesiveness
- a vibrant and developing culture and identity
- a stable political and economic climate
- a sense of community identity and involvement

Yet for some time there has been a growing sense of discontent within government, the city and its people with the governance structures in New Zealand’s biggest City Region.

The region’s governance is characterised by competing leadership and regional disunity. Organisational relationships are extremely complex. There is considerable duplication of function and dilution of expertise across city council structures. Decision making powers are fragmented and lack transparency. Accountabilities are blurred. Most of the wealth of the region is held by the city and district councils while the

NZCID is a non profit organisation. Members comprise a diverse range of leading private and public organisations including infrastructure equity owners, financiers, constructors, service providers, public sector agencies, and major infrastructure users. Information on the Council, its members, policy and work can be found at www.nzcid.org.nz. In developing its policy NZCID consults extensively with its member organisations, undertakes workshops and seminars on policy and undertakes independent research. This submission represents the views of NZCID as a collective whole, and may not necessarily represent the views of individual member organisations, some of whom will be making their own individual submissions.

regional council is insufficiently funded. Decisions are often “mislocated” – either taken at the national or local sphere of government when the impacts are regional. Conversely, Community Boards lack the tools to be truly representative of the communities they serve.

The increasing sense of frustration at the failure of the region to grasp the opportunities before it to truly become a world class global city has resulted the appointment of a Royal Commission on Auckland governance. The New Zealand Council for Infrastructure Development welcomes this “once in a lifetime opportunity” to get it right for Auckland.

Our Goal

We share the aspirations of the majority of Aucklanders. We seek a city that competes successfully on the global stage; a prosperous city that offers unparalleled quality of life; a city with a vibrant culture, pure environment, and strong social cohesion; ...a city with that truly deserves the title “world class”.

To deliver on that vision the governance structures for the Auckland region must be reformed to provide:

- unified regional leadership
- clear strategy
- highly effective administration
- strong implementation capability
- world class social, cultural and physical infrastructure

- people focussed organisational capability
- inclusive democratic structures and processes

This submission sets out the case for change and proposes transformational reform for Auckland’s local governance.

“If the UK Government does not prioritise investing in London’s international engagement and competitiveness, financial services go to Frankfurt or Paris, not to Leeds or Edinburgh.

If Toronto fails to provide a platform for innovative companies, they go to Boston, not to Ottawa or Montreal.

*If Auckland does not invest at the scale needed to be the global gateway and advanced hub for New Zealand, it will be other countries that benefit, not other regions or cities in New Zealand.
It is an important moment.”*

*Report of International Review Team Contributing to the Metro Project,
July 2006*

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Executive Summary - The One Auckland Proposal

The case for reform of Auckland's local body government is compelling. In fact, few question the need for reform, including the Councils themselves. The debate is over just how much reform is required.

Some have advocated the answer lies in enhancing the capacity of the Regional Council to give effect to “One Plan” for Auckland and providing it the requisite power to deal with regional infrastructural issues. But retention of the existing council structures, whether it is three four or seven cities, inevitably means continuation of competing city leadership and direction. The success of a structure which includes strong city councils in the middle is totally dependent on those councils ceding control to the region. Past experience suggests this will not be sustainable over time. The stronger the middle tier of governance, the bigger will be the tussle for power between the region and the cities. This is the heritage we come from. It is not the model to lead the Auckland region forward into the 21st century.

The optimum solution for Auckland will be one that maximises the contribution of individuals, recognises the

importance of local knowledge, experience and influence, but which capitalises on opportunities for economies of scale through regional delivery of strategic infrastructure and services for the benefit of the people of the region as a whole.

The “One Auckland” proposal advanced by the NZ Council for Infrastructure Development is designed to achieve this outcome. At the heart of the proposal is a unified structure that will provide the necessary leadership to lift Auckland from mediocrity to excellence. It will also ensure direct connection to the people of the region through local Community Councils.

One Auckland, One Plan, One Voice.

NZCID's One Auckland structure (illustrated below) provides for a single unitary authority to lead the Auckland region, replacing the existing eight territorial authorities.

The Council will be led by the Mayor elected at large from the greater Auckland Area who will responsible for championing the aspirations of the people of the region. As leadership skills are a critical success factor for this role, the ability to win popular support by standing for election at large is seen as a critical test of capability for the role. The Mayor will have both a deliberative and casting vote on Council and will have a range of executive powers including appointment of the Boards and Chief Executives of the Council Controlled Organisations. As Chair of the Executive Management Board comprising the chairs and chief executives of each of the council

organisations the Mayor will set the agenda for the region.

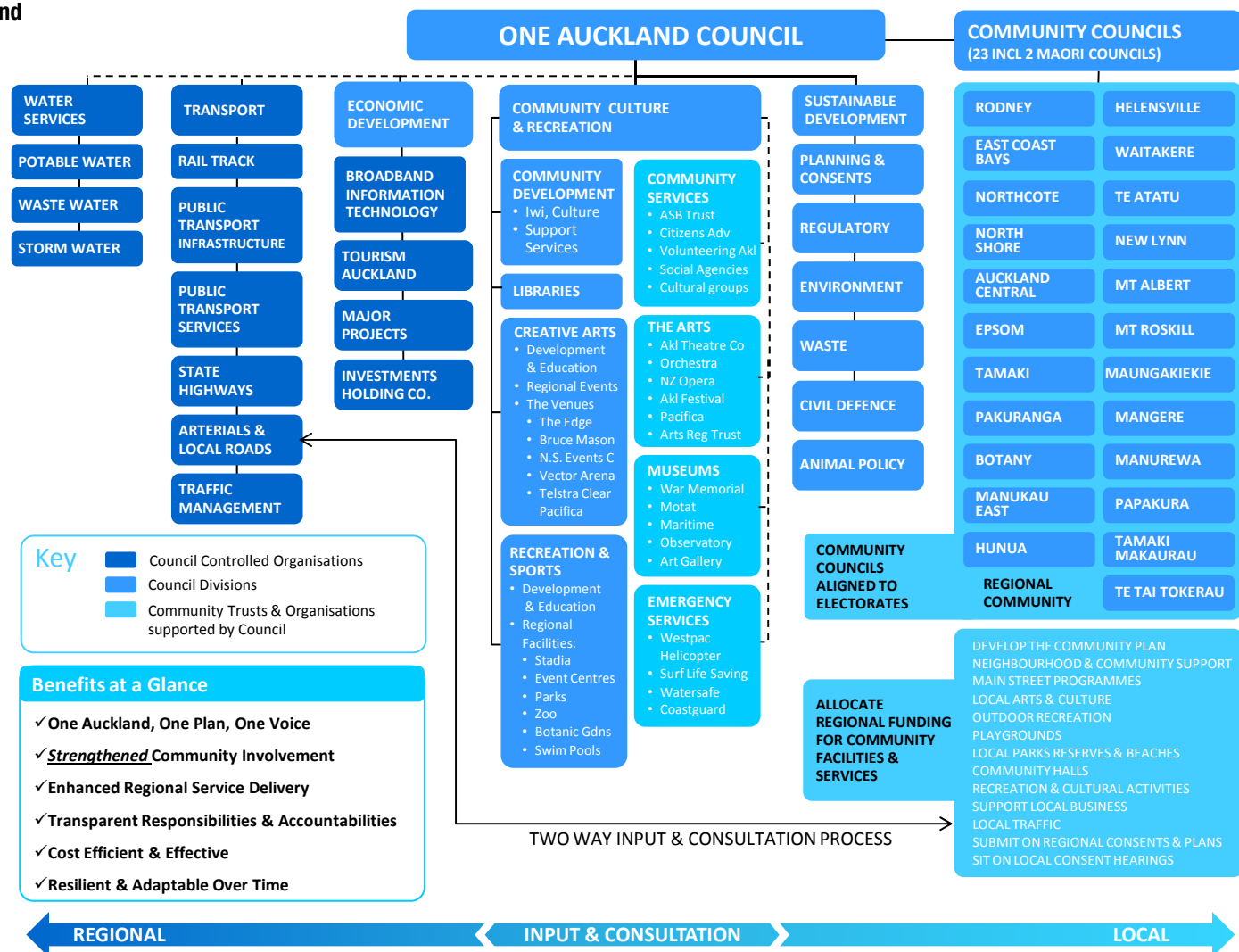
Community Engagement and Direct Representation

Community engagement, participation and authority will be strengthened by the establishment of 23 Community Councils each based on the parliamentary electorate boundaries (as revised in 2007). These will include two Community Councils to represent the interests of Tangata Whenua across the region.

Each Community Council area will elect one person at large to provide direct representation on the One Auckland Council. The One Auckland Council will therefore comprise 24 members including the Mayor. While elected from community areas, the role of One Auckland Councillors is to oversee the strategic direction of the region as whole.

Alignment of Community Council areas with parliamentary boundaries is specifically designed to create areas of equivalent size in population with identified communities of interest; and direct alignment between local, regional and central government representation. It means each community will have direct representation at central government level through their local Member of Parliament, at the regional level through their “One Auckland” council member and at the local level through their local Community Council. It will also enable adjustment to electoral boundaries to reflect

Figure 1: One Auckland



regional growth. Each Community Council including those representing Maori will have a population of around 60,000 people - fully consistent with the average population of New Zealand local authority districts which is 56,000 per district.

The regional boundary will conform to the general electorate boundaries with the Rodney, Hunua and Hellensville Community Council areas each forming the northern and southern boundaries of the region.

Community Councils

Community Councils lie at the heart of the One Auckland proposal. Each Community Council will comprise five members elected at large from within the local community area. The five elected members will select their Chairperson who will be the local dignitary on all matters within the community. The Council will be supported locally by the provision of a staffed Community Council office.

The primary role of the Community Council will be to develop a 5 year Community Plan and to allocate funding (provided by the region) in accordance with the plan. Each Council will be allocated an equivalent proportion of the total regional rate. Equal allocation of funds ensures equity amongst all Community Councils so that wealthier communities are not at an advantage over lower socio demographic areas.¹

The Community Plan will determine the community's

priorities encompassing such things as: main street programmes, streetscapes, support for community arts, culture and events, neighbourhood and community support, playgrounds, local parks & reserves, recreation centres, and development of sport and recreation. The Community Plan must be consistent with and give effect to the Regional Strategic Plans developed by the One Auckland Council and its Council Controlled Organisations. Community Council Plans will be the primary mechanism for community interaction on local issues and will enable community involvement and influence at the most appropriate local level - at a level where people feel they can influence decisions that impact on their lives.

A high standard of core service provision from street maintenance, to parks and reserves to rubbish collection will be provided across the region by the One Auckland Council. The Community Councils will act as the eyes, ears and voice of the communities they serve to ensure the service standards meet community expectation.

Working within the long term plan for the region, Community Councils will be the point of reference for all regional initiatives that affect a local community. Whether it is a roading upgrade, a water project or a major regional initiative, the relevant regional agency will be required to have consulted with the Community Council(s) concerned. While the ultimate authority to approve a regional project will lie with the One Auckland Council, any relevant regional agency will be required to demonstrate that they have taken into account the views of the affected

community, have acted on their requests in so far as practicable, and undertaken taken any mitigation measures appropriate to the size and scale of the project, prior to a decision being taken by the One Auckland Council.

This gives true meaning to the requirement to consult.

Five Operating Divisions of the One Auckland Council

Alongside the Community Council structure, the One Auckland Council will be supported by three council divisions encompassing: Economic Development; Community Culture and Recreation; and Sustainable Development; and by two council controlled organisations: an integrated water services company and a fully integrated transport agency. The transport agency will be a Central Government and Auckland Council joint venture established by statute. It will be responsible under an agreed statement of corporate intent: to deliver an integrated, multimodal transport network which meets the mobility needs of the region both now and into the future in accordance with the objectives of the NZ Transport Strategy.

¹ At the discretion of the One Auckland Council, an option of providing Councils the ability to top up their rates for special purpose initiatives might be considered, however the need to provide equity across communities is considered paramount.

Regional Planning and Implementation

At the pinnacle of all regional planning a Regional Spatial Plan will provide a clear framework for the future collaborative action between the One Auckland Council and its organisations, community councils and the private and voluntary sectors of society to achieve the overall vision for the region. It will guide regional land use and investment decisions, lead the direction of delivery agency programmes and set the context for the development of community council plans.

The Regional Spatial Plan will be supported by 30 year plans developed by each of the five operating divisions of the One Auckland Council, that is:

- Three Waters Strategy
- Regional Land Transport Strategy
- Economic Development Strategy
- Community Culture and Recreation Strategy
- Sustainable Development Strategy

These will set the 30 year vision and strategy by sector to ensure compliance with the Regional Spatial Plan. Each will be required to comply with the regional land use policy and will set out the long term capital and operating expenditure profile of the respective divisions of Council.

Prioritized Investment Programme

Prioritized Investment Programmes will be developed by the Council divisions within the context of their respective 30 year strategies. These will set out the 10 year programme of capital and operating expenditure in a similar manner to the existing Long Term Council Community Plan process. In essence they will set out the medium term investment programme that will give effect to the strategy.

Oversight of the development, integration and implementation of these plans will be the responsibility of the Executive Management Board under the leadership of the Mayor. All plans will finally need to be approved by the One Auckland Council.

It's the people who will make the difference

Governance is more than just the authority of local government to impose its statutory power over others. It's about the effectiveness of the interrelationships between the people within region and all the groups that make up society. It's about the effectiveness of the region's connection with its external partners, including central government.

The legitimacy of the governance structure will derive from an accepted balance between national, regional and local responsibility and accountability. The level of acceptance or otherwise will depend on the responsiveness of the governance structures to the needs of the people, business and social communities and all of the wider communities of interest. Good organizational structure can help make things better by facilitating the interaction of the people, but in the end, it's the people themselves that need to make it work.

Auckland as a global city

Auckland is a great place to live. In 2007 the internationally recognised Mercer Quality of Life Survey ranked Auckland fifth equal out of 215 cities surveyed. The region it is blessed with inspiring natural landscapes. Our harbours, coastline, volcanic cones and bush-clad ranges are all unique treasures. The region's infrastructure, including its ports and airport, has helped make the region New Zealand's gateway for trade, tourism and communications. Auckland has long attracted many people from many diverse cultures who come here to make this region their home. It is appropriately known as Tamaki Makaurau – a place desired by many.

The contribution the region makes to the wellbeing of the country is vital in terms of its significance. The Auckland region:

- Is New Zealand's major business and investment hub
- Is the principal gateway connecting NZ to the world
- Is a knowledge economy with a predominance of ICT, financial services and creative industries
- Educates the lion's share of NZ graduates
- Is home to 34% of New Zealand's population and the most diverse in ethnicity
- Is home to the majority of skilled migrants, and has a highly skilled working age population

Auckland could be the primary engine of growth for the NZ economy. It contains the largest agglomeration of

people, businesses, education, health and every other facet of life in New Zealand. In population terms, Auckland is the third fastest growing city-region in Australasia. Auckland supports two thirds of all population growth in New Zealand and grows at double the national rate.

However, while Auckland makes a positive contribution to the country, as bigger cities do, it only generates 35% of New Zealand's national income. It could, and should, do more.

Auckland's economy is focussed on domestic consumption and the region's productivity is lower than it should be:

- Income per head is around 27% lower than Australian counterparts.
- The infrastructure needed to connect New Zealand and Auckland to the world is far from adequate for a first world city-region.
- Auckland's relative quality of living is trending down and its relative cost of living is trending up. (Since 2002 Auckland has climbed 40 places to be the 100th most expensive city in the world from 236 surveyed)
- There are widening gaps and concerns with:
 - inadequate infrastructure (particularly transport infrastructure)
 - housing and income (with the cost of land and housing getting out of reach for many)
 - educational outcomes (52% of New Zealand's decile 1 students are in Auckland)
 - migrant integration (22,000 migrants leave NZ each year as expectations are not met)

- skills in short supply
- Auckland's urban growth is strong but it is not linked to productivity.

Great cities are made when business, education, government and non profit sectors drive an agreed agenda for progress. Sadly, no such agreed agenda exists for New Zealand's global city.

The case for change

“It is critical that the Auckland region is served by strong and appropriately structured governance arrangements. These structures must be able to take Auckland forward as a twenty-first century metropolitan region, which is able to compete on the international stage”.

Hon. Mark Burton, then Minister for Local Government from a Media Statement, 19 December 2006

The current situation

For a city of just over one million people, the Auckland region’s current governance arrangements are complicated. Eight local authorities, seven mayors, 30 Community Boards, and 261 elected people govern the region. Each Council interacts by means of complex relationships with council controlled organisations, central government ministries, governmental agencies and other public and non-public agencies.

Businesses and the people of the region operate in a regulatory environment which includes eight strategic directions, eight separate rating systems, eight sets of plans and bylaws, seven building authorities, 11 water network operators, 15 roading and public transport agencies and multiple finance, information technology and human resource systems. The complexity of the structures is shown, in part, in Figure3.

Because of the significance to the region of Central Government funding for transport, and the activities of Transit NZ and Ontrack, the illustration depicts the interaction of Crown agencies in regional transport.

Figure 2: Complex Structure of the Auckland Region

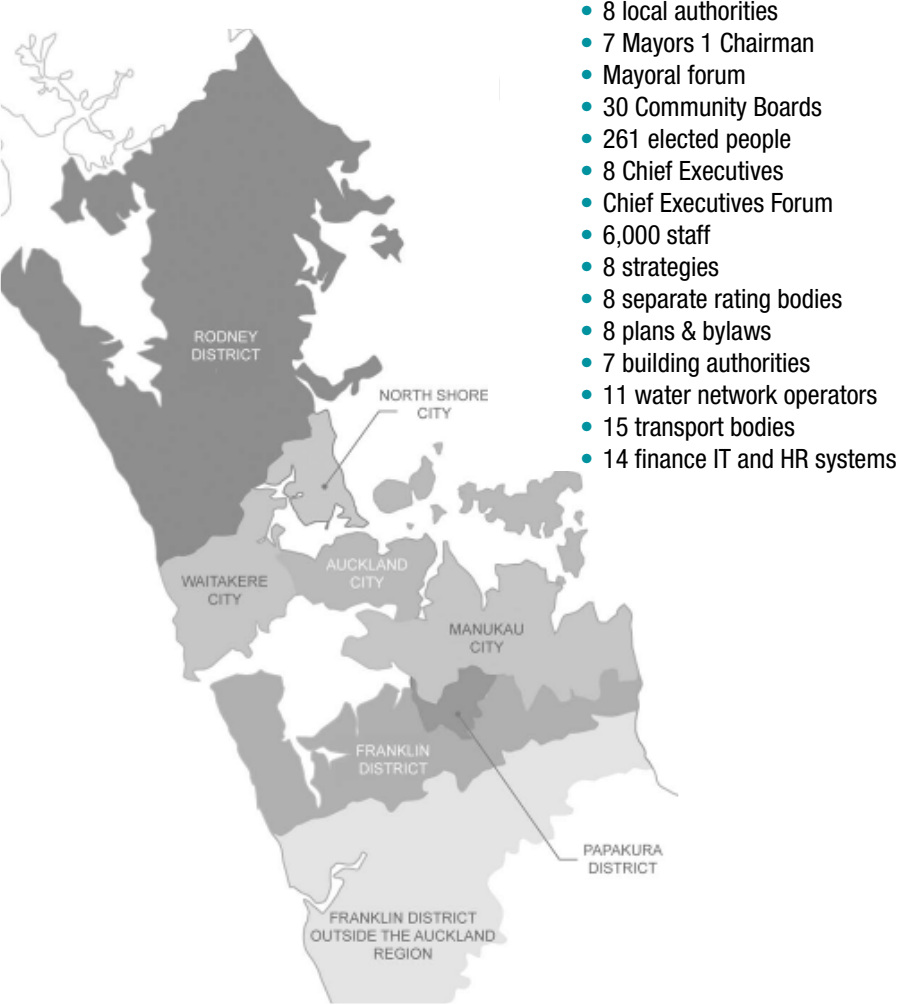
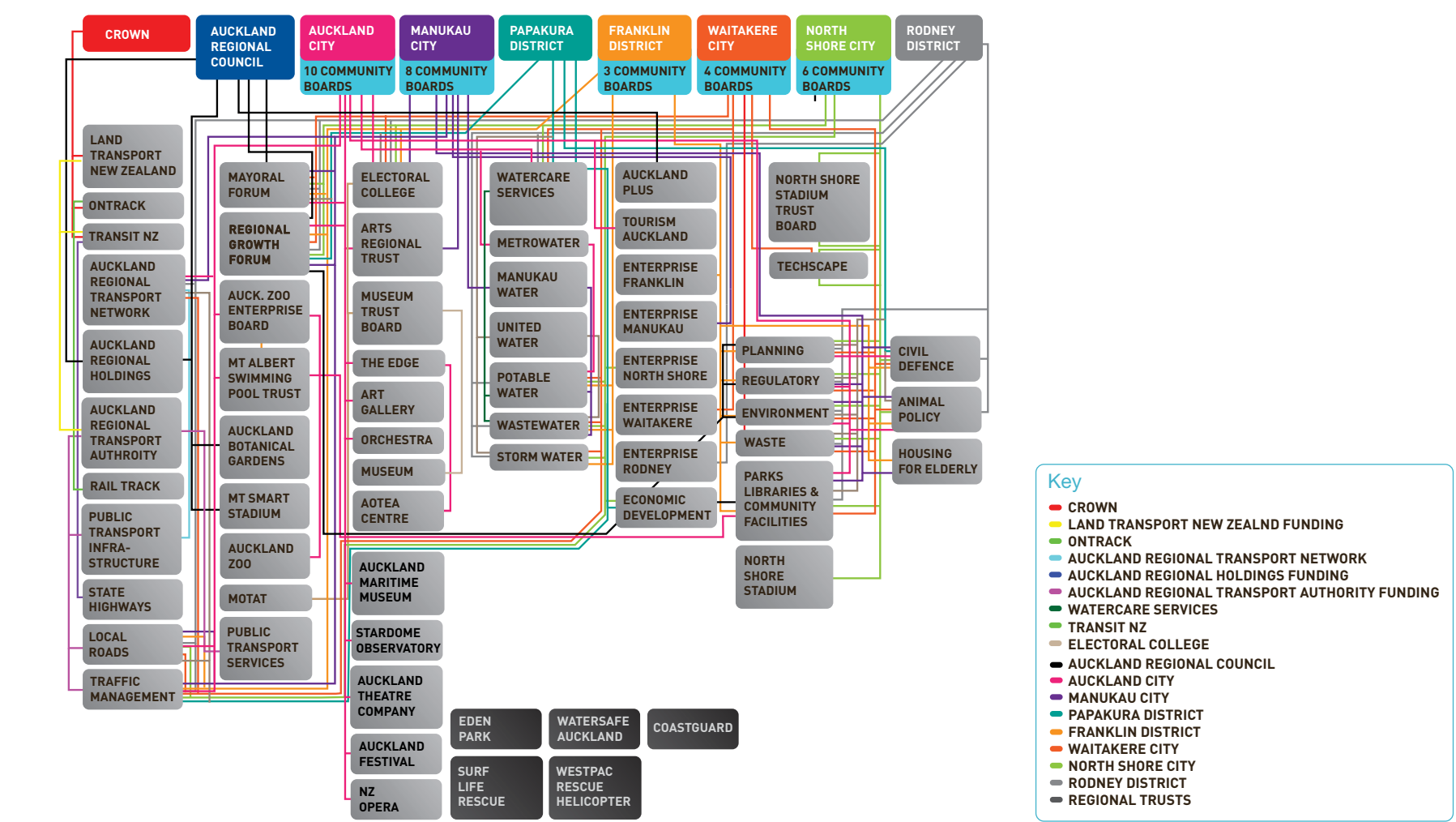


Figure 3: Current Auckland Governance



It doesn't include the wider array of inter government departmental relationships with the region covering such things as health, education, policing, sustainability, economic development, labour, and the like.²

Key issues that can be identified from the diagram include:

- competing leadership
- complex interrelationships between Councils and government agencies
- duplication of function across Council services particularly in the areas of planning and regulation and core infrastructural services such as roading, drinking, wastewater and stormwater services.
- disintegration of function across the region's economic development agencies
- lack of regional support for Tourism Auckland – currently only supported by Auckland City Council
- the lack of regional, city and district council support for regional facilities like the Art Gallery, the Auckland Philharmonic Orchestra, the Maritime Museum, Stardome Observatory, Auckland Theatre Company, Auckland Festival, NZ Opera, and the Auckland Zoo
- the wide range of regional emergency and social agencies like Coastguard, Surf Life Rescue, Volunteering Auckland that are not directly supported and that are required to go “cap in hand” to respective City and District Councils on an individual basis only to receive mixed and inconsistent levels of support

² The government recently moved to coordinate its activities within the region by the establishment of the Government Urban and Economic Development Office (GEUDO). This is a cross-government initiative to improve the focus on Auckland-related policy development and acts as the interface between central government ministries and the 8 Auckland local authorities. GEUDO includes the Ministries of Economic Development, Transport, Labour and Environment.

Competing Leadership

Auckland lacks one voice. Instead eight leaders compete for attention, often with markedly different visions for growth. Because various agencies fund and or control major components of the Auckland regional infrastructure system no one agency has full responsibility and accountability for regional development. Instead, control of regional assets is diverse and their operation dependent upon complex cross organisational relationships. This adds considerably to cost. It also inhibits effective and timely decision making. Regional priorities are often subject to parochial interests. It is almost impossible to gain regional unanimity without substantial compromise on outcomes.

The complexity of the structure and disaggregated decision making and funding processes make it difficult for the people of the region and the business and social agencies to engage effectively with the multitude of public agencies. Over and above the physical direct cost of staff and systems, the cost in money and time associated with inter-agency collaboration, coordination and meetings is very significant.

Staff Duplication

In recent times it has been difficult to hire skilled professional staff in a tight labour market. This results in churn of council staff and, in some cases, Councils “poaching” staff from one another. Similarly, a lack of internal staffing results in use of consultants and external contract staff, often meaning duplication across the region as each Council develops its own strategy and policy position on each significant issue.

Inadequate Funding

Councils and the wider region are facing major challenges of growth and the need to fund additional infrastructure on a limited rate payer funding base. The Papakura, Franklin and Rodney Districts are comparatively small scale entities. Local funding mechanisms lack economies of scale.

Within the transport sector Central government funding is skewed by subsidy rates that favour state highway solutions (funded at 100%) over local roads (which require 50% local funding). Failure to meet local share requirements reduces funding for local roads in favour of state highways. The net result is insufficient funding to do the job. New, more effective funding mechanisms are required. Achieving policy alignment will be a significant challenge under the existing governance structure.

The Regional Council's responsibilities include environmental management, flood protection, land management, provision of regional parks, planning and funding of public transport. However, the Council has limited funding mechanisms available to it. At the regional level the real power lies at the local City and District Council level who collectively possess the bulk of the funding and control the key infrastructural assets.

Local interests frequently prevail over national and region needs

Key decisions that affect the region are frequently made by locally elected lay people who think locally rather than regional or nationally. While local input is vital, it is critical that regional or national interests are recognized

in the decision making process. While most elected representatives are well qualified to represent local interests many lack professional training in the wider issues before them. Some fail to understand implications of decisions in a complex environment and are unable to think and plan strategically, or be discerning of good advice. This can lead to a consequential lack of scrutiny of activities of officials.

Dilution of Expertise

High quality political and staff resources are wasted in duplicated functions across the eight regional and local authorities. Similarly, a considerable amount of highly skilled management time is taken in transactions and consultation among and between parallel organizations.

Complex decision making processes and poor accountability:

Within that context planning, decision making, funding and implementation processes are unnecessarily complex with consequential lack of responsibility and accountability. The lack of national level policy frameworks to guide local decision making means local body politicians may not be held to account for decisions that affect regional or national outcomes. The reality is that elected members can and do divert funding away from needed infrastructure into pet projects, or postpone hard decisions.

The net result for those who interface across local authority boundaries is lack of strategic direction, duplication of function, complex relationship

management, lack of transparency and accountability and high transaction costs. All of these issues have a ripple affect to reduce the overall productivity of the region.

Infrastructure slow lane

Auckland faces a step change in the level of infrastructure investment over the next two decades. This is driven by a combination of factors including regional growth, the need to redress a backlog of investment in transport and energy and water infrastructure, the introduction of new national environmental standards for air and water quality; the infrastructural impacts of climate change, and the desire to lift Auckland's international competitiveness.

While some of this investment has begun, a further significant ramp up in infrastructure investment is required. Multi-billion dollar capital projects on the books over the next two decades include:

- completion of Auckland's western ring route,
- a combined public transport roading connection within the eastern corridor
- electrification and expansion of rail network and rolling stock,
- an additional harbour crossing,
- strategic roading projects across the region
- major investment in potable water, waste water and storm water infrastructure,
- increased electricity generation and transmission capacity,
- roll out of fibre optic cable to business premises and eventually to the home.

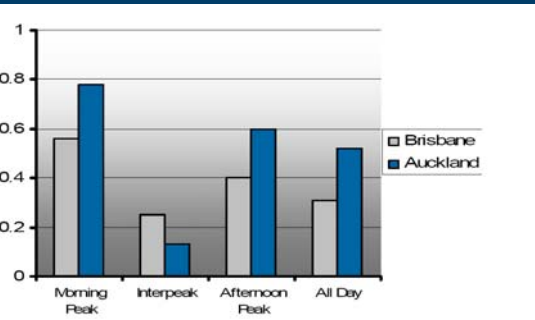
Auckland's congestion worse than comparable cities

Regular surveys of the levels of congestion in Auckland consistently show that the average minutes of delay per kilometre exceed that of comparable Australian cities including Sydney, Melbourne and Brisbane.

Despite recent investments in roading and public transport, the latest travel time surveys conducted by Transit NZ in 2007 show the average delay of 50 seconds per kilometre in the morning peak. Overall, congestion in March 2007 has increased over previous years, with 0.8 minutes delay per kilometre occurring in the morning peak (0.69 in March 2006), followed by 0.67 minutes during the evening peak (0.6 in March 2006).

While Brisbane is of comparable size to Auckland congestion delay in Brisbane is approximately 40% lower than Auckland.

Minutes delay per kilometre:



Source GHD 2006: Meeting NZ Transport Needs to 2025

The level of investment required to complete these projects is unprecedented since the last programme of capital investment in the 60s and 70s. Not only will this place immense pressure on the region's capacity to fund the investment required, it will require a marked improvement in the decision making and governance processes that surround the infrastructure development programme. It will require strong alignment between central and local government to determine priorities, agree funding, approve projects, and ensure their completion on time and on budget.

Regrettably, Auckland's past track record in achieving alignment of the respective parties has been poor. Notable examples include:

- 20 year process to gain alignment and funding for North Shore bus way
- 10 year funding and approval delays for a comparatively short 4km extension of SH20 motorway at Mt Roskill
- regional and city council division over the alignment and funding of SH20 Waterview connection
- regional division over the provision of a stadium for the 2011 rugby world cup and ongoing debates over funding for the agreed solution at Eden Park
- ongoing dispute over the development and funding of Auckland's waterfront
- clash over the need for and potential alignments of an additional harbour crossing
- poor integration of land use policies and strategic infrastructure investment
- failure to implement recommendations of successive

reports by independent consultants on the benefits of vertical integration of the water industry

- continual churn and failure to commit to funding and implementation of key strategic plans for the region including the Regional Growth Strategy, Regional Land Transport Strategy, Auckland Regional Economic Development Strategy, the Metro project

From an Infrastructure perspective, there is a lack of long term thinking. Regional politics are dominated by parochialism centred on three yearly election cycles. Sub regional divisions plague the capacity of the region to sustain commitment to funding and implementation of agreed plans. There is a reluctance to use debt to fund strategic infrastructural investments. To the extent that debt is used it is linked to the balance sheets of the councils. Consequently, critical components of regional infrastructure such as key transport linkages that could lift economic growth and productivity are deferred for the want of funding. Council thinking is blinkered by artificial boundaries drawn on the regional landscape. Infrastructure doesn't respect these artificial boundaries. Nor do the work and travel patterns of hundreds of thousands of trips that cross council boundaries on a daily basis.

While there will always be differences about regional priorities within any community, the difference in Auckland is that with so many parties involved, each with a significant say in prioritisation and funding, there is no single point of responsibility and accountability for action. Consequently, major initiatives that are critical to the development of the region are continually deferred.

Auckland's Eastern Transport Corridor

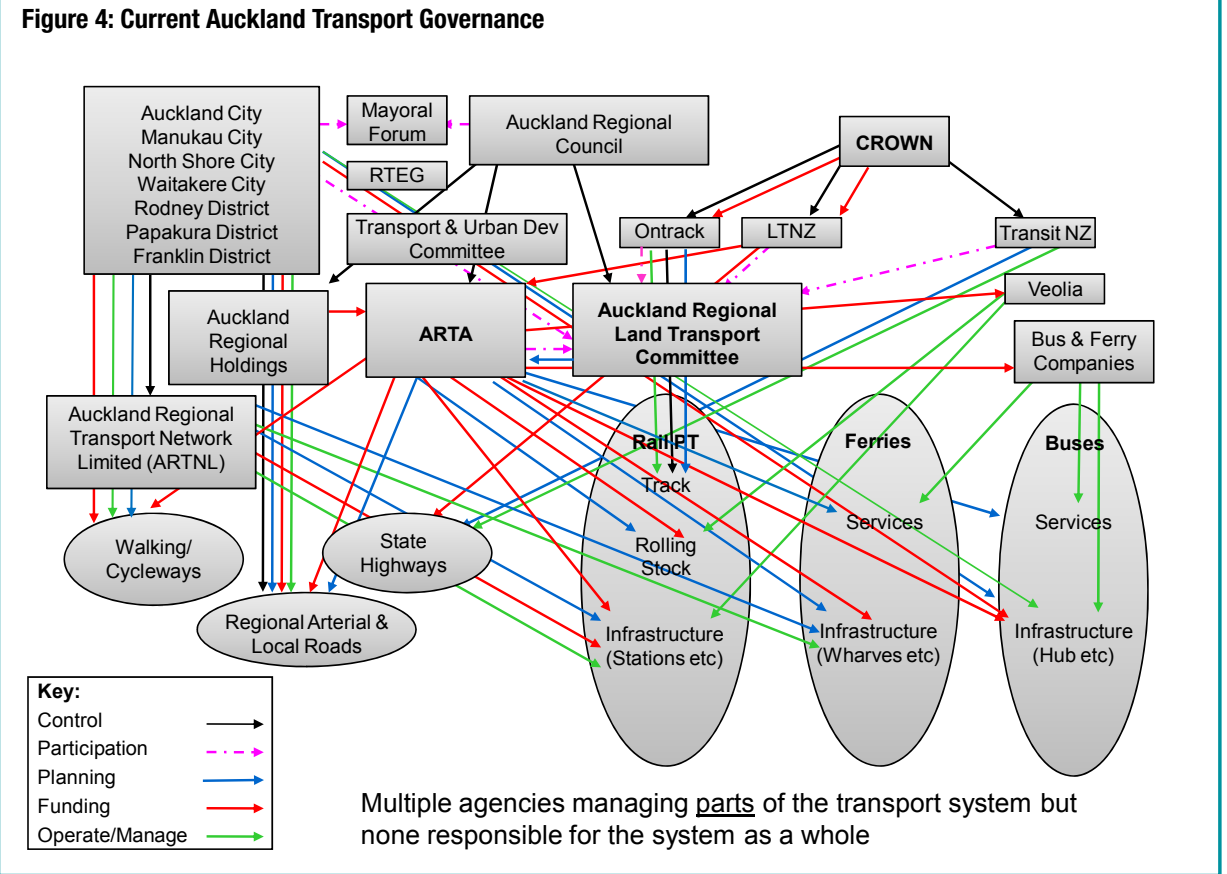
In 2003 a consortium of consultants (known as Eastdor) examined the most effective means of resolving local and regional transport issues within Auckland's eastern corridor. On the basis of the projected population growth and traffic flow movements, Eastdor concluded that the options of "do nothing" or "do minimum" were "not defensible". They concluded that greatly improved public transport within the corridor will be an important part of the transport mix, but would not address all the issues, and recommended developing a six lane multimodal expressway. Subsequent studies undertaken by Opus and BERL concluded there were substantial social, environmental and economic gains to be achieved from the development of the corridor as a multi-modal transport expressway.

However, the regional solution faced strong local opposition and became a defining issue of the 2004 Auckland City Council election. As a result, plans for a substantive regional roading project (as recommended by Eastdor, Opus and BERL) were abandoned by the newly elected Council which turned its focus toward improvements to public transport and a local arterial road in the corridor. Notably this decision contradicted expert advice that a passenger transport local roading solution would not meet the transport mobility needs of the region.

Auckland Manukau Eastern Transport Initiative (AMETI) is a new project currently under investigation. However, AMETI is not included in the Regional Transport Strategy and remains almost totally unfunded at this time. A regional solution to the transport issues in the east of the city looks some years away, at best.

The Case for Change: Transport Governance – all care no responsibility

The complexity transport governance in Auckland and the mixed accountabilities between central and local government agencies are graphically illustrated below.



Transport Governance – Are we there yet?

A journey by car from the central city to Wiri is likely to involve travel over roads owned and managed by three separate road owners and managers - two councils, Auckland and Manukau, and Transit NZ. The roads will have been planned by a sub- committee of the ARC and funded by rates from the two city councils, plus fuel tax and road user charges from Government's transport funding agency, Land Transport NZ, but which is allocated by the Auckland Regional Transport Authority.

A journey from Henderson to Britomart by bus and train will involve travel in a privately owned bus over roads owned and managed by Waitakere City Council, through stations leased and managed by Auckland Regional Transport Network Limited (the joint venture company established by the councils to operate public transport infrastructure) and over rail track owned by the Crown but administered by OnTrack. The bus and rail services will have been planned by the Auckland Regional Transport Authority, and the whole journey will be subsidized by a combination of rates paid to the ARC, Waitakere and Auckland City Councils, grants from Auckland Regional Holdings, direct capital investment from the Crown, and fuel taxes and road user charges funnelled via ARTA from Land Transport NZ

That's two simple journeys, and ten public agencies, at least 5 per trip.

At the moment fifteen different public sector agencies have responsibility for planning, funding, developing and managing different parts of the transport network. If all those agencies were working together in full co-operation perhaps the system might work. But historically they haven't worked well together, and it is probably unrealistic to expect that they will. Different local and regional councillors, Ministers, and Boards are accountable to different constituencies. Stopping competition among the agencies, and reconciling their different views, will always be difficult. As a direct result of this, progress in fixing Auckland's transport is complicated and slow.

In reality the goal is simple – to ensure a sustainable transport system that meets the needs of local communities, business, the people of the region and the nation as a whole. But as the diagram clearly illustrates, there is no one agency responsible for the regional transport system as a whole. Transport management and control is shared among various agencies which individually control parts of the system. Decision making processes are complex. Reconciliation of conflicting priorities is dependent on effective alliances being established between the parties. In the absence of agreement, priority conflicts must be reconciled via the Land Transport New Zealand funding allocations and or by means of central government lobbying or Crown intervention. Land Transport Funding mechanisms are themselves a tortuously complex split between National Crown and Regional (N, C, & R) funding allocations.

The bottom line is transparency and accountability and

responsiveness the people who are the users of the system are unclear. The transport system fails to meet the mobility needs of the people of the region. The case for reform of transport governance structures is compelling.

How come it takes so long?



"I just can't understand why it takes so long to get anything done in Auckland. There must be thousand's of businesses like me dependent on decent roads to get around the city but who spend forever in traffic. We pride ourselves on getting to the job on time. That means always having to make allowances for traffic. The downside is I'm fitting in fewer and fewer jobs in a day. My guys have to start earlier and work longer shifts just to keep up. It all adds to costs. It's even worse now with the price of diesel having gone up so much. Quite often I'm stuck in traffic in the middle of the day burning diesel and going nowhere fast....so much for reducing carbon emissions!"

Kevin Gibb: We Clean Carpets Ltd

The Case for Change: Lost opportunities in water

Since 1995 eleven studies by independent experts have looked into the Auckland water services industry. Four of the reports were inputs to the 1999-2002 industry-led review which involved all of the Councils in the Auckland region (with the exception of Franklin District Council).³

The key findings from this analysis are summarised below.

Fragmentation

The system is unusually fragmented which has resulted in sub optimal planning and investment in water and wastewater infrastructure. The future requires strategy that will maximise reuse, recycling and management of residual water resources enabled by tight regional management of capacity and demand.

Governance

The networks are under multiple ownership. This results in unnecessary operational complexity and inadequate resource allocation. The exponential growth in population of Auckland coupled with a finite supply of water will require integrated 'real-time' management of the networks and the water cycle from source to disposal.

Accountability

There are no consistent objectives set for pricing, product quality or customer service standards, nor is there an external body responsible for monitoring performance

of the industry. A looming requirement for large capital expenditure to meet growth and environmental requirements means the wholesale price of water is set to increase. Quality service and price equity for consumers will be vital to retaining community confidence. Industry (scale) efficiencies will be required to minimise the economic impact on consumers.

The analysis concluded that significant savings and benefits arise from improving regulation and greater regional collaboration within the current industry structure. Further cost savings are potentially available by amalgamating the ten local network operators and Watercare Services into one Council-owned company.⁴

As a result of this research, formal public consultation took place early in 2001 on three options for reform: 1) Modified Status Quo; and 2) Vertical Integration – the "one provider" option and 3) a shared services option. Radio advertising, billboards, newspaper articles and advertorials were used to inform and encourage the public to respond and make submissions.

The results were reported in a report to the local councils in June 2001⁵. The "one provider" option was preferred by most (68%) of the 2,307 written submissions received from groups and individuals. The improved status quo was preferred by 19% of the submitters and a Shared Network option by 6%.

In addition to the submissions, the Water Pressure Group/Citizens Against Privatisation coalition ran a post card campaign (attracting a response of 7,266

cards) proposing a "Peoples Option" which proposed public ownership and opposed any corporatisation or privatisation of the water industry in Auckland.

Following the consultation process, the Councils were asked to consider the 'Modified Status Quo' and 'Vertical Integration' options. It appears that the review came to a halt because of the lack of consensus amongst Councils and no legislative requirement to reach an outcome.

The following changes have since been implemented:

- Publication of an annual performance report, which benchmarks network operator performance against a number of indicators
- Development of contracts for water and wastewater services between the network operators and Watercare, which have provided added clarity to the industry.

The latest development the Three Waters project coordinated by Watercare has three, interrelated work streams:

- Three Waters Regional Planning
- Three Waters Regional Funding
- Three Waters Regional Policy

³ Auckland Region Water, Wastewater & Stormwater Review, 1999-2002. ⁴ CapGemini Ernst & Young Reducing Costs by Amalgamation report completed in 2000 projected savings of up to \$87m in capital costs and between \$0.3m and \$9.9m in annual operating costs. ⁵ Auckland Region Water, Stormwater & Wastewater Review, Progress Report on the General Consultation Process & Iwi Consultation, prepared by the Auckland Water Steering Group, 12 June 2001

As part the first work stream, the Three Waters Issues Report TW2 was published in June 2006. This report sets out the regionally significant issues identified, but does not address industry governance or funding. Four urgent issues have been identified:

1. Renewal and upgrading of trunk sewers in parts of the region to provide for growth meet regulatory requirements and provide back-up for critical assets.
2. Methods to be used to address peak wet-weather flows into local networks, as they will affect decisions required in relation to 1).
3. The locations where long-term treatment and disposal of wastewater will occur, as they will also affect decisions required in relation to 1).
4. The future management of bio-solids, as some existing disposal facilities are approaching capacity.

These four issues are interlinked and at least one of the issues (the location of long-term treatment and disposal of wastewater) is likely to be highly controversial. It remains to be seen how well the process can deliver a regionally agreed outcome to these urgent issues.

Figure 5: The variety of water services provided by the eleven water network operators

| | | | Drinking Water | | | | | Waste Water | | | | Storm Water | | |
|------------------------------------|---------|----------|----------------|----------------|---------------|-----------------|--------------|--------------|-------------|---------------|----------------|-----------------|--------------|-----------------|
| | | | | | | | | | | | | | | |
| WATER SERVICES PROVIDED | Acronym | Function | Bulk Storage | Bulk Treatment | Bulk Transfer | Local Treatment | Reticulation | Reticulation | Trade Waste | Bulk Transfer | Bulk Treatment | Local Treatment | Reticulation | Local Treatment |
| Auckland City Council | ACC | TLA | | | | | | | | | | | ✓ | ✓ |
| Franklin District Council | FDC | TLA | | | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| Manukau City Council | MCC | TLA | | | | | | | | | | | ✓ | ✓ |
| North Shore City Council | NSC | TLA | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Papakura District Council | PDC | TLA | | | | | | | | | | | ✓ | ✓ |
| Rodney District Council | RDC | TLA | | | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| Waitakere City Council | WCC | TLA | | | | | ✓ | ✓ | | | | | ✓ | ✓ |
| Manukau Water Ltd | MWT | LNO | | | | | ✓ | ✓ | | | | ✓ | | |
| Metro Water Ltd | MWL | LNO | | | | | ✓ | ✓ | | | | ✓ | | |
| United Water International Pty Ltd | UWI | LNO | | | | | ✓ | ✓ | | | | ✓ | | |
| Watercare Services Ltd | WSL | W | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ | | | |

The Case for Change:
Regional coordination – many strategies, significant duplication, another false dawn...

The Regional Growth Forum

The Regional Growth Forum (RGF) was established in 1996. It was a major collaborative exercise that brought together all councils and a broad range of the region’s stakeholders. Its aim was to achieve a “unified regional vision” that looked beyond the short-term growth pressures towards the middle of the 21st century, to when it was predicted that Auckland’s population would reach 2 million.

In launching the resulting Regional Growth Strategy (RGS) in 1999 to the Prime Minister the Rt Hon Helen Clark and to an audience of over 300 people present at Eden Park the then Chair of the Auckland Regional Council, the late Phil Warren, proudly announced

“For once, Prime Minister, Auckland speaks with one voice!”

Since that time progress on implementation of the regional growth strategy has been slow.

An evaluation report published by the Auckland Regional Council in July 2007 entitled “Growing Smarter” concluded that while “a good start has been made” current approaches or business as usual will “not be

sufficient” to meet the RGS aims and objectives.⁶

The report found that the commitment to and resourcing of the RGS has not been continuous. It is unclear how council long term plans support the implementation of the Strategy. Progress towards implementing sector agreements has been slower than planned. The strategic use of infrastructure investment to promote compact development has been limited by the lack of an effective mechanism to coordinate the wide range of providers and funders.

The report concluded there is a critical need for better alignment of policy, funding and an urgent need to accelerate implementation across councils and with central government.

Regional Land Transport Strategies

The Auckland Regional Land Transport Strategy (RLTS) is prepared by the Regional Land Transport Committee (RLTC) made up of 22 members including representatives from: the ARC; all the local councils in the region; Land Transport NZ; various special interest groups for economic development, access and mobility, public health, environmental sustainability, safety and personal security, and cultural interests. The committee also has observers representing ARTA, Ontrack and Transit NZ.

Stadium New Zealand: Waterfront Option Sunk ... Councils dispute funding for Eden Park

Hon Trevor Mallard
Minister for the Rugby world Cup

27 November 2006 Media Statement

Cabinet has today decided to support the redevelopment of Eden Park Stadium, subject to resolution of design, funding and governance issues, following the inconsistent stadium preferences nominated by the Auckland Regional Council and Auckland City Council last week. “The decision on a stadium had always been one for Auckland to make but unfortunately Auckland has been unable to agree to a preference, with Auckland City Council in favour of a waterfront site, and the Auckland Regional Council not favouring such a site.”

As of March 2008 Councils continue to dispute their relative contributions to Eden Park. ARC has committed \$10m to the redevelopment; ACC will not fund the park but has agreed to \$22m of adjacent city council amenities. None of the other Councils in the region have offered support. To date the remaining \$18m required to fully fund the \$240m project (excluding any cost overruns) remains outstanding.

Since 1995, four ten year Regional Land Transport Strategies have been launched: 1995, 1999, 2003, and 2005. None have yet been implemented.

When the 2005 strategy was written, there was a significant funding mismatch which meant the strategy's recommended investment in public transport could not be achieved. This led to the Auckland Transport Strategic Alignment Project, which aimed to achieve agreement by central and local government leaders on a high-level strategy for the long-term development of Auckland's land transport system. In 2008, the current strategy is now being rewritten.

The Metro Project

Developed in 2002 as part of the Auckland Regional Economic Development Strategy, the Metro Project was developed through wide consultation with business, central, local and regional government, local economic development agencies, Maori, the migrant community and Pacific leaders.

The Metro Project seeks to transform Auckland into a world-class region: *a region that successfully competes internationally, has an inclusive and dynamic economy, is buzzing with innovation, where skilled people work in world-class enterprises and is a great place to live, work and invest in.*

Four years later, the Metro Project Action Plan was launched in October 2006 and took an integrated approach to turning the vision into tangible results. It brought together existing and new regional activities into

one “transformational” economic development plan.

The plan outlined 30 concrete and practical actions that sought “to bring about tangible results and boost Auckland's performance locally and globally”.

The actions supported five objectives:

1. Take effective and efficient action to transform Auckland's economy.
2. Develop world-class infrastructure and world-class urban centres.
3. Transform Auckland into a world-class destination.
4. Develop a skilled and responsive labour force.
5. Increase Auckland's business innovation and export strength.

The project is supported by Auckland Plus the economic development arm of the Auckland Regional Council, but remains dependent on funding being provided by the Government, the Auckland Regional Council and the seven city and district councils.

Progress on implementation of the Metro project appears to be constrained by lack of commitment and funding by the Councils and has been subsumed by the “One Plan” process - a subset of the move towards stronger regional governance for Auckland.

The Auckland Sustainability Framework

Launched in 2006, The Auckland Sustainability Framework aims to create a sustainable future socially, culturally, economically and environmentally.

No ground big enough...

In December 2007 Visitor Solutions published a report commissioned by the Auckland Regional Physical Activity and Sport Strategy coordinating body ARPASS which examined the infrastructure requirements for Auckland to host the Commonwealth games in 2018.

The study found that while the region has a number of sub regional venues, only some had the size and capacity required to host events of the size and scale of the Commonwealth Games. None of the three major stadiums including Eden Park would have the capacity necessary to host the opening and closing and athletics events without substantial and costly alteration.

The report concluded that not only did the Auckland region have “several major infrastructural gaps” to reach the minimum criteria required by the Commonwealth Games Federation, the baseline criteria “are so far below the standard required as to be “almost irrelevant to the preparation of a winning bid”.

It also noted that, even if the infrastructure gaps could be resolved, the Auckland region lacks an overarching governance structure sufficiently empowered to finance, coordinate, and advocate a successful bid on behalf of all the potential stakeholders.

Will this be another lost opportunity?

Taking a 100+ year view, the framework seeks to 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 truly sustainable region.

The Framework is a collaborative effort led by all of the region's councils working with central government, Mana Whenua and the academic, business and community sectors. It seeks to guide all regional strategies. The Regional Growth Strategy, The Regional Land Transport Strategy, the Auckland Regional Economic Development Strategy (of which Metro is a part) and Long term Council Community Plans.

It is intended that the Framework will provide the foundation for the development of the “One Plan” for the region which is the outcome of the Strengthening Auckland's Regional Governance. Councils are expected to voluntarily apply the Framework in the next round of Long Term Council Community Plan (LTCCP) development scheduled for 2009.

Long Term Council Community Plans

The Local Government Act 2002 requires local authorities to produce an updated Long Term Council Community Plan. Specifically, every three years starting in 2006, each of the eight councils across the region is required to produce a plan to describe the activities of the council and provide a long term focus for its decision-making.

However, the latest LTCCPs are facing major funding challenges. The level of rates increases anticipated in

the LTCCPs has proved to be politically unsustainable. Councils are now in the process of updating their LTCCPs for 2009 and significant changes are expected, reflecting the pressure on funds that is now apparent.

A review of strategic and operational planning across each of the councils in the Auckland region shows a litany of best laid plans sitting on shelves. Experience shows that even with the best will in the world, governance and funding structures are not enabling delivery of the agreed vision. While progress is being made, those that are achieving results must work around structures which inhibit rather than enable the outcomes that have been collectively agreed as priorities for the region.

Many False Dawns

In last ten years since 1998 the Auckland Region has produced and launched in excess of thirty regional, city and district long term plans & strategies including:

- The Regional Growth Strategy, 1999
- Three ten year Regional Land Transport Strategies, 1999, 2003, 2005. (A revised RLTS is now under development)
- The Auckland Regional Economic Development Strategy 2002 - 2022
- The Metro Project 2006
- The Auckland Sustainability Framework 2006
- 16 Long Term Council Community Plans and as many district city and regional plans and strategies
- A regional policy statement, and at least eight district plans, proposed district plans. and revised district plans under the requirements of the RMA

Each plan is developed through wide consultation with business, central, local and regional government, local economic development agencies, Maori, the migrant community and Pacific leaders. This requires considerable investment in time and money by participants.

Few if any of the plans are ever implemented often due a lack alignment by Councils and the absence of a long term commitment to funding.

Will “One Plan” be any different?

Councils look at committing to “One Plan”

Few question the need for reform, including the Councils themselves. In late 2006 the Auckland Mayoral Forum initiated a project to strengthen regional governance. The project involved extensive evaluation and discussion amongst the councils, although it was agreed at an early stage that amalgamating territorial authorities was not to be on the agenda.

Problems Identified

The analysis concluded that improvement to governance should be focused on addressing the following problems:⁷

- There is generally adequate strategy but this is not fully integrated or aligned into an overall direction that indicates the region's priorities
- The region fails to deliver on strategy because of fragmented powers and accountabilities for funding and service delivery and commitment to fund
- Some decisions appear to be “mis-located” (undertaken at the national or local sphere of government when the impacts are mostly regional)
- There is heavy reliance on voluntary and statutory joint decision-making fora but these are not able to ‘bind’ or influence expenditure and other decisions of sovereign organisations. Non-funders also have

- significant influence on decision making particularly in the area of transport.
- The result is a lack of certainty (especially in funding), clarity, understanding, mandate, leadership and single voice for Auckland with central government.
 - There is insufficient revenue at the regional level.
 - There are inefficiencies and inconsistent standards and financial impacts due to duplication and transaction costs.

Towards “One Plan”

While there is general agreement on the need for one agreed plan for the region, Councils continue to differ about how they see the components of the plan configured and operating.

While there is support for:

- A Strengthened Regional Council with an expanded role and funding tools
- A Regional Sustainable Development Forum involving all councils and participation by Central Government and Maori

“Regional Amenities Bill Unfair, say City Councils”

NZ Herald, 3rd Dec, 2007
“Three of Auckland's city councils complain that the Regional Amenities Bill is flawed, unfair and will be unpopular with rate payers. They challenge the way the bill seeks a compulsory levy of ratepayers for arts, culture, rescue services, and the zoo that will push up rates by up to 2 per cent. When public submissions on the bill closed on Friday, Manukau, North Shore and Waitakere cities had filed sharp criticisms on many aspects.”

Councils argue there are other regional amenities that they fund that aren't covered by the bill. Despite the Councils' unwillingness to support the bill, user surveys show the services are well used by their constituents, as depicted below. Once again, it seems, the region is at an impasse.



Source: <http://www.together.org.nz/#statistics>

- A coordinated, aligned, prioritised and funded “One Plan” dealing with regionally significant issues
- Linking Central Government strategies and funding with binding funding agreements negotiated/facilitated by the strengthened regional council

There continues to be divergence about the reforms that Councils should be subject to. There is opposition to transferring assets and funding to other councils, particularly without any robust cost benefit being demonstrated, and opposition to take on new responsibilities without funding.

Many of the concerns expressed arise from a range of issues including:

- History and past grievances about attitudes and behaviours have produced a lack of trust and have resulted in tensions between different spheres of government and a concern/unwillingness to give up control
- Concern at becoming involved in a process whereby an individual council's interest/perspective may become secondary to, or compromised by the collective interest and the council being bound by something that it will not necessarily be able to control – (albeit that it can participate in and influence the decision-making)
- Perception that there are differences between rural and urban interests and a fear particularly from rural and or smaller councils of being disadvantaged and or “swamped” in the process.

Despite these differences, the Regional Sustainability Framework process is being used as a vehicle for developing One Plan for Auckland formulated by the Regional Sustainable Development Forum (RSDF). This comprises representatives from the 8 Auckland Councils, 5 government ministries, and the Waikato and Northland Regional Councils.

Although the intended outcome of the One Plan will be the integrated long-term sustainable development of Auckland region, as with earlier regional strategy documents, the focus of the first plan is on implementation and action. Once developed, it is envisaged the plan will be supported by a series of binding multilateral agreements between the seven city and district councils (see the illustration below).

The key question is whether “One Plan” will maintain alignment and be financially supported over time as each Council rotates through the three yearly election cycle.

Past experience would suggest not.

Shared Services – Yeah Right!

With each of the eight local authorities that make up the Auckland region, there are opportunities to rationalise some services to save costs.

Some examples of shared services do exist such as the regional library service and the regional traffic management system.

A range of technical services like information systems, procurement and billing, community information centres and consent processing could also be easily organised on a region-wide basis, rather than have each council run its own.

In 1999 the Auckland Region CEO's forum initiated a shared services pilot project*. The project set out ways that savings could be made by sharing services – up to \$6m was identified just on procurement alone.

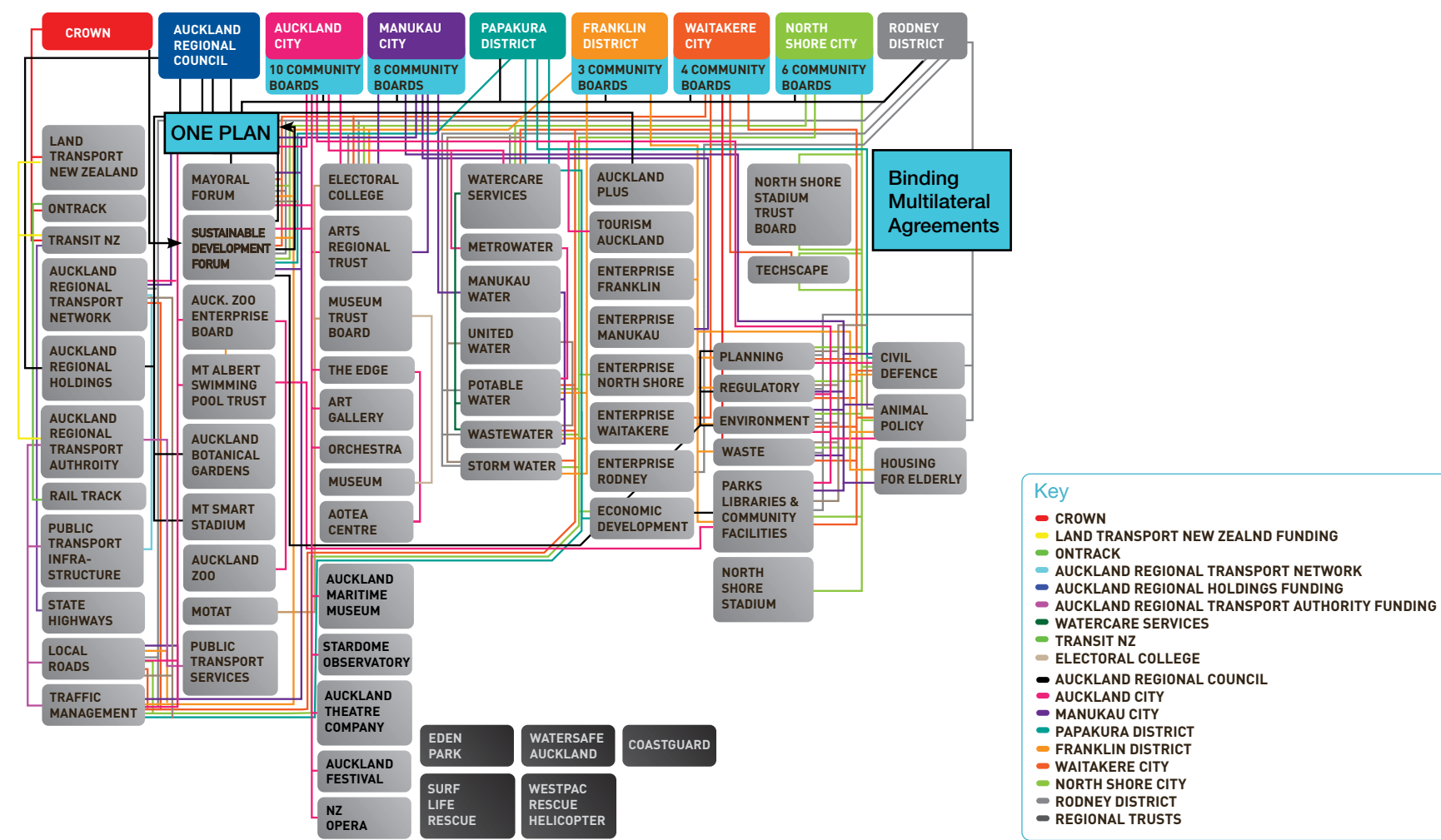
As a result of this preliminary work, a serious endeavour to adopt a shared services strategy across the major councils of the region got as far as the completion of a detailed implementation plan before disappearing without trace.

Management opposition was the major factor.

*For details see http://www.northshorecity.govt.nz/your_council/projects/shared_services_agreement.htm

⁷ Strengthening Auckland's Regional Governance Proposal 4th December, 2006.

Figure 6: Auckland Governance - The Modified Status Quo



Stronger governance required

While the move towards agreeing “One Plan” for Auckland is welcomed, recent history, peppered by numerous false dawns of regional cooperation, raise concerns about the Councils’ proposals for reform.

The proposed modified status quo as illustrated above seems to add more complexity, not less, being dependent on a series of binding agreements across its constituent members. One Plan may be achieved but since it will be negotiated between eight sovereign local authorities it will inevitably be a compromised plan – the lowest common denominator that all can agree with- rather than what’s necessarily optimal for the Auckland region. Moreover, significant duplication of function remains within the modified status quo. The lack of public transparency is made even worse by the commitment to binding agreements between the Councils across the region. The structure is dependent on complex interagency transactions. Infrastructure responsibilities and funding remain disintegrated, and competing leadership remains as an inherent weakness of the model.

Who would want to be a property developer...?

The Resource Management Act requires all councils to promulgate regional or district plans for their district or region. The Auckland Regional Council has produced one Regional Policy Statement and four regional plans (Coastal, Dairy Farm Discharges, Air, Land & Water; and Sediment Control), all of which apply throughout the region.

Each territorial authority has also produced district plans for its district. Although these are required to be consistent with the regional policy statement and regional plans, there is still considerable variation, both in terms of form and content, across the region.

A case in point...

It has now been 16 years since the introduction of the RMA and while some authorities are beginning to develop their second set of plans, Rodney District, a key centre of growth for the region, has failed to finalise even its first district plan. The Proposed Plan is subject to numerous Environment Court appeals. The Council has notified over 100 variations to its proposed District Plan, many of which are also subject to Environment Court appeals.

Meanwhile, the Council’s existing Operative Transitional Plan, which was prepared under the previous Town & Country Planning Act 1977, continues to have legal affect until the appeals against the Proposes Plan are resolved.

As they say, “Rodney” wasn’t built in a day!

Learning from International Experience

This submission has been informed by research undertaken by Dr Andy Asquith, Department of Management and International Business, Massey University, Albany and by a substantive analysis of international literature on local government reform undertaken by the Local Government Centre of the AUT University. The latter project was jointly funded by NZCID and a number of the existing local authorities in Auckland. The research identified the following key conclusions which are taken directly from the report itself:⁸

Preference for function specific arms-length entities
Recent experience with the design of governance arrangements for metropolitan functions shows a strong preference for establishing function-specific arm’s-length entities. Reasons include minimising conflicts of interest, establishing “fit for purpose” governing bodies with skills, experience and capabilities specific to the function concerned, differing functional boundaries and the scale and complexity of individual functions.

Provide for timely and efficient decision making
A persistent and difficult challenge with the design of metropolitan level governance arrangements, especially

for infrastructure, is managing the balance between the demand for democratic participation on one hand and the need for timely and efficient decision-making on the other. There is an emerging trend to favour arrangements which weight the balance in favour of timely and efficient decision-making.

To this end, three principal options are evolving. The first, not relevant in New Zealand, is for a provincial or State government to become the default metropolitan governance authority. The second is the executive mayor model as with the Greater London Authority, concentrating decision-making power in a single individual who is, however, democratically accountable for decisions taken. The third is the development of a two tier board structure, with the top tier made up of indirectly elected members (elected mayors of the local governments within the region of the entity) and the second tier a “fit for purpose” board appointed for relevant skills, experience and capabilities. The second tier will have a substantial degree of autonomy for planning and implementing the activities of the entity with oversight from the top tier. Preferred options for the future governance of regional functions within the Auckland region are likely to draw strongly on one or both of the executive mayor and two tier board options.

Savings may not accrue from amalgamation
Local government amalgamation, as a means of reducing costs and improving efficiency, is problematic at best with the weight of evidence suggesting that typically it fails to achieve the stated objectives. Nonetheless, it remains an attractive option for higher tiers of government if only as a

Brisbane demonstrates the success of a single city administrative structure

Brisbane City Council is the largest local authority in the southern hemisphere, serving a population of some 900,000 people. The City was created by the City of Brisbane Act 1924 which merged two cities, six towns and 10 shires to form a completely new entity.

Brisbane is generally regarded as a successful example of effective management of a large metropolitan area under a single administration serving a population comparable to Auckland’s population.

Although providing a useful exemplar of a successful city under single administration, Brisbane city today has been the product of a single long lived entity which has evolved over time. As such it may or may not provide insight as to whether or not successful amalgamation into one city can be achieved in the in the context of Auckland as it is today.

Despite its relative size and scale, Brisbane City operates effectively with the Queensland State government, (in a similar manner that London works within the British context) – dispelling the myth that central government(s) cannot tolerate strong units of local government within their midst.

means of appearing to do something decisive to deal with perceived local government problems.

Economies of scale derive from best fit to meet the need

Economies of scale are a function of individual services and, depending on the service, optimal scale will be reached at a street, neighbourhood, community, district or regional level. From this it follows that the better approach to realising economies of scale is to address the organisational arrangements involved service by service. Service should be provided by the entity or entities best placed to do so on a least cost basis in relation to the nature of the service and the accountabilities involved with it. This should not be seen as an argument for privatisation, although the private sector does have a role to play.

Shared services are easier said than done
Shared services have a potentially important role to play as an alternative to amalgamation as its service by service approach allows a much more direct focus on appropriate economies of scale. However, the evidence suggests that many local authorities, especially at the management level, may be reluctant to adopt a shared services approach. (See the inset above which describes a previous failed attempt in Auckland)

The trend towards “localism”
Local or neighbourhood governance is increasingly seen as the most appropriate level for effective engagement between communities and local government. However,

practice in this area, including the role of the parent local authority, is still very much “work in progress”. There is considerable evidence that a number of New Zealand local authorities are reluctant to enable substantive local or neighbourhood governance. This is likely to change as local government becomes increasingly involved with promoting community well-being rather than its traditional roles of providing and maintaining community infrastructure and implementing local regulation.

Guiding a solution for Auckland

While much can be learned from looking at the experience of other countries, a key conclusion that is inevitably drawn from such research is that **there is no world’s best practice in local body governance reform**. Without exception the reforms derive substantially from the context in which they are based.

Outcomes have often been compromised by the specific political and financial dynamics that existed in each location at the time of reform.

That said, there are some very important conclusions that can be drawn:

The right solution for Auckland will be one that is uniquely Auckland's
It is not possible to adopt a model that works elsewhere and impose it on the unique situation that is Auckland as we know it. The solution lies in addressing the issues that face the region today and into the future, based on our

Birmingham Transformed

Comment by Dr Andy Asquith Dept of Management and International Business Massey University Auckland.

Over the last 20 years virtually every major provincial English city has seen a transformation in the form of urban and suburban renewal. Leeds, Liverpool, Manchester, Bristol, Nottingham, Sheffield, and Newcastle have all transformed themselves from cultural and economic deserts into thriving centres of prosperity.

Interestingly, each city has taken a blueprint developed and implemented in Birmingham from the early 1980s onwards, and used it to reinvent their cities. In each case the regeneration was championed and pursued by local government, often against enormous odds.

True, local government did not act alone. To do so would have been impossible. Instead, it acted as the catalyst to bring together the private sector, voluntary organisations, other public sector bodies, such as hospitals and tertiary education providers, central government and the European Union. The role of local government was crucial. The success in the rebirth of these cities was down to the vision identified and advanced by local government.

The one difference between what Birmingham and the other English cities listed achieved and what Auckland hopes to achieve is that in Birmingham, there was just one articulator – Birmingham City.

⁸ The Future Governance of the Auckland Region -Different options for the structure of Auckland local government: observations on governance, Prepared by the Local Government Centre, AUT University, March 2008.

knowledge of past actions and informed by our own experience and the experience of others.

The stronger the consensus for change the better the outcome

Experience from overseas has clearly shown that autocratic imposition of change – as was the situation in Toronto – is far less likely to succeed. On the other hand, the stronger the consensus for change, the better will be the outcome.

The Importance of Governance

Governance is more than just the authority of local government to impose its statutory power over others; it's about the effectiveness of the interrelationships between all the people and groups of people within the regional community and its external partners. The legitimacy of the governance structure will derive from an accepted balance between regional and local responsibility and accountability. The level of acceptance or otherwise will depend on the responsiveness of the governance structures to the needs of the people, business and social communities and all of the wider communities of interest. Indeed, the lack of responsiveness of the current governance structure for Auckland is a fundamental reason for change.

Failure to resolve existing political divisions will undermine the success of any proposed reform

Retention of existing structures, particularly when they have to some extent or other lost their powers, or had their powers diminished in some way, will tend to

undermine the success of new governance arrangements. Almost inevitably resentment tends to fester, and the disempowered parties will begin to “white ant” or eat away at the foundations for future success. Similarly, to the extent that some areas are disenfranchised or not included when they should have been (as was the case in Toronto, where the neighbouring regions were not included in the governance reform) there is a strong likelihood that this will also undermine a successful outcome.

The leader should be appropriately empowered

It is critical that the mayoral position be appropriately empowered to deliver on the promises they are elected on. This can be achieved by various means: the power to appoint key positions; by the provision of executive decision making powers as with the Mayor in London; through the introduction of party politics within the electoral system; or though the mayoral position being appointed by the majority of elected council members, or any combination of these factors.

We should keep the “local in local government” but capitalise on economies of scale, where possible

The best solution for Auckland is one that maximises the contribution of individuals, recognises the importance of local knowledge, experience and control, but which maximises opportunities for economies of scale through regional delivery of strategic infrastructure and services for the benefit of the people of the region as a whole.

The Executive Mayor

The Greater London Authority is made up of two separate elements, an elected executive mayor, and the London Assembly comprising 25 members 11 of whom are elected on a London wide franchise and 14 of whom represent constituencies made up of between two and four London boroughs. The mayor's responsibilities include developing the authority's strategies for transport, planning, and environment, setting the budget for both the authority itself and for its functional bodies (the London Development Agency, the London Fire and Emergency Planning Authority, The Metropolitan Police, and Transport for London). The assembly oversees the mayor's role and has the power, on a two thirds majority, to amend any of the mayor's budget decisions. It is also responsible for the appointment of senior staff including the chief executive. The mayor's executive powers were extended further in 2007 to include strategic planning roles in health, housing and major projects.

There appears to be a general level of acceptance that the elected executive mayor model for London has been effective, providing for clear accountability on the one hand, with the appropriate checks and balances being assured through the powers of the London Assembly. The existence of the Board appointed bodies to oversee key functional areas also provides a useful example for consideration for Auckland.

Can we have the best of both worlds?

Those that support the “One Auckland” proposal are convinced that it is possible to develop a structure that achieves both these objectives.

Maintaining the accountability of the regional structures to the communities they serve is the key. Direct representation by local communities on the One Auckland Council is the means by which this can be achieved.

The existence of a middle tier tends to disempower local identity (as many would say is the case with the current Community Board Structure) and similarly disempowers the regional unity as has been clearly demonstrated in the preceding sections of this submission. The more tiers in the structure, the more distant is the connection of the region from the people that the region serves. This is what the future structure for Auckland must avoid.

The balance of the submission turns to looking to the right solution for the future.

Guiding principles for reform

“My concern is being listened to. After many years involved with Residents and Ratepayers in the Manukau area I cannot remember any submission changing any council decision”

Terry Small, 14.08.07 on www.fixauckland.com

Reform of Auckland's governance is a once in a lifetime opportunity to get things right for the people of the region and for generations into the future.

It is critical that whatever reform is undertaken is guided by a set of principles that have universal acceptance.

To this end, NZCID and each of the organisations that support the “One Auckland” concept sought the views of a wide range of people and organisations throughout the region.⁹ Resulting from this consultation the following guiding principles have been developed against which proposals for reform can be tested. The collective views were that reform of Auckland's governance needs to provide:

- Strong and clear leadership for the region and its communities
- The capacity to build an internationally competitive

city–region with world class standards and amenities

- Alignment between national regional and local strategies
- Strengthening the “local” in local government
 - Enable community involvement at a level where people feel they can influence decisions that impact on their lives
 - Encourage more active citizenship with more people taking responsibility for their communities
- Enabling regional decisions to be taken at the regional level and local decisions at the local level
- Ensuring simple, clear lines of responsibility and accountability to the public for outcomes
- Separating responsibilities for policy and regulation from delivery
- Ensuring there is no taxation without representation
- Cost efficient and cost effective structures
- Better value for the rating dollar
- Resilience into the future

These are the standards against which all proposals for reform can be measured.

⁹ A list of the individuals and organisations consulted is included in the appendices.

Choosing the right solution for Auckland

There are many options that might be considered to redress Auckland’s dysfunctional governance structures from enhancing the status quo, to a three or our city model to an executive mayor, or a single city structure. Given the importance of the decision, it is critical that we don’t compromise the outcome. In this section we consider some the structural alternatives to a unified city approach.

Enhancing the status quo

Enhancing the status quo is the option preferred by many of the existing city councils. They argue that since amalgamation in 1989, each of the seven cities and district councils has developed a unique identity and that there is strong alignment by their constituents with the existing city council boundaries.

The smaller districts are concerned that any amalgamation will result in the loss of local identity and that smaller is better when it comes to connecting councils with their local communities. The larger councils say that they maintain community contact by means of their community boards.

The commonly held view between them is that existing problems can be addressed by agreeing “One Plan” for the wider region, enhancing the powers of the regional council, and empowering relevant council controlled agencies to address issues like transport and regional economic development.

The key question is whether such regional unity will be sustainable over time. Past experience suggests not. It has to be remembered that each Council will be elected in three yearly cycles. So long as the existing councils retain their rates funding capacity and their asset base, they retain the power to control significant components of the region’s operations. There is substantial risk that over time regional unity around “One Plan” will be undermined.

Retention of the three tier status quo structure will almost inevitably result in an ongoing tussle for control between the region, the city and district councils and the local community boards.

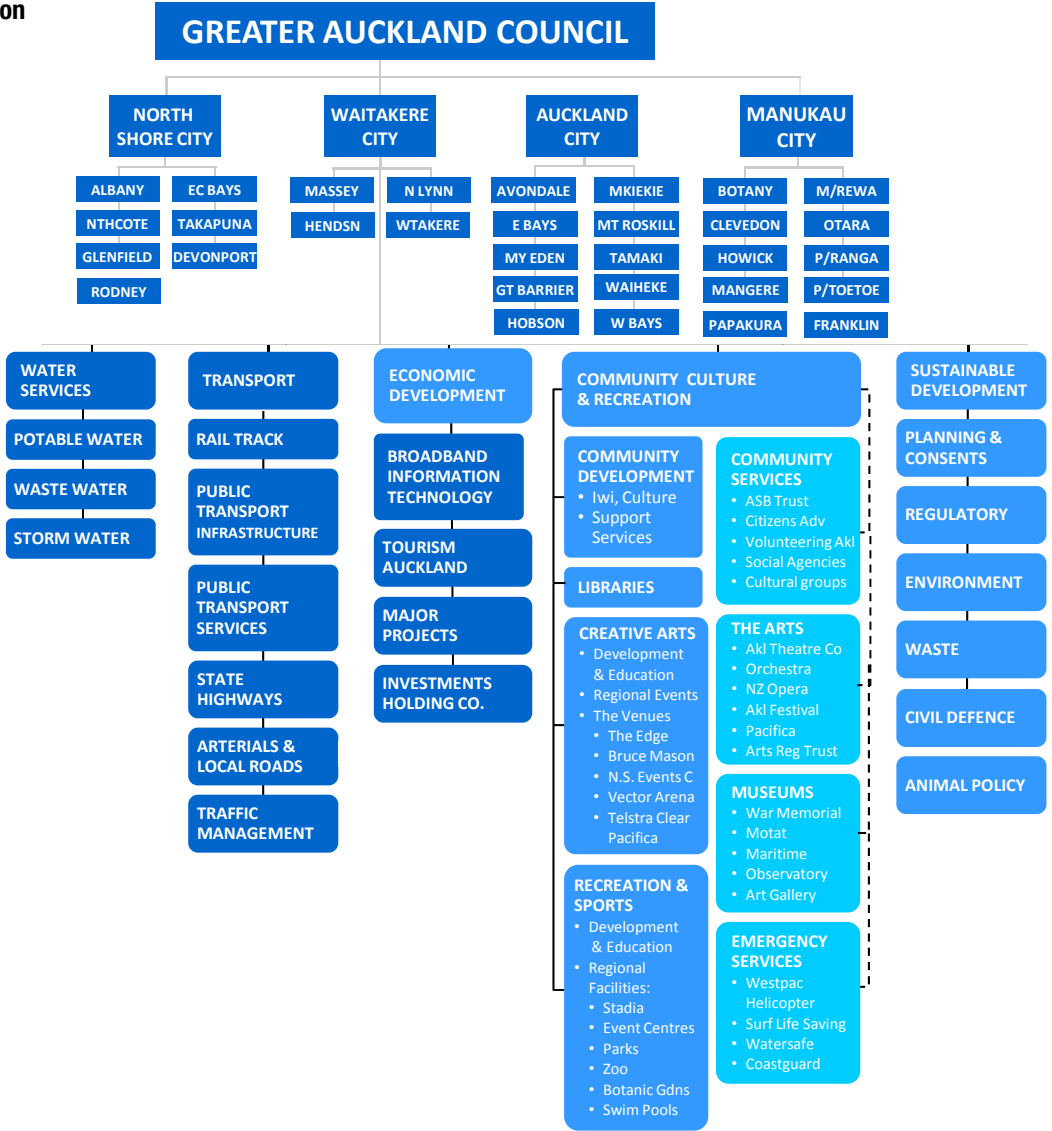
The bottom line is, the more authority that is transferred to the region, or to the local community boards, the more one has to question the validity of the middle tier.

The three or four city model

Some councils, like Manukau City Council, favour a three city structure. Under the Manukau proposal, Waitakere City Council and the Rodney, Papakura and Rodney Districts are merged into three cities, North, Central and South. A Greater Auckland Council is formed to take responsibility for regional issues and the role of Community boards is strengthened to ensure connection to local communities by the enlarged city councils.

Variations to this theme are retention of the seven councils or a partial amalgamation of these into to a four city model (as depicted below).

Figure 7: Indicative Four City Option



The latter option retains Waitakere City as a separate entity. Like the three city model, this approach assumes the establishment of an empowered Greater Auckland Council. However, an additional feature is the establishment of highly focussed regional delivery agencies for transport and water infrastructure and in house capacity at the regional level to ensure delivery of economic development, the development of community culture and recreational facilities and sustainable development across the region.

As with the three city model, community boards are designed to maintain the connection with local communities.

Under each of these models, retention of a middle tier of governance is intended to encourage contestability of ideas between the constituent cities. This, it is said will mitigate against intellectual and technical capacity being captured by a single organisation. It is said that contestability of thought and ideas in the development of regional strategies and policies can be expected to improve the quality of regional decision-making.

What is not clear is why three, four, seven or more councils will do this any better than providing for direct local representation on a “One Auckland” council. Direct representation retains contestability of ideas, whilst enhancing direct representation of the interests of local communities that otherwise might be stifled within a three tier structure.

Moreover, it is difficult to see how community identity will be preserved. How will people of the region identify

themselves - as an Aucklander? - a North Central or Sothern cityite? - or a local community resident?

The significant risk of an enlarged middle tier comprising three or four city councils is that it will exacerbate the very problems that exist today – competing cities undermining regional unity and common direction.

Larger city councils would have more significant funding capacity and a stronger asset base relative to the Greater Auckland Council. This leads to challenging issues around allocation of funding to major infrastructural assets such as roading, or water treatment facilities or stadia and the like. For example, where would the boundary lie between a local road, a city arterial and a regional road? Who would fund what and according to what formula?

If a new conference centre were to be developed would this be a city initiative or a regional one? Arguably the cities would have the greater financial capacity but might not see such a facility as a priority. If it were to be a regional facility, who would decide where it would go? What if it were a regional sewage treatment plant? Who would decide where it would go – presumably the greater Auckland Council – but would it have the power to impose such a decision on the relevant city council if the city did not favour that option?

[Arguments over funding and strategic decision making are the very issues that have given rise to the need for governance reform under the current structure. It seems difficult to see how this would be any better under a three of four city model. Arguably there is potential for even](#)

[more division that is currently the case.](#)

Enhancing the capacity of the region to give effect to “One Plan” for Auckland and deal with regional infrastructural issues will have its benefits. But retention of the existing council structures, or a consolidated three or four city structure inevitably means continuation of competing city leadership and direction. The success of such a model is totally dependent on the enlarged city councils ceding control to the region. Past experience strongly suggests this will not be sustainable over time. Any combination of multiple cities still retains duplication of function across the respective councils. Serious issues arise around the demarcation of responsibilities between regional, city and local communities. There is a significant loss of rural identity associated with the amalgamation of Rodney, Franklin and Papakura Districts into the city structures with a consequential loss of direct representation at the regional level. For each of these reasons, the seven, four or three city model is not the model to lead the Auckland region forward into the 21st century.

“Three councils are still too many... The idea of 3 councils for Auckland was brought up. It is still a lot of councils for one city. Again this will divide up Auckland into these little territories and we’ll have all those problems again. Isn’t this the whole point? Making Auckland ONE! Not three, not four, and definitely not EIGHT!”

Tama Rawhiti, 8/8/07, www.fixauckland.com

The Executive Mayor

The rationale for moving to an elected executive mayor for London was very much one of improving the quality and transparency of decision-making. Traditionally decision-making within English local government had taken place through a committee structure making it extremely difficult for the public to determine just who was responsible for a decision and hold people accountable. The argument for governance reform was that vesting power in a single individual, or a single individual plus a cabinet would result in much more transparent and accountable decisions, including decisions which a more diffuse political process might not feel able to make - people would know whom to hold responsible and be able to vote accordingly. It would also become much more feasible, at least in mayoral campaigns, for people to stand on the basis of a platform with an expectation they would be able to implement it if elected, or be held accountable if they failed to do so.

While the same arguments could potentially apply to the Auckland context, a potential downside is the reduction of local engagement in the decision making process. New Zealand local governance is far more democratic by nature and it is difficult to see how an executive mayoral model would fit as easily within New Zealand tradition.

That said, it is important that the regional leader is appropriately empowered to lead, and not be compromised by the inability to gain a majority on the Council to support the issues that he or she campaigned upon.

NZCID's One Auckland Proposal

The time for compromise is over. If we are to achieve our aspirations for Auckland to be the best that it can be, persisting with the status quo or tinkering around the edges will not take us there. We know that from past experience. The governance of our city region needs transformation, not transition.

The “One Auckland” proposal is designed to achieve this outcome. At the heart of the proposal is a unified structure that will provide the necessary leadership to lift Auckland from mediocrity to excellence. One Auckland, One Plan, One Voice

The One Auckland structure (shown in Figure 7 below) provides for a single unitary authority to lead the Auckland region, replacing the existing 8 territorial authorities. The One Auckland Council will be led by the Mayor who will be elected at large from the greater Auckland regional area. He / she will be the regional leader for Auckland responsible for championing the aspirations of the people of the region.

Community engagement, participation and authority will be assured by the establishment of 23 Community Councils based on the parliamentary electorate boundaries. These will include two Community Councils

to represent the interests of Tangata Whenua across the region.

Alignment of Community Council areas with parliamentary boundaries is specifically designed to create areas of equivalent size in population with identified communities of interest; and strong alignment between local, regional and central government representation. It will also enable adjustment to electoral boundaries to reflect regional growth. Each Community Council including those representing Maori will have a population of around 60,000 people. It is useful to note that this coincides with the average population of New Zealand local authority districts which is 56,000 per district.

Each Community Council area will elect one person at large to sit on the One Auckland Council. The One Auckland Council will therefore comprise 24 members including the Mayor who will have a deliberative and a casting vote on all decisions.

Alongside the Community Council structure, the One Auckland Council will be supported by three council divisions encompassing: economic development; community culture and recreation; and sustainable development; and by two council controlled organisations: an integrated water services company and a fully integrated transport agency.

Community Councils

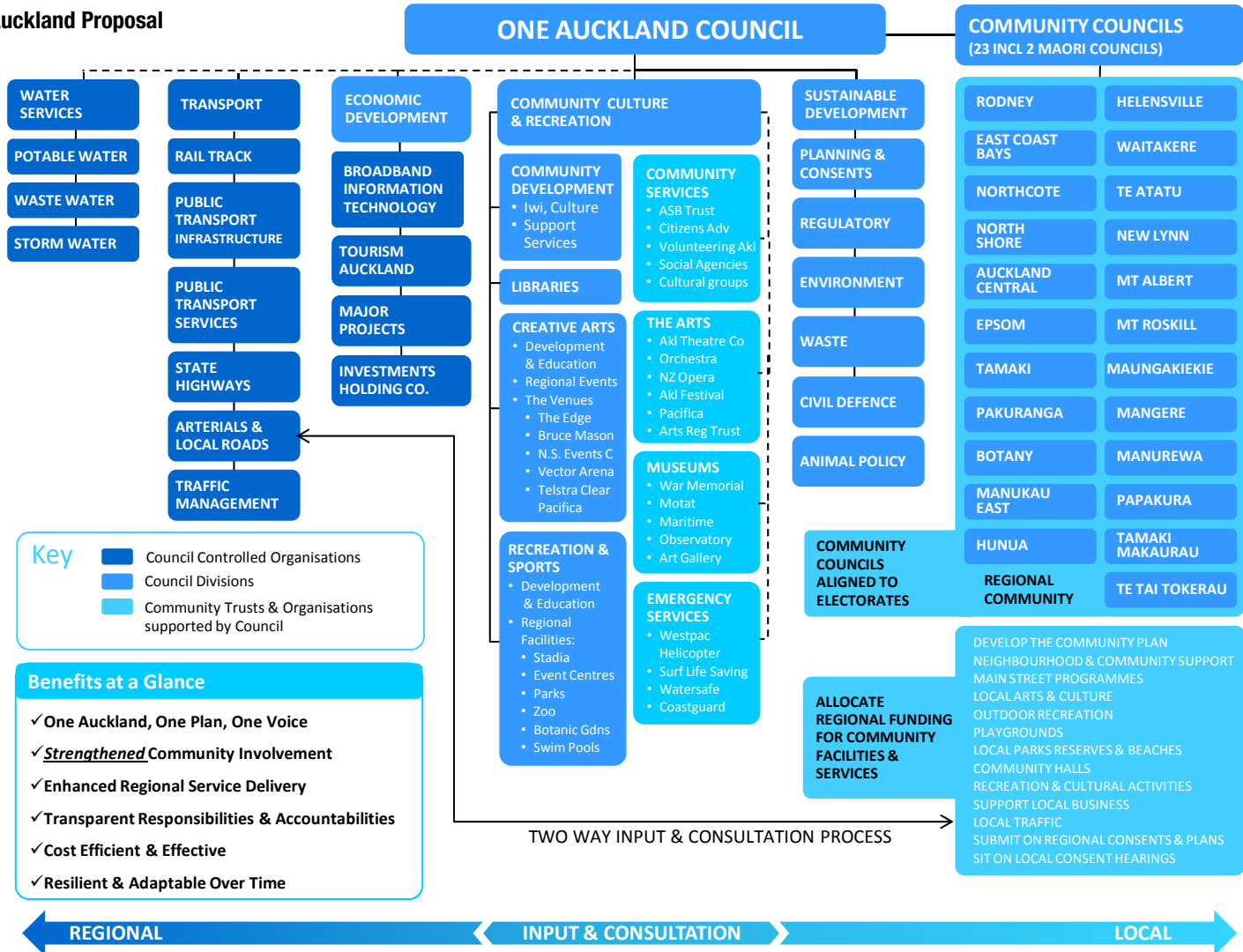
The Community Council structure lies at the core of the

One Auckland proposal. Their role is to provide direct representation for the people of the region. This would be protected in law. Working within the long term plan for the region, Community Councils will be the point of reference for all regional initiatives that affect a local community. Whether it is a roading upgrade, a water project or a major project initiative, the relevant regional agency will be required to have consulted with the Community Council(s) affected. While the ultimate authority to approve a regional project will lie with the One Auckland Council, any relevant regional agency will be required to demonstrate that they have taken into account the views of the affected community, have acted on their requests in so far as practicable, and undertaken taken any mitigation measures appropriate to the size and scale of the project, prior to a decision being taken by the One Auckland Council. This gives true meaning to the requirement to consult.

In addition, each Community Council will have direct representation by one elected member on the One Auckland Council.

The approach enables people to be both consulted and involved in decision making about the services delivered, informed about the quality of the services in their area and enabled to call elected representatives to account if services fail to meet their needs.

Figure 8: One Auckland Proposal



Composition and role of Community Councils

Each Community Council will comprise five members elected at large from within the local community area. The five elected members will select their Chairperson. The Community Council will be supported locally by the provision of a staffed Community Council office.

The role of the Community Council will be:

- To develop a 5 year Community Plan that will determine the community's priorities for allocation of funding encompassing such things as: main street programmes, streetscapes, support for community arts, culture and events, neighbourhood and community support, playgrounds, local parks & reserves, recreation centres, development of sport and recreation. The Community Plan must be consistent with and give effect to the Regional Strategic Plans developed by the One Auckland Council and its CCOs
- To allocate funding (provided by the region) in accordance with the Community Plan
- To be consulted and have the right for input on all regional decisions that have a direct affect on the local community
- To represent and act as an advocate for the interests of the community
- To maintain oversight and provide feedback to the One Auckland Council on services provided within the community- i.e. to be the eyes, ears and voice of the community" including
 - Submissions on regional consents and plans

- Be consulted by regional agencies where plans affect local communities
- Sit in local consent hearings
- Be the point of liaison with community organisations, business, and special interest groups in the community
- Build a rapport and ongoing relationship with the local member of Parliament and the One Auckland Council member (each of whom will also represent the same constituency)
- Provide a development path for regional leaders
- Undertake any other responsibilities delegated by the One Auckland Council

Role of One Auckland Council

The One Auckland Council will comprise the Mayor who chair all meetings and 23 councilors elected at large from each of the Community Council areas. The Council will undertake the following functions:

- Set regional policy and regulations
- Approve the regional vision and strategic direction for Auckland included in a 30 year Regional Spatial Plan
- Approve the long term regional prioritised investment plans prepared by CCOs
- Approve the annual budget and 10 year long-term council plans (LTCCP)
- Approve the Community Council plans
- Monitor the organizational progress in implementing Council's plans
- Appoint standing committee members
 - The form, composition and delegated authority to be

- developed and established by Council
- Chair appointed by Mayor
 - To support the decision making process of Council through delegated power
 - Responsible for understanding local area needs and connecting them to the broader regional picture as part of the One Auckland Council
 - Receives deputations and submissions from citizens and stakeholders

One Auckland Council members would have the right and would be encouraged to attend Community Council meetings, but would not have voting rights. Like the Community Councils themselves, they would necessarily need to foster a positive working relationship with the local Member of Parliament, who would also represent the same constituency.

The Mayor

The Mayor will be elected at large from the greater Auckland area. As leadership skills are a critical success factor for this role, the ability to win popular support by standing for election at large is seen as an important test of capability for the role. The Mayoral position will carry the following responsibilities:

- Chairs One Auckland Council meetings
- Have both a deliberative and casting vote on Council
- Appoints the Chief Executive
- Appoints board of council controlled organisations
- Appoints deputy mayor(s)

- Appoints any council committee chairs
- Chairs Executive Management Board comprising the chairs and chief executives of each of the council organisations
- Is the point of contact for Prime Minister and Cabinet
- Presides over informal and ceremonial occasions

At this stage it is considered that the above powers should be sufficient to ensure that the role of the Mayor carries the necessary authority to get things done. Should this prove not to be the case, consideration might need to be given to the Mayor being granted further executive powers, as necessary, to ensure the role is appropriately empowered. This matter should be reviewed prior to the election of the second term of office.

Divisions of Council

The One Auckland Council will have three key operating divisions encompassing: economic development; community culture and recreation and sustainable development.

Economic Development

The Economic development unit will oversee economic development policy and implementation across the region. It will include three key operating units that will either be divisions of the economic development arm of the council or separately structured CCOs. The division will include the development of a regional broadband network and information and communications technology

to enhance the knowledge economy of the region. It will also contain a specific unit to assume responsibility for tourism development. In addition a regional assets holding company shall assume responsibility for the regionally owned companies and shareholdings in trading entities. A major projects division and relevant special purpose vehicles will be established to oversee specific project initiatives such as the development of the waterfront and other regional facilities.

Community Culture and Recreation

This division will be tasked with the responsibility to support community development, encourage and promote cultural identity fostering of goodwill across diverse cultures within the region, and promote and encourage the arts, sports and recreation. The division would manage regional facilities from parks to the museums, theatres and galleries and the wide range of regional amenities.

It will also be the key point of contact for the many private organisations and trusts providing services to the communities across the region, from social agencies, to sports trusts, to emergency services. (An indicative list of these agencies is indicated in the diagram in pale blue.)

Sustainable Development

The sustainable development division will assume responsibility for regional planning, and all regulatory and planning responsibilities under the Resource Management

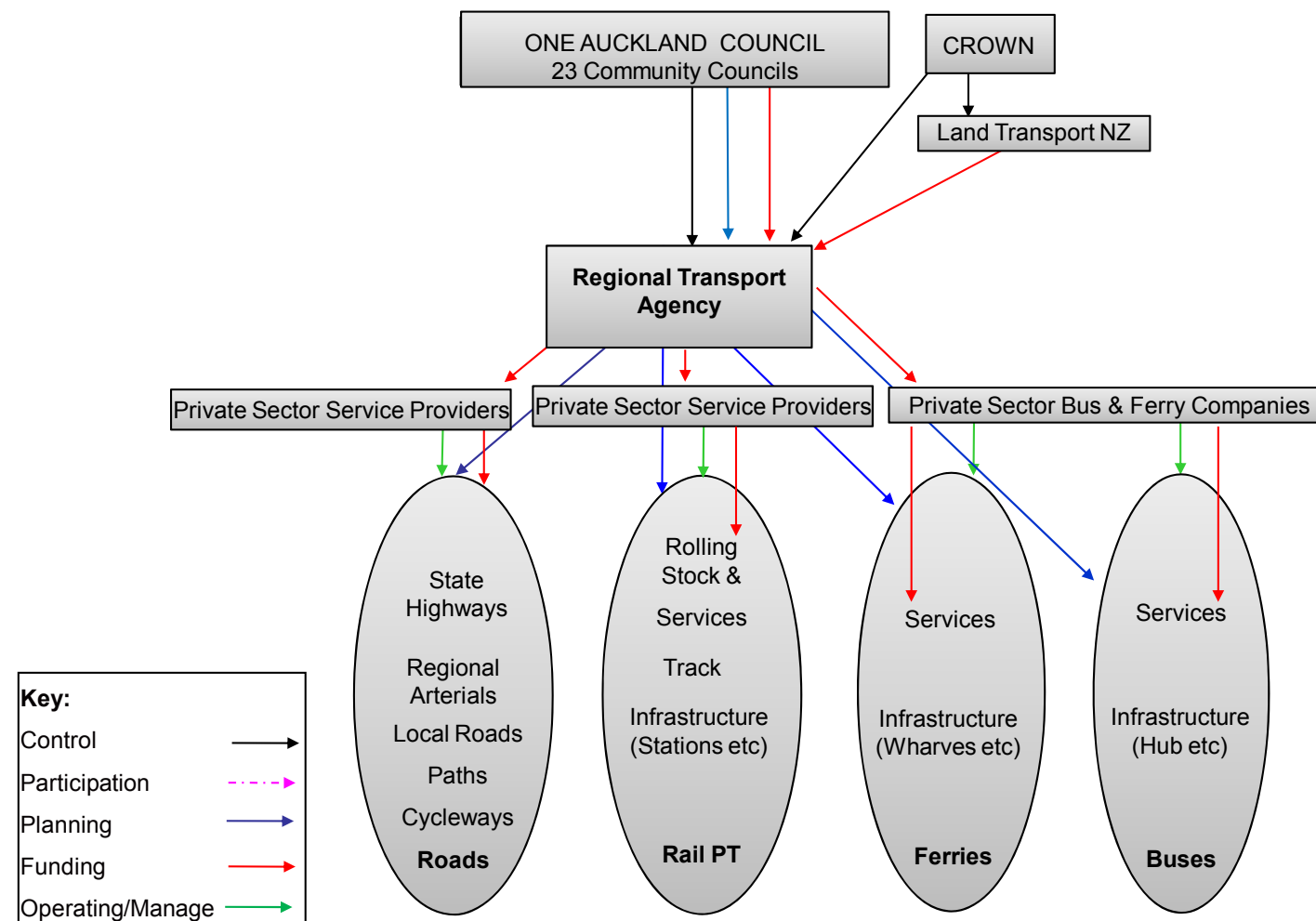
Act. It will also include oversight of waste management, civil defence and animal policy. This division will have responsibility to approve consents for projects administered by the relevant council controlled agencies. Where a potential conflict of interest arises, such as when the Council is required consider its own project approvals the practise will be to appoint independence commissioners to consider such matters.

Regional Transport Agency

A new transport agency would be established to replace the functions of the Auckland Regional Transport Authority, Transit New Zealand and Ontrack within the Auckland region (see illustration below).

This recognises the fundamental principle that the transport network in a major metropolitan area like Auckland is a system. Its overall success is dependent on each of its component parts. Failure of any one sector will have a ripple effect throughout the whole network. Because transport is a system, it needs to be managed on a holistic basis, that is, one transport agency for the region fully accountable for the effective operation of the transport system as a whole.

Figure 9: Regional Transport Agency under the One Auckland Council



The transport agency would be a Central Government and Auckland Council joint venture established by statute with the following corporate structure and responsibilities:

- Controlling Partners to be the Crown and the One Auckland Council
- Responsible under an agreed statement of corporate intent: to deliver an integrated, multimodal transport network which meets the mobility needs of the region both now and into the future in accordance with the objectives of the NZ Transport Strategy
- Statutorily responsible to ensure maintenance of national state highway and rail network standards which would continue to be set at the national level by the relevant crown agencies
- Required to consult develop and implement the Regional Land Transport Strategy to be consistent with the requirements of the regional policy statement and the regional growth strategy
- Assume responsibility as a road controlling authority for the operation and management of the regional state highway and regional arterial road network and its integration with the local road network and integration with alternative transport modes
- The Board would be appointed jointly by an Electoral College comprising appointees of the Crown, and the Mayor of Auckland (Electoral College representation could reflect the relative funding contributions made by each of the joint venture parties)
- Board appointees would be selected on the basis of their expertise in governance of an integrated transport entity
- The assets of ARH and ARTNL could be vested into the transport agency thereby capitalising the agency, and /

or vested in the One Auckland Council Investment Holding Company

Water Services

To ensure the delivery of three waters, regional scale efficiencies and the best public health and environmental outcomes it is accepted a single service provider is a better solution for Auckland. This is consistent with the series of independent reports that have been conducted over the last decade. The shift does not require major structural change as the existing Watercare structure can be moulded to facilitate the transition.

The key benefits if an integrated water company include:

- Wider regional asset management planning with a single regional investment plan
- Elimination of conflicts and duplication in planning
- Less duplication and investment with access to all assets for regional use
- Improved readiness for security of supply and climate change challenges
- Seamless management of the network from source to discharge will bring efficiencies and improved environmental outcomes
- Demand management of water as a shared regional resource;

The priorities of the company would be to:

- Optimise all the region's wastewater storage and

treatment capacity to extend the life of the Mangere WTP & Rosedale plants and prevent overflows

- Strengthen the security of supply of water to accommodate growth particularly in the north of the Region
- Ensure management of the complete water cycle to achieve efficient management and use of water to defer or avoid unnecessary new investment
- Introduce equitable and fair regional prices uniformly to all customers

Regulation

There is a risk however that a single (monopoly) point of accountability may abuse its enhanced commercial power because it is:

- too removed from the marketplace
- not service oriented
- susceptible to inefficiency and "gold-plating"

Regulation is required in order to guard against abuse of this potential commercial power. This can be achieved through an independent regulator being appointed

responsible for safeguarding the public from “gold plated” engineering solutions.

To assist this process there will need to be greater specificity around the quality standards that the community desires. The cost of service is critically dependent on the level of quality the community can afford. Economic regulation is necessary to assure the community that services are being provided at minimum cost and with pricing sufficient to sustain future investment needs.

The Asset Management Plan will form the basis of the disclosure regime. It will make explicit the tradeoffs between opex and capex. Watercare would use incentive-based pricing (CPI-x plus y for investment) to encourage the distribution of Watercare’s efficiency gains to the consumer via price rebates. The key component is to ensure future contingencies are provided for in the pricing structure. Every three years the Regulator would approve and report on Watercare’s efficiency and indicative price path. The cost of capital on allowable assets would be recognised to encourage appropriate new investment

Competition at the Retail Level

Arguably, Watercare’s specific expertise lies in asset management rather than the retail consumer interface. One option on a fully integrated company would be to provide for competition at the retail level. For example, it could be possible for electricity retailers to provide the customer interface. This would remove duplication of service provision by means of customer call centres,

metre reading and billing services. It is recommended that this option be fully explored with potential providers to assess the value of private sector competition at the retail level.

Proposed organisational structure

Under the proposed structure, Watercare will become a council controlled organisation. There would be an express statutory prohibition on the privatisation of the company. It would remain illegal for Watercare to make a profit and the prohibition on dividend payments would remain. Watercare’s statutory objective would also remain relevant i.e. to... “*manage its business efficiently with a view to maintaining prices for water services at the minimum levels consistent with the effective conduct of that business and the maintenance of the long-term integrity of its assets*”.

The Board of directors would remain independent and be accountable for performance against clear non conflicting objectives. No member or an employee of a local authority would be eligible to hold office. Any surpluses would be returned to customers including householders by way of a rebate on water and wastewater prices. This rebate would be determined annually. Auckland households would be charged an equitable & uniform price for water and wastewater across the region. An annual statement of corporate intent would be agreed with the One Auckland Council. Each year a regional asset management and funding plan will be prepared for the Auckland region for approval by the Council

Council Management Structure

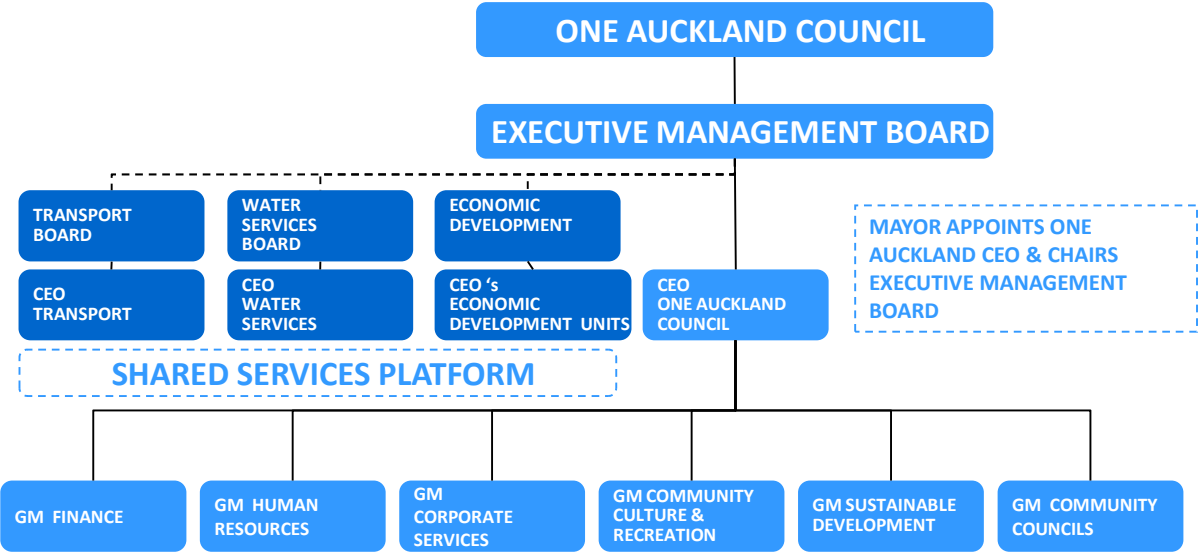
The development of the management structure within the One Auckland Council would be determined by the Chief Executive; however an indicative management structure is depicted below.

A key issue for determination is whether the economic development agency should be a separate council controlled organisation with its own board, or whether it should operate as an arm of the Council but with a number of sub agencies looking after regional holdings, tourism and major projects. The structure as illustrated in Fig 7 provides for the three operating units to be run as CCOs with their own Boards; however a single overarching board structure could be a viable alternative approach. This is an issue that would need expert analysis and consideration based on experience.

The model assumes a shared service platform for delivery of information technology, finance, human resources and corporate services.

The Mayor would be responsible for appointment of the Chief Executive and lead the appointment of the Chairs and the Boards of each of the council controlled organisations. The Mayor would also Chair an Executive Management Board comprising the board chairs and CEOs of each of the council controlled organisations. This is designed to ensure alignment of the respective organisations to the overall strategic direction approved by the One Auckland Council.

Figure 10: Indicative City Management Structure



A shared services platform would enable common IT, Finance, Human Resources, and Corporate Services

The model is designed to balance the traditions of New Zealand democratic processes to ensure oversight the policy and strategic direction of the region, whilst ensuring a highly focussed well aligned management and organisational structure to help lead policy development (for eventual approval by the Council) and to get on with the task of implementation – an issue that is a fundamental failing of the current structure.

Integrated Regional Planning Framework

The integrated regional planning framework is illustrated below. At the pinnacle of all regional planning will be a 30 year Regional Spatial Plan. This will be the key responsibility of the One Auckland Council.

Regional Spatial Plan

The Regional Spatial Plan will provide a clear framework for the future collaborative action between the One Auckland Council and its organisations and the private and voluntary sectors of society to achieve the overall vision for the region. It will guide regional land use and investment decisions, lead the direction of delivery agency programmes and set the context for the development of community council plans.

The Regional Spatial Plan will be supported by the Regional Policy Statement(s). It will integrate planning across the functions of the Council and region. Because of its significance to the overall direction of the region, the

Figure 11: Integrated Planning Framework



Regional Spatial Plan will be developed in a transparent and consultative manner involving Government, community and key stakeholders from all sectors of society. Central government engagement to agree both regional priorities and alignment of funding with government priorities will be an essential component. Formal performance monitoring will be an ongoing feature of the Plan.

Sector Plans

The Regional Spatial Plan will be supported by 30 year plans developed by each of the five key divisions of the One Auckland Council, that is:

- Three Waters Strategy
- Regional Land Transport Strategy
- Economic Development Strategy
- Community Culture and Recreation Strategy
- Sustainable Development Strategy

These will set the thirty year vision and strategy by sector to ensure compliance with the Regional Spatial Plan. They will be required to comply with the regional land use policy and will set out the long term capital and operating expenditure profile of each respective division of Council.

Prioritized Investment Programme

The Prioritized Investment Programmes will be developed by the Council divisions within the context of their respective 30 year strategies. These will set out the 10 year prioritized programme of capital and operating

expenditure in a similar manner to the existing Long Term Council Community Plan process. In effect they will set out the medium term investment programme that will give effect to the strategy.

Community Council Plans

The five year Community Plan will determine the community's priorities for allocation of funding within the context of the regional strategic planning framework. It will encompass such things as: main street programmes, streetscapes, support for community arts, culture and events, neighbourhood and community support, playgrounds, local parks & reserves, recreation centres, development of sport and recreation.

Community Council Plans will be the primary mechanism for community interaction on local issues and will enable community involvement and influence at the most appropriate local level i.e. at a level where people feel they can influence decisions that impact on their lives

Rates and Charges

The One Auckland structure provides the opportunity for a complete rationalization of the complex ratings systems that currently exist across the region. Determination of the mix of rates and direct user charges as between business individual ratepayers will need to be decided early by the One Auckland Council. This will require extensive consultation.

The regional rate will simply comprise one account with three component parts:

- The regional general rate – levied across all ratepayers within the region
- Any targeted regional rate or charges – for regional amenities, major capital investment projects and the like
- Any agreed Community Council targeted rates or charges

In addition, there will be a need to investigate and implement, over time, new methods to broaden the funding base to reduce the reliance on property rates as the primary source of funds. Increased use of user charges are seen as the most effective mechanism of achieving equity in funding.

Allocation of funds to Community Councils

It is proposed that Community Councils will each be allocated an equivalent amount of the regional rates which will be the primary funding base for implementation of the Community Council plans.

An equal allocation of funds ensures equity amongst all Community Councils and is targeted at ensuring wealthier communities are not at an advantage over lower socio demographic areas.

Option for Community Council or Targeted Rates

While the primary provision of services across the region would rest with the regional delivery agencies, and the allocation of regional funding would be fully sufficient to provide a high standard of urban amenity, an option might be provided to Community Councils to give them the right to levy a local community council rate. The right to levy targeted rates and or service charges could be used to fund specific initiatives within Community Council areas that have popular community support. Any such right would need to be within certain regionally agreed parameters, such as the need for widespread community support, and would likely be capped as a proportion of overall Community Council funding to ensure overall equity across Community Councils in the provision of community services. However the provision of such an option provides councils additional flexibility to meet the aspirations of their local communities for things that cannot be fully funded from the regional allocation.

Evaluation of the One Auckland Proposal

An evaluation of the “one Auckland” proposal against each the issues identified earlier in this report is set out in the following pages. In particular the evaluation has been undertaken against the: reasons identified for strengthening regional governance; perceived problems in the existing operating framework; the principles to be used to assess the recommendation.

Assessment against each of these criteria confirms that the proposal successfully addresses the key elements required to deliver an effective governance model for Auckland and in doing so provides the necessary platform for the future development of the region.

While the proposal has the potential to create a new operating framework to drive the future success of the region it is critical to note that structure is only part of the solution. The ultimate success of the proposal will be determined by a number of factors such as:

- Ensuring that there are realistic expectations in place with respect to how and over what timeframe change will occur (recognizing the need to maintain business as usual in the meantime).
- Attracting and retaining quality personnel at both the political and administrative levels within the regions. While the proposal sets out a series of issues around

roles, responsibilities and functions, experience would suggest that the quality of the people involved in its operation will be a key determinant of its overall success.

- The full and active engagement of central government. If the Government lends its full support to the new arrangements then the likelihood of their success will be maximized.
- The commitment of all parties to making sure change is significant enough to create the basis for regional leadership, innovation and adaptability for the future.

Governance is more than just the authority of local government to impose its statutory power over others; it's about the effectiveness of the interrelationships between all the people and groups of people within the regional community and its external partners. The legitimacy of the governance structure will derive from an accepted balance between regional and local responsibility and accountability. The level of acceptance or otherwise will depend on the responsiveness of the governance structures to the needs of the people, business and social communities and all of the wider communities of interest. Good organizational structure can help make things better by facilitating the interaction of the people, but in the end, it's the people themselves that need to make it work.

| REASONS FOR REFORM | COMMENT ON PROPOSAL |
|---|---|
| Producing one vision for the future, unified leadership and one voice with central government on social, economic, environmental and cultural regional issues | The structure is designed to produce one vision for the future and unify local authority, central government and non-governmental leadership within regions. One Auckland will have mandate, economies of scale and supporting revenue to engage with central government on regional issues. |
| Delivering on decisions once they are made, including providing more certainty about funding and service delivery | One Auckland will possess the combined funding capacity of the existing city and district councils and will be supported by highly focussed operation delivery agencies controlled by the One Auckland Council to deliver on the regional goals. |
| Delivering greater value for money for through improving service standards, greater consistency and reduced cost. | Consolidation of services will achieve improved economies of scale and a considerable reduction in administrative overhead. |
| Making decisions about interrelated issues in a more integrated way, more quickly and without re-litigation but without diluting community engagement. | This is a fundamental reason that drives the formation of One Auckland Council The Council's broader responsibilities will require fully integrated decision-making. The Community Council structure based on the current electoral boundaries enhances the “local in local” government and alignment with central government parliamentary representation. |
| Facilitating local democracy and diversity and helping to address emerging local social problems. | The proposal enhances the relatively weak community board structure that exists and truly empowers Community Councils to address emerging social problems. Direct representation by communities on the One Auckland Council provides a mechanism to significantly improve regional representation and delivery on local issues. |

| PERCEIVED PROBLEMS | COMMENT ON PROPOSAL |
|---|--|
| There is generally adequate strategy but this is not integrated or aligned fully into an overall direction that indicates the region's priorities | The Council Controlled Organisations and the Executive Management Board are jointly accountable to the One Auckland Council for implementation of regional strategies. |
| The region fails to deliver on strategy because of fragmented powers and accountabilities for funding and service delivery and commitment to fund | Power will be consolidated at regional level with direct funding capacity. Decision making and funding processes will be integrated. Regional agencies will have clear responsibilities and accountability for service delivery. |
| Some decisions appear to be “mis-located” (undertaken at the national or local sphere of government when the impacts are mostly regional) | Decisions will be clearly allocated to Government, One Auckland and Community Council level as appropriate. The Community Council structure will enable community involvement and influence at the most appropriate local level i.e. at a level where people feel they can influence decisions that impact on their lives and provide a communication vehicle through to the region. |
| There is heavy reliance on voluntary and statutory joint decision-making fora but these are not able to ‘bind’ or influence expenditure and other decisions of sovereign organisations. Non-funders also have significant influence on decision making particularly in the area of transport. | No such fora will be necessary |
| There is insufficient revenue at the regional level | The proposal is designed to address this by means of consolidation of all revenues across the region which will enable it to deliver on its commitments |

| PERCEIVED PROBLEMS | COMMENT ON PROPOSAL |
|--|---|
| The result is a lack of certainty (especially in funding), clarity, understanding, mandate, leadership and single voice for Auckland with central government | Strong leadership and certainty of direction and commitment to it is a key benefit of the proposed structure |
| There are inefficiencies and inconsistent standards | There will be no duplication of function. The certainty and stability achieved from having consistency of strategic direction and more integrated decisions will create value. The proposal also rationalizes administrative systems resulting in direct savings. |

| PRINCIPLE | COMMENT ON PROPOSAL |
|---|--|
| Give effect to the purpose of local government to enable democratic local decision-making and action by, and on behalf of, communities; and promote the social, economic, environmental, and cultural well-being of communities in the present and for the future | The proposal improves this at the regional level by providing full responsibility for coordinating decisions relating to social, cultural, economic and environmental well being at the regional level and expressing these in a long term regional plan. The Community Council structure ensures the mechanism for community interaction on local issues and will enable community involvement and influence at the most appropriate local level i.e. at a level where people feel they can influence decisions that impact on their lives and provide a communication vehicle through to the region. |
| Better enable the achievement of a unified vision and plan for regions to increase international competitiveness and long term sustainability | The structure is specifically designed to address this by providing a single unified regional structure with aligned funding and delivery capabilities. |

| PRINCIPLE | COMMENT ON PROPOSAL |
|--|--|
| Ensure that decisions are made at the sphere of governance closest to the impacts of decisions and where decision-makers are best placed to act and deal with the consequences of those decisions; | Decisions will be clearly allocated to Government, One Auckland and Community Council level as appropriate. The Community Council structure will enable community involvement and influence at the most appropriate local level i.e. at a level where people feel they can influence decisions that impact on their lives and provide a communication vehicle through to the region. |
| Provide for clear accountability to the public for outcomes, use of public funds and stewardship of public assets – no taxation without representation | The proposal achieves this principle |
| Be cost efficient and effective | As a result of the improvement in the certainty of direction, alignment of various strategies and the involvement of Central Government the quality of decision making will be improved. This improvement together with the consolidation of administrative functions will save costs and provide new opportunities for staff development and growth. |
| Deliver equitable impacts across the region | The creation of a strong regional entity will create a framework whereby more equitable impacts can be achieved. |
| Provide for the effective representation of the region's rural and urban communities in decision-making to reflect distinct needs of rural and urban areas; | The proposal provides for this through the establishment of empowered Community Councils and by means of direct representation on the One Auckland Council |
| Be resilient into the future, and be able to deal with increasing uncertainty, complexity, diversity and change | The proposal is a logical structure that will provide long term resilience to change over time. |

Appendix 1

In developing the One Auckland proposal NZCID consulted with representatives from...

- NZCID members
- Committee for Auckland
- Heart of the City
- Property Council
- NZ Council for Sustainable Business Development
- Arts Regional Trust
- Health Board members
- NZ Institute
- University Leadership Trust
- Te Puni Kokiri
- Ngati Whatua
- Leadership NZ
- Chamber of Commerce
- Chair Mayoral Forum
- City & Community Board Councillors
- Council Executive Staff
- SPARC
- Auckland Regional Physical Activity & Sports Strategy
- North Harbour Stadium
- Creative New Zealand
- Auckland Philharmonia
- ASB Community Trust
- Auckland Theatre Company
- Auckland Festival
- MOTAT
- Environmental Defence Society
- Universities
- Union Organisations
- NBR NZ Opera
- Government Ministers
- National Party Spokespeople
- Community Board members
- Salvation Army
- “No More Rates”
- Volunteering Auckland
- Surf Life Saving
- EMA 

- Roughly two thirds of those consulted supported the One Auckland concept
- The remaining one third were either totally opposed or uncertain
- 95% of the 2000 respondents to the FixAuckland initiative were supportive
- Significant changes were made to the proposal based on feedback given



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