

# Review of Auckland urban planning and infrastructure

## Final report

NZCID

February 2014



Independent insight.



This report has been prepared for the New Zealand Council for Infrastructure Development. SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

SGS Economics and Planning Pty Ltd  
ACN 007 437 729  
[www.sgsep.com.au](http://www.sgsep.com.au)  
Offices in Canberra, Hobart, Melbourne and Sydney

## TABLE OF CONTENTS

<b>SUMMARY</b>	<b>1</b>
<b>1 INTRODUCTION</b>	<b>5</b>
1.1 Background	6
1.2 SGS's brief	6
1.3 Method	7
Approach	7
Limitations	7
1.4 Report structure	7
<b>2 INTEGRATING SPATIAL PLANS AND INFRASTRUCTURE</b>	<b>9</b>
2.1 Overview	10
2.2 Principle 1 - the metropolitan planning 'trilogy'	10
The spatial vision	11
Implementation mechanisms	12
Governance	14
2.3 Principle 2 – distinguishing 'strategic', 'structural' and 'follower' infrastructure	15
City shaping power of major infrastructure projects	16
Investment appraisal tools – the limits of traditional cost benefit analysis	17
Investment decision making processes	18
Managing structural and follower infrastructure	18
2.4 Principle 3 - densification in the suburban city	20
Orthodox planning approaches to infill housing	20
Infill housing and the suburban context	20
2.5 Tests of efficacy in Auckland's planning	21
<b>3 URBAN GOVERNANCE IN AUCKLAND</b>	<b>23</b>
3.1 Overview of existing governance arrangements	24
Governance structure	24
Central government	24
Auckland Council	25
Council-controlled organisations	26
The governing body and local boards	27
Independent Māori Statutory Board	30
Other key agencies	31
3.2 Overview of regulatory tools and plans	31
The Auckland Plan, Unitary Plan and Long-Term Plan	32
Place-based plans and strategies	36
3.3 Critique of existing governance arrangements	38
Alignment of institutions and communities	39
Accountability	39
Integration in decision-making	39

Conclusion	41
<b>4 APPRAISAL OF PLANS AND STRATEGIES</b>	<b>43</b>
4.1 The Auckland Plan	44
Scope and purpose	44
Key policy moves	45
Critique	46
4.2 The City Centre Masterplan	55
Scope and purpose	55
Key policy moves	56
Critique	56
4.3 The Waterfront Development Plan	57
Scope and purpose	57
Key policy moves	57
Critique	57
4.4 The Integrated Transport Program 2012-2041	58
Scope and purpose	58
Critique	59
4.5 The National Land Transport Program for Auckland	61
Scope and purpose	61
4.6 The Southern Initiative	62
Scope and purpose	62
Key policy moves	62
Critique	63
4.7 The Tamaki Strategic Framework (formerly the Tamaki Transformation)	63
Scope and purpose	63
Key policy moves	64
Critique	64
4.8 Auckland Housing Accord and Housing Action Plan	65
Auckland Housing Accord	65
Housing Action Plan (Stage 1)	65
4.9 Strategic investment plans of major utilities and public service assets	69
<b>5 SYNTHESIS</b>	<b>72</b>
5.1 Overview	73
5.2 Strengths	73
5.3 Weaknesses	76
<b>6 CONCLUSIONS AND RECOMMENDATIONS</b>	<b>78</b>
6.1 Questions set by NZCID	79
To what extent do the plans work as cohesive suite of plans?	79
Does investment and sequencing of major infrastructure projects support planned urban development?	79
Does urban development support planned investment in major infrastructure projects?	80
On current plans, will the objectives of the Auckland Plan be achieved?	80
6.2 Recommendations	80
<b>REFERENCES</b>	<b>82</b>

## LIST OF FIGURES

FIGURE 1	REVIEW PROCESS	8
FIGURE 2	ESSENTIAL ELEMENTS IN SUCCESSFUL METROPOLITAN PLANNING	11
FIGURE 3	INFRASTRUCTURE TYPOLOGY	16
FIGURE 4	CO-ORDINATING 'STRATEGIC' AND 'STRUCTURAL/FOLLOWER' INFRASTRUCTURE	19
FIGURE 5	DENSIFICATION AROUND SUBURBAN NODES	20
FIGURE 6	OVERVIEW OF AUCKLAND GOVERNANCE STRUCTURE	24
FIGURE 7.	AUCKLAND GOVERNANCE STRUCTURE	26
FIGURE 8.	LOCAL BOARDS AND WARDS IN AUCKLAND	29
FIGURE 9.	KEY AGENCIES INVOLVED IN DELIVERY INFRASTRUCTURE TO AUCKLAND	31
FIGURE 10.	REGULATORY AND STRATEGIC PLAN STRUCTURE IN AUCKLAND	32
FIGURE 11.	IMPLEMENTATION TOOLS – FUNDING TOOLS	34
FIGURE 12.	IMPLEMENTATION TOOLS – DELIVERY MECHANISMS	35
FIGURE 13.	IMPLEMENTATION TOOLS – INSTITUTIONAL TOOLS	36
FIGURE 14.	IMPLEMENTATION THROUGH PARTNERSHIPS	38
FIGURE 15	AUCKLAND PLAN AND RELATED PLANS	44
FIGURE 16	VISION OUTCOMES AND TRANSFORMATIONAL SHIFTS	45
FIGURE 17	NOTIFIED UNITARY PLAN ZONING ISTHMUS AND WEST	47
FIGURE 18	ACTIVITIES TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS	48
FIGURE 19.	EDS COORDINATION STRUCTURE	51
FIGURE 20	RURAL URBAN BOUNDARY	52
FIGURE 21	AUCKLAND PLAN LAND RELEASE PROCESS	52
FIGURE 22	THE SHAPING INFLUENCE OF INFRASTRUCTURE	54
FIGURE 23	UNITARY PLAN ZONING FOR VARIETY OF DWELLINGS FORMS	55
FIGURE 24	INTEGRATED TRANSPORT PROGRAM RELATIONSHIP TO AUCKLAND PLAN	58
FIGURE 25	ITP INVESTMENT SCENARIOS	59
FIGURE 26	FULLY FUNDED AND COMMITTED FUNDING PREDICTIONS FOR AUCKLAND PLAN TARGETS	61
FIGURE 27	THE SOUTHERN INITIATIVE	62
FIGURE 28	FUTURE PORT EXPANSION	70

## LIST OF TABLES

TABLE 1.	SCOPE OF BENEFITS IN (TRANSPORT) INFRASTRUCTURE COST BENEFIT ANALYSES (CBAS)	17
TABLE 2	SGS'S CRITERIA FOR APPRAISING AUCKLAND SPATIAL PLANS AND INFRASTRUCTURE STRATEGIES	22
TABLE 3	OVERVIEW OF COUNCIL CONTROLLED ORGANISATIONS	27

TABLE 4	ALLOCATION OF DECISION MAKING POWER	40
TABLE 5.	AUCKLAND HOUSING ACTION PLAN PRIORITY AREAS AND ACTIONS	67
TABLE 6	STRENGTHS AND WEAKNESSES – ALIGNING INFRASTRUCTURE AND URBAN PLANNING IN AUCKLAND	75



# SUMMARY

An aerial photograph of a busy highway interchange, likely a major thoroughfare in a suburban or urban area. The highway is filled with cars, and there are significant traffic jams on the right-hand side of the road. The surrounding area is a mix of residential houses, some with large backyards, and commercial buildings, including what appears to be a shopping center or retail park. The image is taken from a high angle, looking down on the highway and the surrounding landscape. The word "SUMMARY" is overlaid in large, white, sans-serif capital letters in the upper left quadrant.

Independent insight.



# SUMMARY

SGS Economics & Planning Pty Ltd (SGS) has audited the Auckland Plan (AP), the accompanying suite of place and sectoral strategies and the infrastructure investment plans for the Region against 20 markers of good practice. These variously relate to the efficacy of governance arrangements in integrating spatial and infrastructure plans, the deployment of limited capital into 'city shaping' infrastructure and management of suburban densification in line with market realities (see table overleaf).

Arguably, Auckland is equipped with the most evolved metropolitan governance structure of any city in Australasia. Unlike its counterparts in Australia, where the metropolises are continuously contested territory between local and State Governments, Auckland has a united voice on regional issues and the critical mass to make trajectory shifting decisions in its own right. This advantage shows in the way the Auckland community and the nation have gone about the AP. Overall, the documents we reviewed function as a comprehensive and cohesive suite of plans that provide a clear and worthwhile vision for the city. We would judge that Auckland is in much better shape in terms of its strategic spatial planning compared to most cities in our Region.

Having said this, there are a number of areas where the current situation appears to fall short of our nominated best practice criteria – at least as far as an analyst can assess on the basis of resolved policy and documents in the public domain.

The principal weaknesses we see relate to investment in city shaping infrastructure. A significant shift in urban structure is envisaged in Auckland over the next three decades, but, as far as can be gleaned from published plans, the only truly 'strategic' project to drive this is the City Rail Link, and this does not appear to be part of a committed funding program for the first 10 years. In the interim, Auckland's car based, low density structure is likely to become even more entrenched.

On the face of things, the aspirations for urban transformation in Auckland do not seem to be aligned with the capacity to fund the required infrastructure. But this does not imply that planning ambitions for the metropolis should be 'scaled back' to fit the Auckland and NZ communities' funding capabilities. Rather it points to the fact that community and its leaders need a better understanding of how a restructured Auckland might boost national productivity, GDP and aggregate tax revenues. In this context, the question is not *'can we afford the AP vision'* but rather *'will the tax dividend from implementing the Plan, including timely delivery of the requisite city shaping infrastructure, pay for the additional investment involved?'*

SGS's recommendation is that the AP needs to be interrogated from a productivity perspective with view to establishing (or not) the case for expanded co-investment by Central Government in city shaping infrastructure. Such co-investment may facilitate a more aggressive intra Auckland program of reform in difficult matters like road pricing and value capture, which are also important to achieving the AP vision.



## STRENGTHS AND WEAKNESSES – ALIGNING INFRASTRUCTURE AND URBAN PLANNING IN AUCKLAND

	Markers of leading practice		Comment
1	A compelling and demonstrably achievable vision for Auckland's spatial development		
2	A comprehensive schedule of implementation actions with clear assignment of action responsibility		
3	A clear set of measurable outcome indicators benchmarked against a base case or leading comparator cities		
4	Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment		
5	Fair, transparent and pre-notified user pays contributions for the extension and augmentation of urban infrastructure		<i>Confirmation of the 'locational signalling' role of development contributions is required</i>
6	Separation of policies and rules for various forms of development contributions - user pays, impact mitigation and value capture		<i>Various forms of development contribution are discussed in different documents. It is not clear that there is an integrated approach to harmonising these</i>
7	Clear policy direction for road pricing		<i>Alluded to as an important option and intergovernmental discussion is in train, but no commitment as yet</i>
8	Ongoing system for community engagement in plan monitoring and review		<i>No specific programs beyond standing local government and RMA processes</i>
9	Ongoing community education programs regarding the merits of the compact city		<i>No specific programs beyond standing local government and RMA processes</i>
10	Analysis showing how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development		<i>Productivity gains from the AP are not demonstrated</i>
11	Mechanisms to deal with land fragmentation, contamination, infrastructure deficits and other market failures deterring brownfield and infill development		<i>The potential for government auspiced development authorities is flagged but not yet resolved</i>
12	Clear policy direction for value capture as part of an infrastructure funding strategy		<i>Broad based value capture options (land tax reform) is not canvassed in any detail</i>
13	Demonstrated adequacy of affordable and market accessible land supply for greenfield development		
14	Demonstrated adequacy of affordable and market accessible land supply for infill and brownfield development		<i>It is unclear how a 'pipeline' of infill housing opportunities will be maintained in line with AP aspirations</i>
15	Clear policy direction for inclusionary affordable housing provisions in statutory planning rules		<i>Flagged in an Addendum to the Unitary Plan but not yet resolved</i>
16	Publicly accessible charter assigning planning and infrastructure responsibilities to Central Government, ACC and Local Boards in line with subsidiarity principles		<i>Legislation and accords are in place, but a genuine partnership of peers is still a work in progress</i>
17	Documented criteria and systems for distinguishing 'strategic' from structural and follower infrastructure, and for optimal investment in line with the spatial vision		<i>There appears to be little or no city shaping investment in the first decade of the ITP</i>
18	Separate and broader evaluation and implementation processes for candidate strategic projects geared to leveraging city shaping effects in line with the spatial vision		<i>CRL appears to have been part of a separate evaluation process, but this is not formalised for wider application.</i>
19	Adoption of development sequencing policies or similar to support efficient roll out of structural and follower infrastructure		
20	Wide palette of non-detached dwelling forms around suburban nodes, recognising market demand realities and creating opportunities for a variety of developer types		

strength

uncertain

potential weakness

Source: SGS Economics & Planning Pty Ltd



# INTRODUCTION

Independent insight.



# 1 INTRODUCTION

*This section describes the scope of this independent review of planning and infrastructure in Auckland.*

## 1.1 Background

Auckland Council recently released an overarching spatial plan for the metropolitan region. This envisages a more consolidated, poly nucleated urban structure than what would occur on an unchanged trend scenario.

A plan is only as good as the capacity to implement it. In turn, implementation depends on effective institutional structures and the ability to make the required infrastructure investments. There is, of course, a nexus between these elements. It usually makes sense to devise land use strategies that acknowledge limitations in the amount of capital available for infrastructure investment and renewal, after taking into account reasonable reforms in funding arrangements.

Against this background, the NZCID was concerned to test, via independent audit, whether Auckland has the 'right' land use vision and the capacity to provide the infrastructure to support such a vision. SGS was commissioned to undertake this review.

## 1.2 SGS's brief

The NZCID brief identified the extensive suite of plans and policies that have been developed for Auckland in recent years. This includes the following documents:

- Auckland Plan
- Unitary Plan
- Economic Development Strategy
- City Centre Master Plan
- Waterfront Development Plan
- Integrated Transport Program
- National Land Transport Program for Auckland
- Auckland Housing Accord
- Southern Initiative
- Tamaki Transformation

In addition there are the strategic investment plans of major utilities and public service assets, some of which are in the public domain.

The brief called for the following questions to be addressed in respect of these policy documents and strategies:

- *To what extent do the plans work as cohesive suite of plans?*
- *Does investment and sequencing of major infrastructure projects (exceeding \$100m) support planned urban development?*
- *Does urban development support planned investment in major infrastructure projects?*

- *On current plans, will the objectives of the Auckland Plan be achieved?*
- *What actions are recommended?*

Amongst other motivations, the NZCID sought this independent review of urban planning and infrastructure as a key input to its submissions on the draft Auckland Unitary Plan.

## 1.3 Method

### Approach

SGS's method in undertaking this review is summarised in Figure 1 below. Our appraisal of the robustness of urban planning and infrastructure provision in Auckland flowed from a set of policy and practice principles derived from the recent literature and SGS's body of work in this area.

This paper is the 'Final report' indicated below. It takes into account extensive commentary received in respect of an earlier draft (the 'Discussion paper' shown Figure 1) which was circulated by NZCID to a broad group of stakeholders, including all relevant divisions and Council Controlled Organisations (CCOs) of Auckland Council.

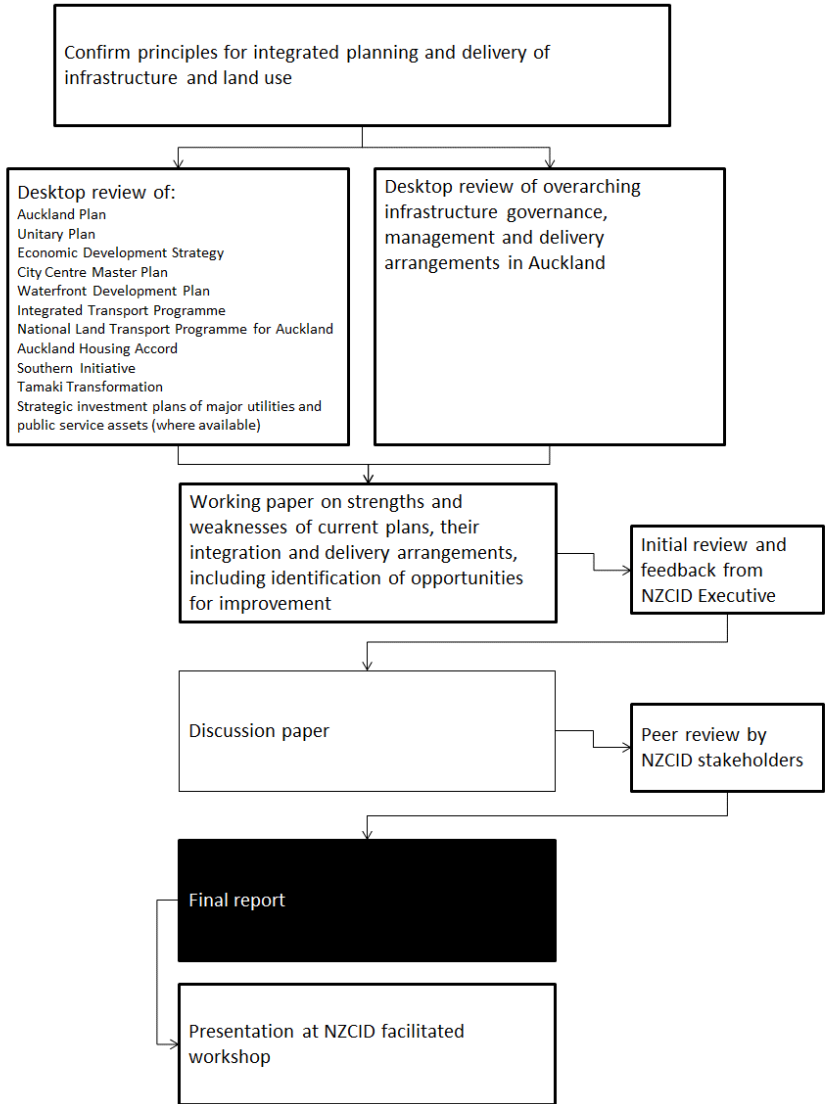
### Limitations

The time and resources available for this study permitted only a desktop analysis of planning and infrastructure arrangements in Auckland. Feedback received in respect of the *Discussion paper* highlighted the ongoing 'behind the scenes' work being done by the Auckland Council and other stakeholders in refining the Auckland Plan and its attendant strategies and implementation mechanisms. Some of this background work is acknowledged in this *Final report*. Nevertheless, after corrections for factual errors, the findings of the desktop audit stand as critique that an independent observer might make based on confirmed plans and the information that is available in the public domain.

## 1.4 Report structure

The structure of the report generally follows the study process shown in Figure 1. The next Chapter (2) explains the overarching principles and criteria we have adopted for the audit of the metropolitan management in Auckland. Following this, Chapter 3 surveys the architecture of governance arrangements in Auckland in respect of integrating and delivering spatial and infrastructure while Chapter 4 reviews each of the plans cited in the NZCID brief against the adopted criteria. Chapter 5 provides our summary of the strengths and weaknesses in Auckland's planning and infrastructure arrangements. Finally Chapter 6 crystallises our responses to the questions posed by NZCID in its brief, and sets out our recommendations.

FIGURE 1 REVIEW PROCESS



Source: SGS Economics & Planning Pty Ltd



# INTEGRATED SPATIAL PLANS AND INFRASTRUCTURE



Independent insight.



## 2 INTEGRATING SPATIAL PLANS AND INFRASTRUCTURE

*This chapter sets out the principles for effective urban planning and infrastructure co-ordination, which in turn inform a series of tests or criteria of efficacy. We rely on these criteria in our independent review of Auckland's suite of plans and urban management arrangements, which we discuss in the remainder of this report.*

### 2.1 Overview

In undertaking a review of the potential economic efficiency, and efficacy, of spatial and infrastructure planning in Auckland, a number of touchstone principles need to be borne in mind. These include that:

- a broad suite of implementation and governance arrangements needs to be put in place, in addition to well considered land use regulations, if metropolitan spatial planning is to be effective – we refer to this principle as *'the metropolitan planning trilogy'*
- it is important to distinguish between those infrastructure decisions that *shape* the pattern of settlement and those that *serve* this urban structure
- densification in the suburban city requires a staged and patient approach.

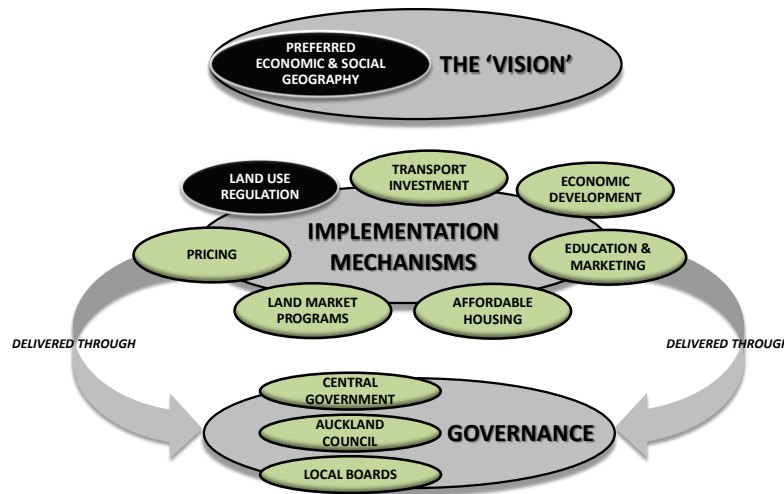
In this Chapter we elaborate on each of these principles in turn, with a view to extracting tests of efficacy to be applied in the review of Auckland's plans, strategies and urban management arrangements as listed above.

### 2.2 Principle 1 - the metropolitan planning 'trilogy'

There is a continuing tendency to see metropolitan planning as primarily an exercise in spatial visioning and the formulation of land use regulations governing the location, type and density of development in line with this vision. These elements are necessary for successful urban management, but they are not sufficient. A number of policy levers outside the domain of traditional 'town planning' need to be deployed in pursuit of the spatial vision, and governance arrangements, including inter-jurisdictional relations, need to be similarly aligned.

A more useful conceptualisation is of a 'trilogy' of plan making and implementation elements, as summarised in Figure 2 and elaborated below. This conceptual model is drawn from the perspective of those institutions, like Auckland Council, which set out to frame effective plans for a better Auckland. Implicit in the model is the 'buy in' of the private sector and the general community, without which there is little hope of planning visions being realised.

FIGURE 2 ESSENTIAL ELEMENTS IN SUCCESSFUL METROPOLITAN PLANNING



Source: SGS Economics & Planning Pty Ltd

## The spatial vision

A clear, readily recognised and compelling vision for the future structure of the metropolis is required to guide land-use planning decision making, galvanise private investment activity and provide the wider community with a degree of certainty and purpose in the evolution of the city.

The vision itself should reflect up to date planning principles, focussed on sustainable development in all its dimensions – economic, social, environmental and cultural.

The vision should also be practical, reflecting ‘stretch’ but demonstrably achievable shifts from the trend based development scenario for Auckland in terms of housing location and mix, employment distribution and travel efficiency amongst other parameters of urban performance.

The scope of metropolitan plans varies but is likely to cover:

- Where and how housing and employment requirements will be accommodated
- ‘No-go’ areas for urban development
- The hierarchy and distribution of activity centres
- Areas targeted for accelerated regeneration and intensification
- Regional open space corridors and facilities
- Major infrastructure corridors
- The clustering within, and connections between, particular business areas
- Inter-regional connectivity
- The staging or sequencing of development.

Importantly, the vision needs to be expressed in a form that enables monitoring and evaluation. That is, it should be possible for a third party to assess whether the plans in place to deliver the vision are actually being implemented and whether the anticipated community benefits, in terms of, say, job numbers and access, housing choice and affordability, congestion mitigation and so on are being achieved.

Thus, an effective monitoring and evaluation framework for the vision will generally have two dimensions:



- A time bounded schedule of '*inputs*' or '*implementation actions*' with clear assignment of responsibility for delivery. Examples include, build road 'X' by date 'Y', rezone land at site 'X' by date 'Y' etc.
- Time bounded *outcome* measures, formulated with reference to a base case or benchmark cities. Examples include, 'all Aucklanders reside within 100 metres of a principal public transport route offering a level of service 'X'', 'peak hour average travel speeds for private vehicles moving through the central city region are 10% higher than those experienced in Sydney', 'median house price expressed as a multiple of median household earnings are at least 10% lower than those in Sydney' etc.

## Implementation mechanisms

### Land use regulation

To be realised, the vision needs to be translated into a land use regulation ('statutory planning') regime.

Mandatory public exhibition and review will generally apply to this element of metropolitan planning.

One key issue here will be striking the right balance between prescriptive and performance based controls in the development assessment or resource management process.

The effectiveness of arrangements under this heading will also depend on how decision making power over development approvals is shared between independent certifiers, local expert panels, elected Council members, review bodies and ministerial call-ins.

### Pricing

Efficient infrastructure pricing, including recovery of a reasonable share of the cost of infrastructure extension or augmentation to support development through up front contributions, plays an important role in the timing, sequencing and density of development. Indeed such pricing signals can have a more powerful influence on these incremental investment decisions than 'lines on a map'.

Congestion pricing in transport can similarly play a key role in allocating road space to the highest welfare generating uses whilst dampening the need for expensive 'predict and provide' infrastructure strategies. There are ample precedents for this in water and electricity pricing.

It must be acknowledged that deployment of pricing strategies to manage the pattern of development in line with the spatial vision is fraught, given the inertia in existing settlement patterns and concerns over both inter-generational and horizontal inequities. Those least able to pay may be called upon to bear the brunt of urban adjustment. While these issues require careful and sensitive management, they can be viewed as transitional challenges. The sustainable metropolis of the future will have to price its resources efficiently, taking into account all externalities as well as financial costs of infrastructure delivery.

### Education and marketing

Community engagement, education and marketing usually have a high profile in the spatial visioning process, but tend to fall away once plan implementation gets underway. Experience in other Australasian cities is that it is important to bring the community along over the long haul of metropolitan planning and to build a sophisticated constituency for sustainable development. This requires an on-going 'big picture' dialogue with citizens, as distinct from local debates over neighbourhood plans and resource consents.

### Transport investment

More than any other infrastructure portfolio, investments in transport infrastructure can set the metropolis in the direction of the adopted vision, or steer it, inadvertently, elsewhere. As discussed below, the metropolitan planning process needs to feature a reliable and consistent mechanism for identifying and appraising transport projects with 'city shaping power'.

### **Economic development**

Until relatively recently, metropolitan plans in our region have been formulated independently from economic development strategies for these cities and their hinterlands. In part this is an outworking of the statutory mandate for urban planning (land use licensing). But it also reflects an aspatiality in the formulation of economic policy which has tended to focus on *sectoral* determinants of competitiveness (skills, industry specialisations, input costs and so on) rather than the *geography* of value creation.

Regional, spatial and economic development planning are gradually converging. It is noteworthy that two recently released draft metropolitan strategies in Australia (*Plan Melbourne* and the *Integrated Transport and Land Use Plan* for Adelaide) plus one proposed for radical revision (the *South East Queensland Regional Strategy*) define sustainable economic competitiveness as the pre-eminent challenge to be addressed in spatial planning.

The establishment of a unitary Council for the greater metropolitan region should provide Auckland with a major advantage on this front.

### **Land market programs**

Efficient land use regulation, careful infrastructure pricing and harmonised economic development policies will go a long way to realising the spatial vision for Auckland, but they cannot be relied upon to do the whole job. Evolution in metropolitan development patterns will be hampered by various forms of market failure including land fragmentation, contamination and infrastructure deficits on brownfield sites and lack of innovation and capability on the part of the private development sector.

Overcoming these barriers to efficient urban adjustment may require special land market programs and agencies to assemble and clean-up sites, and undertake demonstration projects.

Also relevant under this element of metropolitan planning is the formulation of appropriate value capture arrangements. These are not to be confused with infrastructure pricing strategies. Rather they relate to public capture of a reasonable share of the uplift in land values occasioned by community investment in infrastructure and/or the granting of development licenses which are rationed to produce net welfare gains. Value capture can significantly expand the region's capacity to invest in strategic infrastructure.

Typically, value capture is thought of in site or corridor specific terms, for example land prices before and after rezoning, or in the immediate locale of a major infrastructure project. These are valid approaches but are beset by measurement, market speculation and enforcement issues. Consideration should also be given to broader based taxes that acknowledge the pervasive land value impacts of major transport investments in particular.

By way of illustration, economists Grimes and Young (2010) examined the effects of urban passenger rail upgrades to Auckland's Western Line. The upgrades, and associated urban renewal projects, were announced in mid-2005. Using unit record house sale price data, the researchers tested the hypothesis that price appreciation was affected by proximity to Western Line stations following the upgrade announcements. They found positive impacts on prices up to 8 kilometres away from the subject stations. In applying their estimates of land price rises to all parts of Waitakere City that are within eight kilometres of a rail station, Grimes and Young found ...

*"a rise in values of \$605 million to \$667 million upon announcement in 2005 (using 2004 values). These benefits are broadly comparable to the costs ascribed to the Western line upgrades pertaining to Waitakere City (including the New Lynn projects costs)." (p 23)*

### **Affordable housing**

Affordable housing deserves a special mention within the metropolitan planning 'trilogy' because of its critical role in influencing community perceptions of whether the city 'works for them', its hypothesised role in social sustainability and its impact on labour markets and human capital development. Also

relevant is the observed tendency for central governments to roll back their commitments to base line social housing programs, implying a greater task in this area for regional and local governments.

Creating efficient land markets to ensure adequate pipelines of development opportunities for both infill and greenfield housing must be a priority if metropolitan plans are to advance affordable housing objectives.

Beyond this, there may be a role for pro-active planning instruments which mandate the inclusion of affordable housing in certain types of development in certain areas.

## Governance

Governance arrangements must support the plan implementation process, mediating the inevitable political tensions between local community interests and regional community interests.

We make the following observations regarding the effective metropolitan governance, based on our experience in an Australian context:

1. There needs to be reasonable alignment between governance institutions and clear spatial communities of interest or communities of co-dependence
2. There should be clear democratic accountability in each of these spheres – institutions should not rely on implied mandates
3. There should be subsidiarity in the allocation of decision making power across these institutions and spheres of community. A possible allocation of responsibilities for urban planning matters and infrastructure is shown below:





4. There should be subsidiarity in the allocation of revenue raising powers across these institutions, to avoid the accountability problems associated with vertical fiscal imbalance.

## 2.3 Principle 2 – distinguishing ‘strategic’, ‘structural’ and ‘follower’ infrastructure

In considering the adequacy of infrastructure programs in Auckland, it is important to note that not all infrastructure is ‘equal’ in terms of impact on settlement patterns.

SGS has devised a typology of infrastructure projects or assets comprising the following categories:

- Strategic or city shaping infrastructure
- Structural infrastructure
- Follower infrastructure.

*Strategic infrastructure* comprises a relatively limited number of projects, almost exclusively in the transport domain, which have the power to shift relative accessibility across the metropolis. These projects drive the location decisions of households and firms and can create new agglomeration economies thereby boosting productivity.

*Structural infrastructure* represents the higher order or ‘trunk’ facilities and networks that provide the skeletal framework for the urban region in question. These include arterial roads, sub-regional sewers and water mains, major water storages, full service and research hospitals, principal university campuses and the like. These items are distinguished by their sub regional service catchments and their cost.

Sufficiency in the provision of structural infrastructure is what underpins the economic adaptability of a Region.

The third category of infrastructure – ‘follower’ services and facilities – comprise assets whose service catchments tend to be more localised. These items are vital to community wellbeing and business efficiency, but they neither shape the pattern of development nor provide an overarching structure for settlement and industry development. Rather they provide services into a suburb or neighbourhood once the development of these areas has been enabled by investment in higher order infrastructure projects – see Figure 3.

FIGURE 3 INFRASTRUCTURE TYPOLOGY

**Strategic infrastructure**

*This shifts relative accessibility across the metropolis and therefore influences the location decisions of households and businesses, effectively shaping the pattern of settlement.*

**Structural infrastructure**

*These are the high level network elements and nodes which form the skeletal structure of the Region*

**Follower infrastructure**

*These are the local and district services that flesh out the skeletal structure of the Region*



Source: SGS Economics & Planning Pty Ltd

## City shaping power of major infrastructure projects

A significant body of research literature shows that major infrastructure projects can, quite literally, re-sculpt the pattern of metropolitan development. Substantial shifts in the accessibility contours applying over urban space will change the location choices of firms and households alike, setting in place a new geography of land values. This, in turn, will signal where new and/or intensified urban development is warranted under commercial market rules. The outcome is a shift in urban form and, sometimes, structure.

These processes have been intuitively understood in policy circles and within the wider community for many years – people see, for example, the nexus between highway development and increasing land values and housing development in peri-urban regions.

There is a growing awareness that major transport investments are a powerful and, perhaps, the pre-eminent policy lever for determining metropolitan structure. Land use regulation via planning schemes and the like is more likely to play a supplementary role in managing urban development. This means that major transport projects need to be conceptualised within the context of a preferred urban structure that is, *‘creating the sort of city we want’* as opposed to following the once conventional *‘predict and provide’* philosophy where transport investment simply responds to demonstrated demand.

In some instances, it may make more economic sense to prioritise transport infrastructure that will reshape the city in permanently advantageous ways, over those projects that are solving evident congestion problems.

## Investment appraisal tools – the limits of traditional cost benefit analysis

A deeper understanding of the city shaping effects of strategic transport projects has significant implications for the tools used within planning and infrastructure agencies to assess the merits of competing investment opportunities.

The key investment appraisal tool applied within government is cost benefit analysis. This seeks to determine whether the stream of traded and external benefits generated by a project justify the capital, maintenance, operating and external costs involved, taking into account that the same resources could be deployed to other socially productive uses.

Cost benefit analysis, as applied to major transport investments, is evolving rapidly. The range of impacts taken into account in investment appraisal can now extend well beyond direct user benefits and a limited range of environmental externalities (emissions, safety, neighbourhood disruption and amenity, etc.).

In particular, “agglomeration economies” are increasingly taken into account in project appraisals, albeit in supplementary documentation to ensure full transparency of the impact of these factors on overall investment performance. Some appraisals are extending the scope of benefits further to take into account human capital enrichment (achieved by allowing households better connections to formal and informal learning opportunities) and the improvement to equity and social harmony which follows from allowing a greater palette of housing, employment, learning, health and recreational choices to households which currently have limited choices (see Table 1).

TABLE 1. SCOPE OF BENEFITS IN (TRANSPORT) INFRASTRUCTURE COST BENEFIT ANALYSES (CBAS)

Potential benefits generated by a new transport link	Traditional CBA	Traditional CBA + (wider economic benefits) WEBs	Traditional CBA + WEBs + Equity & Human Capital Effects
Business transport costs are reduced, enabling expanded production	✓	✓	✓
Household travel costs are reduced	✓	✓	✓
Business to business synergies are improved (e.g. economies of scale and scope)	✗	✓	✓
Removal or mitigation of transport constraints on the expansion of high value added industries in propitious locations	✗	✓	✓
Labour participation and productivity are improved as a result of reduced travel costs for workers and better labour matching	✗	✓	✓
Human capital is enriched (expanded formal and tacit learning opportunities)	✗	✗	✓
Households choice (consumption, learning, employment) is expanded	✗	✗	✓

Source: SGS Economics & Planning

Ideally, the appraisal tools applied in Auckland would cover this broad spectrum of benefits. But even if a wide net is cast in terms of identified impacts, cost benefit analysis faces some structural weaknesses which limit its efficacy in the context of ‘city shaping projects’. It is conventional in cost benefit analysis to restrict measured impacts to the ‘first round effects’ of projects. These may be subject to lags, but have a direct ‘cause and effect’ link with the infrastructure item in question. Indirect and feedback effects are excluded, mainly for practical reasons; if second and subsequent round benefits are to be taken into account, so must costs, making the data gathering and analysis process very complex and open to challenge (because multiple judgements are required in identifying the effects).



The issue here is that the profound city shaping power of major projects is effected through a multitude of linked decisions where feedback loops are crucial. For these type of projects cost benefit analysis needs to evolve further, perhaps taking on more of the character of dynamic general equilibrium modelling, in terms of tracking feedback effects, and linking this to land use outcomes. If modelling along these lines cannot be applied in Auckland, the logic, at least, should obtain in more qualitative assessments of bona fide city shaping projects.

### **Investment decision making processes**

A relatively small number of investment decisions on city shaping projects can set the scene for a large number of subsidiary investments in lower order roads, schools, hospitals and the like. This dichotomy should be reflected in the business case evaluation processes applied to strategic versus structural and follower infrastructure projects. The first category deserves a different evaluation track with, as noted, a more expansive evaluation discipline applied.

This is not necessarily an issue of project size in dollar terms. Decisions to build a billion dollar hospital or invest a billion dollars in a portfolio of suburban road projects are substantively different - with respect to city shaping effects – from commissioning a billion dollar road which significantly affects accessibility across the metropolitan area.

In principle, city shaping projects demand a more concerted ‘whole of government’ approach to planning and evaluation because they will have cross-portfolio implications for asset management and service delivery costs. This does not mean that expensive and cumbersome bureaucratic structures have to be set up to pursue co-ordination. The projects in question are few and far between and can be dealt with via time limited enquiry and co-ordination structures, rather than permanent institutions.

Generally speaking governments in advanced western countries are not particularly adept at making investments in strategic infrastructure projects. In part, this is because it is difficult to discern and evaluate the systemic impacts of these projects. Also relevant is the contemporary received wisdom that separation of policy making and service delivery leads to better community outcomes because service providers are more focussed, comply with commercial disciplines and are not (unduly) distracted by political agendas. The downside is a diminished appetite to take cross-portfolio impacts into account in business case development. For example, why should a CCO look at the ‘bigger picture’ if it threatens to compromise performance versus their contracted performance indicators?

### **Managing structural and follower infrastructure**

The co-ordination of ‘follower’ infrastructure will require some form of market-informed development sequencing in which a preferred pathway for development in a planning district is identified, based on minimisation of the total cost of social and economic infrastructure. Although most obviously applicable in greenfield growth areas, the concept of a preferred pathway for development is equally relevant in areas undergoing progressive redevelopment or wholesale regeneration as is envisaged, for example, in the Metropolitan Centres and their immediate neighbourhoods in the Auckland Plan. The idea is to make a reasonable forecast of the pattern and timing of development (and, implicitly, the pattern and timing of demand for infrastructure services) and then adopt this as the notional benchmark for services planning by all infrastructure agencies. Agencies would not necessarily be required to endorse this assumed sequence or pattern of development, rather it could be offered to them as a plausible scenario for asset management and services planning purposes. The incentive for these agencies to adopt the preferred sequence of development would, in part, stem from a common sense of regional purpose. But more importantly, adoption of the preferred sequence of development would provide them with a vital tool to manage financial risks in the roll out of infrastructure investments.

For their part, developers would not be obliged to remain within the staging set down in this least cost pathway. They would be free to pursue out of sequence projects provided they are prepared to meet the additional costs of supplying economic infrastructure, and provided they are prepared to bring forward the provision of social infrastructure in their preferred location.

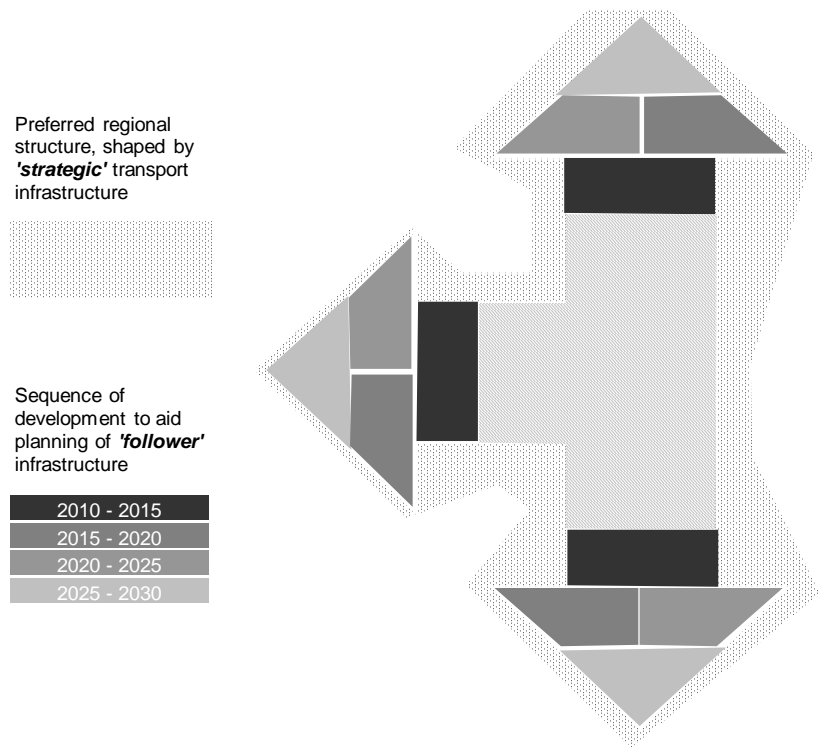
The benchmark sequence of development would be reviewed regularly (say, every year) and as required, as new information comes to hand on land demand and as out of sequence development approvals alter the geography of infrastructure capacity in a district.

As well as paying for the acceleration costs (effectively the bridging finance costs) for water supply, sewerage, drainage, education, health, transport and other infrastructure, developers would be required to contribute to local infrastructure costs on a share of usage basis as set out in a development contributions plan.

The notion of requiring out of sequence developers to accelerate infrastructure provision at their cost is certainly not new. There are several examples across Australasia where an out of sequence developer is required to fully fund accelerated infrastructure, with the Council or government agency in question either buying back the facility at the time when its creation in the subject location was scheduled, or collecting contributions from intervening developments and passing these back to the original out of sequence developer, without interest. In the context of an effective cross-portfolio co-ordination system, these practices would be codified and operated on a consistent basis across the metropolitan geography and across all infrastructure providers.

The relationship between the phasing of strategic infrastructure versus follower and structural infrastructure in a sound co-ordination system is illustrated schematically in Figure 4. The city shaping power of strategic infrastructure is leveraged to help bring about a metropolitan settlement pattern that is preferred on economic, social and environmental grounds – in this case the spatial vision for Auckland. Structural and follower infrastructure is then managed via a spatial sequencing process, which ensures that providers can externalise the risks associated with fragmented or leap-frog development.

FIGURE 4 CO-ORDINATING ‘STRATEGIC’ AND ‘STRUCTURAL/FOLLOWER’ INFRASTRUCTURE



Source: SGS Economics & Planning Pty Ltd

## 2.4 Principle 3 - densification in the suburban city

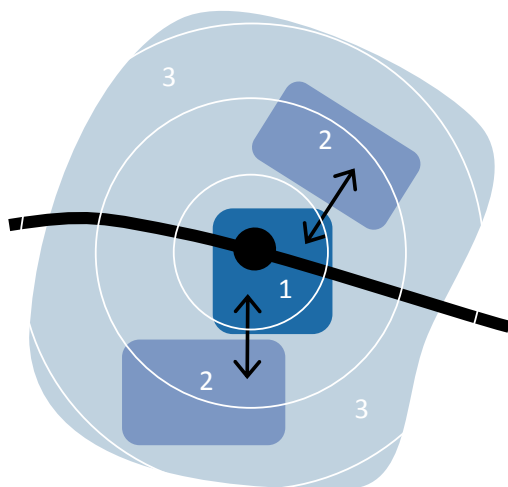
### Orthodox planning approaches to infill housing

Over the past decade, planning for new housing in established urban areas has been strongly concerned with issues of accessibility, density and sustainability. The resulting 'orthodoxy' in planning is to focus new residential development in 'activity centres' or 'transit corridors' - locations that offer the best access to services, facilities and public transport. Conceptually, such locations correspond to area 1 in Figure 5 below.

Although potentially satisfying sustainability and amenity objectives, the provision of housing in these 'area 1' locations is subject to a number of challenges. Land close to the core of existing centres or corridors typically accommodates existing retail or commercial activities. If these uses are viable and provide profits to the landowner and/or tenants, they can act as a disincentive to undertake redevelopment. In addition, these locations commonly feature a pattern of subdivision that is characterised by small and narrow allotments that are in multiple ownerships. Under these circumstances the acquisition of a sufficiently large land parcel to make new housing development technically or financially feasible can also be a significant challenge. Limited demand for apartment style living in suburban locations can also be an issue that undermines the viability of apartment and mixed use development.

In summary, issues of financial feasibility, fragmented land ownership, and limited demand for apartment type dwellings can conspire to limit the extent to which orthodox planning approaches have been successful in facilitating housing supply.

FIGURE 5 DENSIFICATION AROUND SUBURBAN NODES



Source: SGS Economics & Planning Pty Ltd

### Infill housing and the suburban context

Referring again to Figure 5, Areas 2 and 3 both represent alternative locations for infill housing developments.

Area 2 locations are those that are *near to* the centre and are better suited to intermediate or medium density housing forms (for example, townhouses, terrace, small-scale apartments) because of attributes such as the street and block layout and/or the presence of larger allotments (minimising the need for site amalgamation) and/or favourable topography, orientation, and so on. These precincts could host a range of intermediate or medium density housing forms – for example, townhouses, terrace, small-scale apartments – providing both housing choice and a transitional urban character between areas 1 and 3.



Area 3 locations are those that are *around* the centre, still within a walkable catchment, that could provide opportunities for small-scale infill housing projects such as ancillary dwellings, duplexes, or, in some cases triplex housing forms. Development in area 3 might be more dispersed in nature – ‘salt and peppered’ – rather than the comprehensive redevelopment that is implied in areas 1 and 2.

This represents a more sophisticated approach to planning for infill housing which acknowledges the importance of orthodox planning approach for centres (mixed use and apartment development *in* centres) but recognises that existing residential areas *near* and *around* centres can play a more significant role in supporting infill housing provision. This is not to say that redevelopment of the core areas of activity centres should not be pursued. However, this is more likely to be a longer term proposition. In the short to medium term alternative strategies might be undertaken to facilitate housing supply that are better aligned with existing demand and financial viability.

Applying a variety of approaches also has the advantage of providing a range of infill housing opportunities that might support a greater diversity of housing products, as well as a pipeline of projects for the full spectrum of developer types that contribute to the infill housing markets. This includes ‘*mum and dad*’ investors and small builders who are typically less reliant on external financing than developers that are involved in larger scale apartment developments.

## 2.5 Tests of efficacy in Auckland’s planning

The foregoing discussion of principles for effective urban planning and infrastructure co-ordination gives rise to a series of tests or criteria of efficacy (Table 2). We rely on these criteria in our independent review of Auckland’s suite of plans and urban management arrangements, which we discuss in the remainder of this report.

**TABLE 2    SGS'S CRITERIA FOR APPRAISING AUCKLAND SPATIAL PLANS AND INFRASTRUCTURE STRATEGIES**

Element of successful metro planning		Markers of leading practice
The metropolitan planning 'trilogy'	1	A compelling and demonstrably achievable vision for Auckland's spatial development
	2	A comprehensive schedule of implementation actions with clear assignment of action responsibility
	3	A clear set of measurable outcome indicators benchmarked against a base case or leading comparator cities
	4	Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment
	5	Fair, transparent and pre-notified user pays contributions for the extension and augmentation of urban infrastructure
	6	Separation of policies and rules for various forms of development contributions - user pays, impact mitigation and value capture
	7	Clear policy direction for road pricing
	8	Ongoing system for community engagement in plan monitoring and review
	9	Ongoing community education programs regarding the merits of the compact city
	10	Analysis showing how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development
	11	Practical arrangements for overcoming land fragmentation, contamination, infrastructure deficits and other market failures deterring brownfield and infill development in targeted areas
	12	Clear policy direction for value capture as part of an infrastructure funding strategy
	13	Demonstrated adequacy of affordable and market accessible land supply for greenfield development
	14	Demonstrated adequacy of affordable and market accessible land supply for infill and brownfield development
	15	Clear policy direction for inclusionary affordable housing provisions in statutory planning rules
	16	A transparent and publicly accessible charter assigning various planning and infrastructure responsibilities to Central Government, ACC and Local Boards in line with subsidiarity principles
'Strategic', 'structural' and 'follower' infrastructure	17	Documented criteria and systems for distinguishing 'strategic' from structural and follower infrastructure, and for optimal investment in line with the spatial vision
	18	Separate and broader evaluation and implementation processes for candidate strategic projects geared to leveraging city shaping effects in line with the spatial vision
	19	Adoption of development sequencing policies or similar to support efficient roll out of structural and follower infrastructure
Densification in the suburban city	20	Provision for a wider palette of non-detached dwelling forms around suburban nodes targeted for densification, recognising market demand realities and creating opportunities for a variety of developer types

Source: SGS Economics & Planning Pty Ltd

# URBAN GOVERNANCE IN AUCKLAND



Independent insight.

# 3 URBAN GOVERNANCE IN AUCKLAND

*This chapter contains overview and critique of governance arrangements for planning and infrastructure provision in Auckland. This draws down on the relevant principles and criteria in Section 2 noting the importance of sound intergovernmental forums for decision making, particularly in respect of city shaping infrastructure.*

## 3.1 Overview of existing governance arrangements

### Governance structure

Auckland has a three tier governance structure (Figure 6). The priorities and responsibilities of these three tiers vary and the effectiveness of this structure is explored in more detail below.

FIGURE 6 OVERVIEW OF AUCKLAND GOVERNANCE STRUCTURE



Source: SGS Economics and Planning, 2013

### Central government

Central government in New Zealand is focused on the interests of the country as a whole, compared to local government (Auckland Council) which is focused on acting in the interest of the local community. Tensions can often arise between these parties when these two interests conflict.



As identified in the Auckland Plan, Central government is ideally focused on working with Auckland Council and 'sharing as much of the information and lessons learned as possible, to promote and foster ongoing collaboration in the pursuit of mutually agreed outcomes' (Auckland Council 2012a).

Collaboration between central government and Auckland Council is particularly important in relation to infrastructure including the implementation of the National Infrastructure Plan. The effectiveness of collaboration and cooperation between these two government tiers is further analysed in Section 3.3.

## **Auckland Council**

The Royal Commission on Auckland Governance was established by the Government in October 2007 to respond to growing concerns about the workability of local government arrangements in the metropolis.

In 2009 the Royal Commission recommended that a single council for Auckland be established to address its fragmented governance and poor community engagement, which the Commission considered had contributed to the city's apparent underperformance. Since its inception on 1 November 2010, the Auckland Council has provided a new model of local government in New Zealand.

The role of Auckland Council is to focus on the broad region-wide strategic decisions and is responsible for:

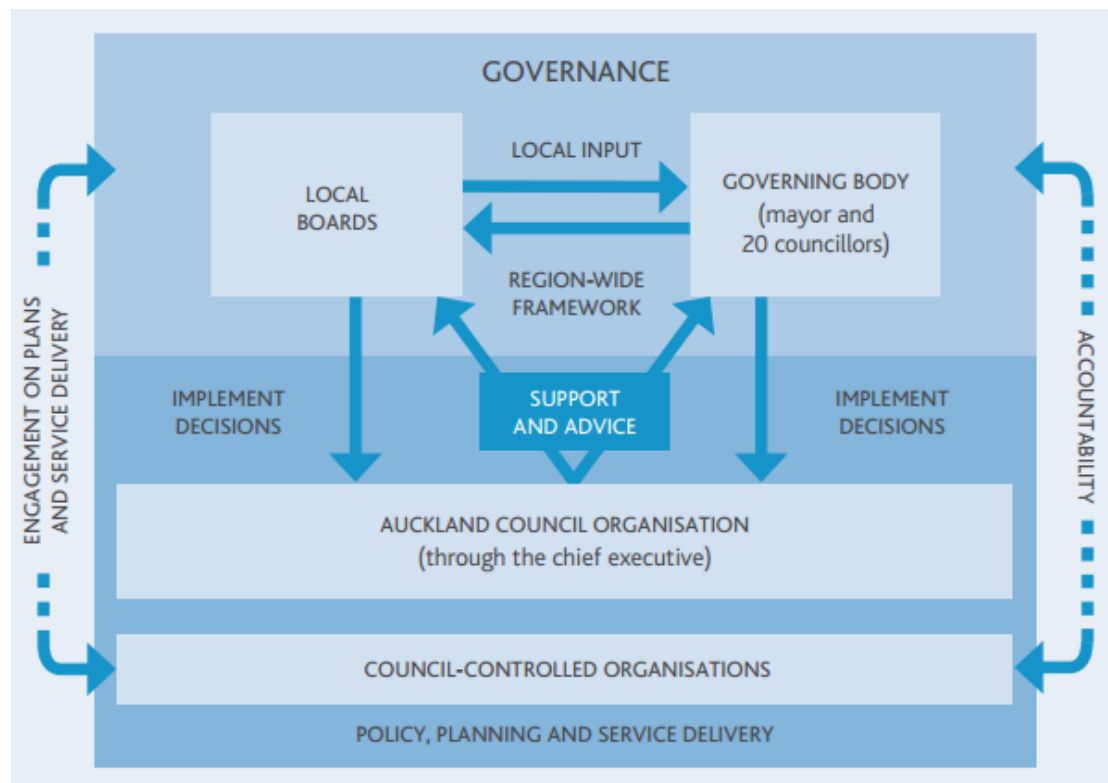
- preparing and adopting the Long Term Council Community Plan (LTCCP), annual plan and annual report
- making rates and bylaws
- decision making on regulatory matters and on region-wide non-regulatory matters
- setting regional strategies, policies and plans, including the spatial plan and the district plan
- the governance of CCOs
- consulting with and considering the views of local boards before making a decision which affects the communities in the local board area, or the responsibilities or operations of the local board
- negotiating a local board agreement with each local board
- monitoring and reviewing the performance of the organisation.

(Auckland Council 2013a)

## **THE CURRENT SYSTEM OF GOVERNANCE IN AUCKLAND IS ILLUSTRATED IN**

Figure 7. The structure aims to separate electoral and bureaucratic branches (McKinlay 2011) with CCOs responsible for service delivery and Auckland Council (the organisation, non-political) responsible for policy and planning.

FIGURE 7. AUCKLAND GOVERNANCE STRUCTURE



Source: Auckland Council, 2013

### Council-controlled organisations

A CCO is a corporate entity in which the council controls 50 per cent or more of the votes or has the right to appoint 50 per cent (or more) of directors or trustees.

A 'substantive CCO' is one that is either responsible for the delivery of a significant service or activity on behalf of Auckland Council, or owns or manages assets with a value of more than \$10 million.

Auckland has seven major CCOs:

- Auckland Council Investments Limited
- Auckland Council Property Limited
- Auckland Tourism, Events and Economic Development Limited
- Auckland Transport
- Auckland Waterfront Development Agency Limited
- Regional Facilities Auckland
- Watercare Services Limited.

Detail on the role and funding arrangements for these CCOs is contained in Table 3. The majority of CCOs are tax paying entities except for Auckland Transport and Regional Facilities Auckland.

**TABLE 3 OVERVIEW OF COUNCIL CONTROLLED ORGANISATIONS**

Agency	Role	Funding mechanisms	Spatial plans and strategies
Auckland Council Investments Limited	<ul style="list-style-type: none"> <li>Manage Auckland Council's major equity investments.</li> <li>Return on these investments (dividends) are invested by the council into public projects</li> </ul>	<ul style="list-style-type: none"> <li>Tax paying entity</li> <li>Expected to generate surpluses and does not receive funding from Auckland Council for its operations</li> <li>Dividends to be returned to Council</li> </ul>	leads the co-development of the Auckland Plan.
Auckland Council Property Limited	<ul style="list-style-type: none"> <li>Manages assets and ensures that there is an appropriate return on Auckland Council-owned commercial or 'non-service' property.</li> </ul>	<ul style="list-style-type: none"> <li>Tax paying entity</li> <li>Charge a management fee to Council for undertaking management of properties</li> <li>Does not own properties so not expected to have any funding requirements</li> </ul>	
Auckland Tourism, Events and Economic Development Limited	<ul style="list-style-type: none"> <li>Aims to help lift the Auckland region's economic wellbeing, and support and enhance the ability of the region to compete internationally.</li> </ul>	<ul style="list-style-type: none"> <li>Tax paying entity</li> <li>charge a service fee to Council to cover the cost of its day to day operations</li> <li>generates some revenue from grants and sponsorship which is used to reduce the funding requirements from Council</li> </ul>	Auckland Visitor Strategy
Auckland Transport	<ul style="list-style-type: none"> <li>Responsible for:</li> <li>The planning and funding of public transport</li> <li>Promoting alternative ways to get around the city</li> <li>Operating the local road network.</li> </ul>	<ul style="list-style-type: none"> <li>Funded by New Zealand Transport Agency (Central Gov't) and Auckland Council through operating revenues</li> <li>Tax exempt entity</li> <li>Capital funding raised through development contributions</li> <li>Operating expenses funded by Auckland Council</li> <li>Capital expenditure funded by NZTA grants, revenue from operations and Auckland Council</li> </ul>	Integrated Transport Program
Auckland Waterfront Development Agency Limited	<ul style="list-style-type: none"> <li>Lead the delivery of the revitalisation of the waterfront, and deliver developments which are in line with policy and funding set out by Council</li> </ul>	<ul style="list-style-type: none"> <li>Tax paying entity.</li> <li>Operating funding for public space activities comes from Council</li> <li>Operations funded by internal cashflows</li> <li>Capital works funded by revenues and lease sales or equity investment for Auckland Council</li> <li>Other funding mechanisms include user charges</li> </ul>	Waterfront development plan
Regional Facilities Auckland	<ul style="list-style-type: none"> <li>Provides a regional approach to running and developing Auckland's arts, culture and heritage, leisure, sport and entertainment venues.</li> </ul>	<ul style="list-style-type: none"> <li>Charitable Trust and is tax exempt</li> <li>Operational funding provided by Council</li> <li>generates revenue from its operations (e.g. user charges, events income), which is used to reduce the operational funding requirement</li> <li>capital works funded by surpluses and borrowings from Council</li> </ul>	
Watercare Services Limited	<ul style="list-style-type: none"> <li>Provides reliable water and wastewater services to the people and businesses of Auckland.</li> </ul>	<ul style="list-style-type: none"> <li>Tax paying entity</li> <li>Operations funded by revenue</li> <li>Capital expenditure funded by borrowing</li> <li>Prohibited from paying dividends, surplus funds must be used to reduce borrowing</li> <li>All water and wastewater activities are funded directly through Watercare revenues</li> </ul>	

Source: SGS Economics and Planning 2013, information sourced from Auckland Council, 2013

## The governing body and local boards

The Council consists of the governing body (Mayor and 20 Councillors) and 21 local boards, which represent the interests of local communities. This governance structure strengthens Auckland-wide leadership and provides effective local democracy.

The governing body and local boards have local input into the decisions implemented by Auckland Council which provide support and advice in return.

The 21 local boards are illustrated in Figure 8. Local boards 'make decisions on local matters, provide local leadership and build strong local communities'. Local boards are responsible for:

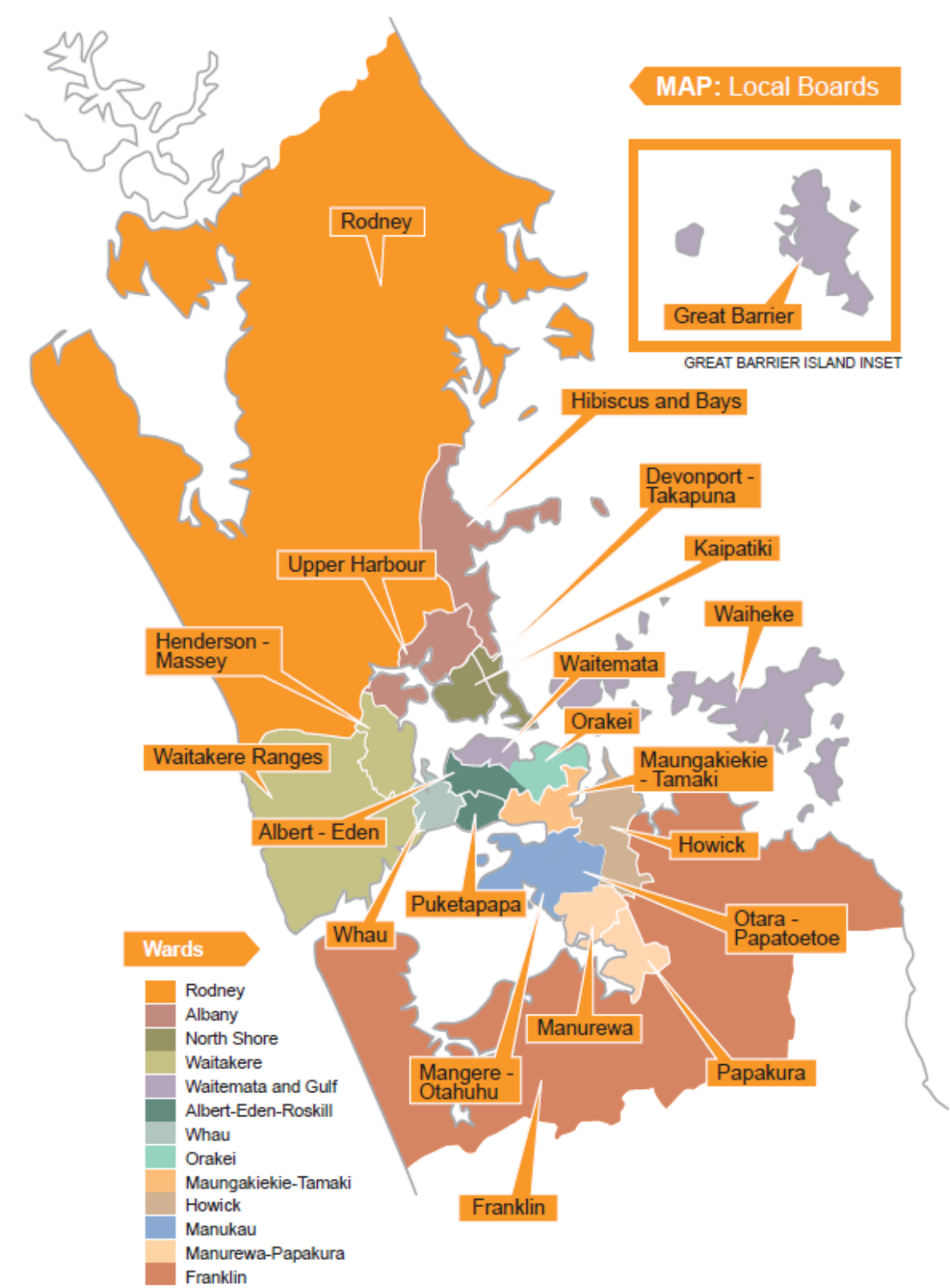
- preparing a triennial local board plan and negotiating an annual local board agreement with the governing body
- non-regulatory decision-making on local matters, including negotiating the standards of services delivered locally
- representing their communities and building strong local communities
- providing local leadership and developing relationships with the governing body, the community, community organisations and special interest groups in the local area
- identifying and communicating the views of local people on regional strategies, policies, plans and bylaws to the governing body
- providing input to CCO plans and initiatives
- identifying and developing bylaws for the local board area and proposing them to the governing body
- monitoring and reporting on the implementation of local board agreements
- any additional responsibilities delegated by the governing body, such as decisions within regional bylaws.

(Auckland Council 2013a)

While local boards will negotiate service standards and delivery budgets with the governing body, only the latter has the power of setting and collecting local taxes (rates). This, potentially, sets up a disconnect between accountability and responsibility for delivery of services, known in Australia as '*vertical fiscal imbalance*'. The Australian Commonwealth Government collects the lion's share of taxes across the nation, handing back a proportion of these to the States and Territories on a tied or untied basis for the delivery of various services like health and education. A perennial and damaging problem in the Australian body politic is one of blame shifting. Where service standards or performance fall short, the States blame the Commonwealth for inadequate funding transfers, while the Commonwealth blames poor management by the States. The ordinary citizen is, in effect, denied the opportunity to hold governments to account.



FIGURE 8. LOCAL BOARDS AND WARDS IN AUCKLAND



Source: Auckland Council, 2013

## **Independent Māori Statutory Board**

The Independent Māori Statutory Board (IMSB) is independent of the governing body and aims to ensure that the views of Māori are taken into account when making decisions.

IMSB provides a voice for Māori on all Council plans, reports and statements of intent. These documents are expected to retain a strong sense of advocacy for Māori of Tāmaki Makaurau. This is to embrace the cultural, economic, environmental and social issues which are significant for mana whenua groups and Mātāwaka in Tāmaki Makaurau.

The IMSB also ensures that Auckland Council complies with the statutory provisions which refer to the Treaty of Waitangi (Auckland Council 2014).

The IMSB and Auckland Council meet at least four times a year to discuss the performance of Council.

The IMSB has governance rights through participation on Council Committees and kaitiakitanga rights through the creation of an “Issues of Significance” document (IMSB 2014).

## Other key agencies

A number of key agencies are involved in delivering infrastructure for Auckland (refer to Figure 9). These include local government agencies and CCOs, as well as central government agencies such as New Zealand Transport Agency (NZTA).

FIGURE 9. KEY AGENCIES INVOLVED IN DELIVERY INFRASTRUCTURE TO AUCKLAND

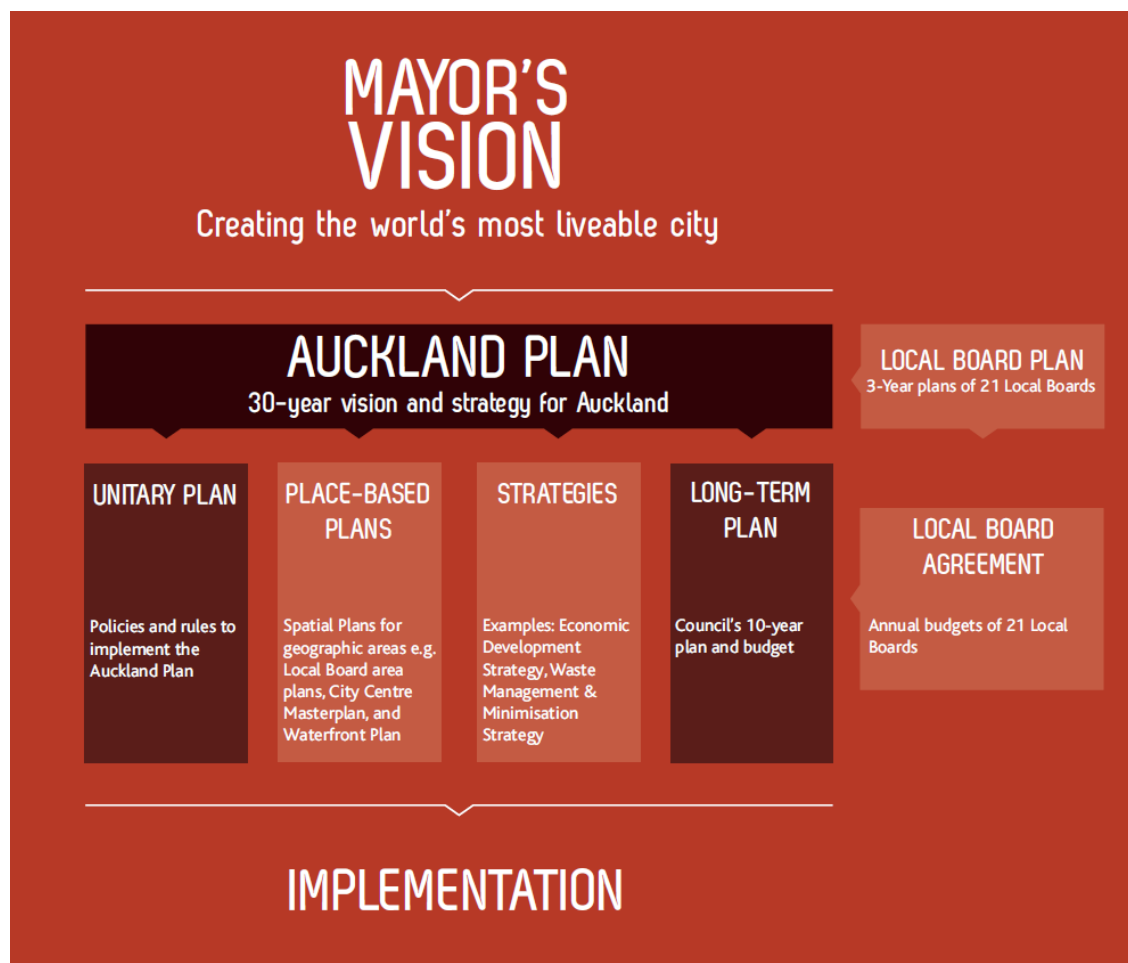
SECTOR	INFRASTRUCTURE	ROLE: PLAN, FUND, OPERATE	MAJOR ORGANISATIONS RESPONSIBLE	SECTOR	INFRASTRUCTURE	ROLE: PLAN, FUND, OPERATE	MAJOR ORGANISATIONS RESPONSIBLE
TRANSPORT (SEE CHAPTER 13)	State highways	P/F/O	New Zealand Transport Agency	SOCIAL AND COMMUNITY	Health	P/F/O	Ministry of Health
	Local roads/streets (including cycleways and walkways)	Plan	Auckland Council		Education	P/F/O	Ministry of Education
		Fund	New Zealand Transport Agency Auckland Council		Justice-courts	P/F/O	Ministry of Justice
		Operate	Auckland Transport		Justice-prisons	P/F/O	Department of Corrections
	Rail	P/F/O	Kiwirail		Social housing (see Chapter 11 Auckland's Housing)	Plan	Department of Building and Housing
	Public transport	Plan	Auckland Council Auckland Transport			Fund	Housing New Zealand
		Fund	Auckland Council Auckland Transport New Zealand Transport Agency			Operate	Housing New Zealand
		Operate	Auckland Transport		Libraries	P/F/O	Auckland Council
	Ports	P/F/O	Ports of Auckland		Museums	P/F/O	Auckland Council
	Airports	P/F/O	Auckland Airport New Zealand Defence Force Private operators		Public open space	Plan	Auckland Council Private landowners
WATER	Water supply	P/F/O	Watercare		Public open space Recreation facilities (including stadiums e.g. Eden Park)	Fund	Auckland Council Sport NZ Private operators
	Wastewater	P/F/O	Watercare			Operate	Auckland Council Department of Conservation
	Stormwater	Plan	Auckland Council			P/F/O	Auckland Council Department of Conservation
		Fund	Auckland Council		Waste	P/F/O	Auckland Council Private operators
ENERGY	Electricity generation	P/F/O	Contact Genesis Mighty River Power Meridian		Art galleries	P/F/O	Auckland Council Central Government
	Electricity transmission	P/F/O	Transpower		Marae	P/F/O	Iwi Auckland Council
	Electricity distribution	P/F/O	Vector Counties Power		Defence facilities (e.g. Devonport Naval Base)	P/F/O	New Zealand Defence Force
	Natural gas transmission	P/F/O	Vector		Emergency and rescue	P/F/O	Auckland Council Ministry of Civil Defence and Emergency Management New Zealand Defence Force private and Philanthropic sector
	Liquid fuels	P/F/O	Refining New Zealand Wiri Oil Services Ltd				
TELECOMMUNICATIONS	Fixed line-copper	P/F/O	Chorus TelstraClear Vector Counties Power				
	Mobile	P/F/O	Telecom Vodafone 2 Degrees TelstraClear				

Source: Auckland Council, 2012a

## 3.2 Overview of regulatory tools and plans

The regulatory and strategic plan structure for Auckland is illustrated in Figure 10. Auckland Council is responsible for leading the preparation and development of the Auckland Plan which involves working with central and local government agencies, the private sector, institutions and non-government organisations as well as the community.

FIGURE 10. REGULATORY AND STRATEGIC PLAN STRUCTURE IN AUCKLAND



Source: Auckland Council, 2012a

### The Auckland Plan, Unitary Plan and Long-Term Plan

The Auckland Plan is a spatial plan which provides the 30 year vision for the city and is supported and implemented by two key regulatory tools; the Long Term Plan and the Unitary Plan.

The Long Term Plan 'combines all Council and CCO funding across Auckland and must, by law, provide for a balanced budget over the 10-year plan period. It will provide the basis for staging and phasing Council/CCO projects' (Auckland Council 2012a). The Long Term Plan covers the use of development contributions, rating policies, Public Private Partnerships, user charges, central government subsidies and potential central government partnerships.

Alongside the Long Term Plan, Auckland Council is responsible for preparing a Financial Strategy which supports the priorities, locations, sequencing and directions for infrastructure. A number of approaches to funding and financing infrastructure are being investigated by Council including the use of market and incentive based tools, efficient and flexible pricing and infrastructure and service delivery, demand management and private sector participation.

The Unitary Plan is the statutory 'town plan' for the metropolitan area. It combines regional and district planning functions to facilitate the Auckland Plan through rules and incentives to manage land use change and development in an integrated manner. As described in the Council's website (referenced Feb 2, 2014), "the Unitary Plan will determine:



- what can be built and where
- how to create a higher quality and more compact Auckland
- how to provide for rural activities
- how to maintain the marine environment.”

To ensure the priorities and functions of the CCOs are aligned with the Auckland Plan and the priorities of Council, CCOs are required to prepare an annual Statement of Intent (SOI). The SOI is a key accountability mechanism which sets out:

- How the CCO’s activities will contribute to desired outcomes (which contribute, in turn, to the Auckland Plan)
- How the CCO’s performance will be measured in relation to these outcomes
- The specific performance targets that each CCO expects to meet.

The SOI provide major input into the Long Term Plan process including the budget.

The Auckland Plan highlights that implementation is to be achieved by ensuring that partner organisations work closely together. This includes:

- Central Government agencies and departments to develop a shared decision-making framework for capital project investment e.g. the National Infrastructure Plan states that Central Government agencies are expected to consider the strategies within the Auckland Plan when making investment decisions.
- private sector to understand the imperatives, constraints and hurdles to be overcome in meeting Auckland’s growth challenge.
- providing certainty for private sector investment.
- voluntary and community sector to be actively engaged through local boards to access non-traditional funding and shape integrated implementation.
- neighbouring regions through the Upper North Island Strategic Alliance to align planning objectives and highlight opportunities for cost efficiencies in infrastructure and service delivery
- ownership and involvement by Māori stakeholders and investors.

The implementation tools outlined within the Auckland Plan include funding mechanisms (Figure 11), delivery mechanisms (Figure 12) and institutional tools (Figure 13). These have been identified as potential options by Auckland Council which highlights that more work is required to fully resolve an implementation strategy.

Implementation is also expected to be facilitated through the alignment of objectives and mechanisms within the National Infrastructure Plan and the Auckland Plan. Ten-year capital intention plans as part of the National Infrastructure Plan will provide more detailed information about future infrastructure investment and assist in the delivery of the Auckland Plan by providing more certainty for investors and decision-makers (Auckland Council 2012a).

FIGURE 11. IMPLEMENTATION TOOLS – FUNDING TOOLS

Funding Tools		
<b>Borrowing</b>	Borrowing is a major source of funding for council's capital expenditure programme. Debt enables council to finance the acquisition of new assets over long time frames, often reflecting the long, useful lives of the assets. Councils typically either raise debt through selling council bonds or borrowing directly from banks. By using debt, councils can better balance the payments by different generations of ratepayers for the use of those assets, to achieve inter-generational equity. That is, it may be inequitable for the current generation to completely pay for assets (in existing rates) that the next generation of ratepayers will use, and vice versa.	<b>Financial contributions</b>
		Financial contributions are charged to recover costs associated with the effects of growth. They differ from development contributions as funds raised are used to manage the adverse effects of particular developments. For example, a new development requiring a controlled intersection to ensure safe access may be given resource consent subject to a financial contribution being made to fund the installation of traffic lights.
<b>General rates</b>	Rates are used to fund services for broad use by the population where it is difficult to identify and charge specific users. Examples include funding roads and parks, which are accessed by most of the population. Rates can also be used for social equity reasons, where councils determine that people should have access to a particular service regardless of their ability to pay (such as library services).	<b>Investment and asset sales</b>
		Councils often have investments in commercial businesses or funds, typically for historical reasons, that return dividends or interest payments. Regarded as general revenue, they offset rates and are an important source of funding for councils. Proceeds from the sale of such investments are also a potential source of funding for other investments which councils may place a higher value on.
<b>Targeted rates</b>	Targeted rates provide a mechanism for councils to charge a specific group of ratepayers for a service, where those in the group targeted are the primary beneficiaries; for example, if the service is highly localised, or if the service only benefits a certain group of ratepayers (such as businesses).	<b>Regional/local fuel tax</b>
		A regional fuel tax is an additional tax on fuel purchases made in a specified region within a council's boundaries. Revenue collected is then used to fund transport and public transport operations and infrastructure. Currently New Zealand has a national fuel tax applied to every litre of fuel.
<b>Tax increment funding (TIF)</b>	Tax increment funding (TIF) schemes have primarily been used in the USA to finance the infrastructure associated with urban renewal programmes. TIF schemes are based on capturing a share of the value that falls to landowners from a public sector infrastructure investment, and are generally used in regeneration areas that have tightly defined boundaries.	<b>Road pricing</b>
		Road pricing is an umbrella term used to describe different charging approaches applied to road users to fund investment in the road network. It refers to any charge that is levied for a specific, individual movement on a given day, with possible variations for location, time of day, distance travelled and even the fuel efficiency or weight of the vehicle. Road pricing includes congestion charging and network pricing. These charges may be a viable option to manage demand and increase the sustainability of urban transport environments or raise additional revenue.
<b>Lump sum contributions</b>	Councils have the ability to levy lump sum contributions to fund infrastructure costs. Lump sum contributions are offered to ratepayers as an alternative to a targeted rate. In this respect they are not a different tool for councils to fund activities but rather a different way for ratepayers to meet their costs.	<b>Congestion charging</b>
		A congestion or cordon charge is a fee charged for operating a motor vehicle at certain times within a particular area. This has been successfully used in some cities to reduce congestion, promote a mode shift to public transport, walking or cycling, and raise investment funds for the transport system.
<b>Development contributions</b>	Development contributions are levied on new developments to fund council expenditure on new assets required to accommodate growth. As towns and cities grow, councils need to invest in roads, stormwater pipes, parks and community facilities to cater for the increased population. Development contributions are charged to recover these costs from the new developments, rather than from general ratepayers.	<b>Network charging</b>
		Network charging is a form of road pricing, which can be used to charge tolls across an entire network to fund the future transport system. For example, vehicles could be charged on joining a motorway network. This would require a legislative change in New Zealand, as it is not currently permissible to tax existing roads.
		<b>Car parking charges</b>
		It is possible under current legislation to tax car parks using a targeted rate. This would make car parking more expensive, and encourage people to choose other modes such as public transport, thus reducing traffic congestion.

Source: Auckland Council, 2012a

FIGURE 12. IMPLEMENTATION TOOLS – DELIVERY MECHANISMS

Delivery mechanisms	
Unitary Plan	<p>The Unitary Plan will be one of the main tools to integrate and prioritise spatial development across Auckland. As well as providing the appropriate zonings across Auckland, it will provide appropriate measures for delivering high-quality urban design outcomes.</p> <p>Notification and non-notification provisions in the Unitary Plan, while offering a tool for facilitating implementation, will require further work to determine whether better outcomes can be created by using the tool in more innovative ways.</p>
Long Term Plan (LTP)	<p>The LTP is the other main tool for delivering the outcomes in the Auckland Plan, and providing a balanced budget over the 10-year period to ensure all programmes and actions can be implemented. The LTP will reflect staging and phasing of intentions for Council/CCO projects, including policies on development contributions, rating policies, public-private partnerships, user charges and potential central government partnerships.</p>
Other statutory provisions	<p>The Council and its partners operate under a wide range of New Zealand statutes, notably the Resource Management Act 1991, Local Government Act 2002, Building Act 2004 and Public Works Act 1981. Proactive use of statutes to achieve the key directions set out in the Auckland Plan needs to be advanced, not only in terms of funding and implementing infrastructure and programmes, but also in ensuring good design outcomes and in achieving social and community outcomes.</p> <p>Legislation needs to be used more effectively and processes under legislation need to be streamlined to fast-track applications and achieve better outcomes.</p>

Source: Auckland Council, 2012a

FIGURE 13. IMPLEMENTATION TOOLS – INSTITUTIONAL TOOLS

Institutional tools	
<b>Partnerships</b>	Auckland's development hinges on the participation of many agencies. Council must work with central government and other parties and develop a shared decision-making framework to ensure the alignment of investment decisions and other actions in the development process. There are several ways in which Council can enter into formal partnerships, such as – public-private partnerships, partnerships with iwi, strategic alliances and joint ventures with neighbouring regions. <b>Figure 14.1</b> illustrates the range of degrees of involvement in partnerships, from less formal coexistence and networking to formal partnerships.
<b>Advocacy</b>	Advocacy can educate the community about the importance of a high-quality built environment. This includes – providing public education regarding housing choices; providing ongoing industry training for planners and urban designers; and the use of a 'value-driven' approach to engage with the market (i.e. establish where/how quality design adds value).
<b>Design review and design manual</b>	Generally applied to significant proposals or proposals in strategic locations, design manuals provide a basis for dialogue with the developers and their designers to maximise opportunity and achieve outcomes that reflect each site's context and character.
<b>Other strategic council documents</b>	Ensuring other strategic Council documents (e.g. strategy, policy, master plans, structure plans) are consistent with the Auckland Plan is critical to ensure the desired outcomes are achieved.
<b>Development agency</b>	Development agencies can assist in achieving Auckland Plan directions. Development authorities can exist outside councils but have planning powers, such as Vic Urban, which has the mandate to undertake multiple development/redevelopment projects.
<b>CCO Initiatives</b>	Working with and supporting the CCOs on the planning and delivery of projects will be a powerful implementation tool for achieving Auckland Plan directions. To illustrate, Auckland Council Property Limited (ACPL) could deal with key aspects of successful developments: <ul style="list-style-type: none"> <li>• commercial viability;</li> <li>• form of projects (design and quality aspects);</li> <li>• facilitation (ensuring streamlined processes, enabling development).</li> </ul> Options include: <ul style="list-style-type: none"> <li>• outright sale of Council land in priority locations to facilitate development</li> <li>• sale of Council land with restrictions that specify or restrict its use to achieve desired outcomes</li> <li>• staged or preferential sale options reducing developer risk, where Council does not charge the maximum price or allows payment to be deferred until the developer is ready to sell lots or buildings</li> <li>• development partnerships with Auckland Council Property Limited (ACPL), working with Housing New Zealand, iwi and the private sector to combine contiguous land holdings to achieve better outcomes</li> <li>• development agreements where ACPL secures land for key infrastructure within major developments</li> <li>• Council-led development, with ACPL taking a stake in development with a private sector partner with all associated risks.</li> </ul>

Source: Auckland Council, 2012a

Auckland Council is also preparing a Forward Land and Infrastructure Programme which will 'facilitate the staged and orderly delivery of serviced land across Auckland to meet Auckland Plan (long-term 30 year targets) and Auckland Housing Accord targets (short-term 3 year targets)' (Auckland Council 2013b).. The land release strategy and this Programme will provide 'the critical links between the Auckland Plan, the Unitary Plan and long-term plan to ensure a quality compact form can be successfully achieved' (Auckland Council 2013b).

### Place-based plans and strategies

There are a number of place-based plans and strategies which have been developed by Auckland Council and the CCOs in conjunction with national agencies and local partnerships. These include:

- City Centre Masterplan
- Waterfront Development Plan
- Integrated Transport Program
- National Land Transport Program for Auckland

- Auckland Housing Accord
- Southern Initiative
- Tamaki Transformation

The City Centre Masterplan is intended to be integrated with the Auckland Plan and Unitary Plan to assist with implementation. The Masterplan also supports a number of Council strategies including the Auckland Economic Development Strategy and the Auckland Visitor Strategy. Transport elements of the Masterplan are expressed within the Auckland Transport and NZTA's Auckland Integrated Transport Plan.

Key implementation mechanisms for the Masterplan are detailed in Figure 14.

A major partnership which is identified in a number of these place-based plans and strategies involves Auckland Transport, Auckland Council and the New Zealand Transport Agency. This partnership is developing and delivering the Integrated Transport Plan. Transport infrastructure has been identified as a key challenge for Auckland and Auckland Transport has been mandated to explore alternative funding mechanisms, as discussed above.



FIGURE 14. IMPLEMENTATION THROUGH PARTNERSHIPS

## WORKING IN PARTNERSHIP

The masterplan is not just Auckland Council's vision for the city centre, but is owned by a range of public and private sector organisations. This is important, as its implementation requires the public and private sectors to work together. We will achieve this by:

- Strengthening links with the private sector. The City Transformation Projects Team will support significant private sector schemes, to ensure timeliness in the statutory processes
- Embracing the co-governance model, where Auckland Council works closely with the Waitematā, Albert-Eden and Devonport-Takapuna Local Boards
- Increasing partnership with the CBD Advisory Board to achieve value-added expenditure of the targeted rate and council funds on city centre projects
- Partnering with Auckland Tourism, Events and Economic Development (ATEED) to market the masterplan as a whole, and to market its opportunities to investment markets
- Partnering with Heart of the City to attract more quality retailers, (who will deliver the desired retail outcomes), and investigate schemes for shop front improvements and incentivising new investment
- Coordinating public sector investment via Auckland Council's City Transformation Team
- Using property assets owned by the Council and council-controlled organisations effectively, guided by a city centre taskforce comprising Auckland Council Property Limited, Auckland Transport Property Department and Waterfront Auckland, working with private sector developers and investors
- Raising the standards of architecture and heritage protection by working closely with the Urban Design Panel, the Auckland Council's Heritage Panel, and the Major Projects Design Review Team, and reviewing design guidance to ensure it continues to raise standards
- Partnering with The University of Auckland and Auckland University of Technology, through the Tertiary Education Network Partnering Agreement, and with the polytechnics and wananga through the development of the Auckland Tertiary Education Cluster
- Auckland Transport, Auckland Council and the New Zealand Transport Agency working together to deliver the Integrated Transport Plan
- Forming a sustainable partnership with Māori as part of the Māori Relationship Framework (discussed in the Auckland Plan), and engaging Māori in realising the vision for the city centre.

Auckland Council will be responsive to the needs of the private and tertiary education sectors, and create an environment of certainty and streamlined processes.

The Council is committed to the following high-level principles for a workable masterplan, developed in discussion with the private sector:

- The city centre is a business-friendly place
- Cultural change is focused on collaboration and 'making things happen'
- Realistic and prioritised expectations are set
- There are clear investment plans with clear delivery time frames
- There is good decision-making capability
- Resources are not spread too thinly
- The approach to public transport and major projects is holistic and integrated
- There is collaboration on legislative interventions.

Source: Auckland Council, 2012b

### 3.3 Critique of existing governance arrangements

Section 2 identified that governance arrangements must support the plan implementation process, mediating the inevitable political tensions between local community interests and regional community interests.

The recent restructure in Auckland provided the opportunity for the governance arrangements to be clarified and simplified. The separation of local and regional community interests has been clearly identified, with local boards responsible for communicating local interests to the governing body, Auckland Council and CCOs. The governing body is responsible for making decisions on broader region-wide (Auckland-wide) issues.

The separation between electoral, bureaucratic and service delivery branches is a sound structure for managing political tensions and the plan implementation process. However, this will only be successful with effective communication between these various groups based on an in-depth understanding and sharing of desired outcomes. One issue with separating 'providers' from 'purchasers and policy makers' is that the imperative of operational efficiency can see a CCO lose sight of its underlying public purpose for lack of involvement in (and therefore ownership of) the policy formulation process.

On the other hand, McKinlay (2011) has highlighted that the establishment of this structure has likely improved performance within each of the jurisdictions of each CCO because their focus is on service delivery and collaboration, avoiding the 'silo effect which can so easily make it difficult to integrate activities across a single large public sector entity effectively'.

Four key observations were made in Section 2 regarding effective metropolitan governance:

- There needs to be reasonable alignment between governance institutions and clear spatial communities of interest or communities of co-dependence.
- There should be clear democratic accountability in each of these spheres – institutions should not rely on implied mandates.
- There should be subsidiarity in the allocation of decision making power across these institutions and spheres of community.
- There should be subsidiarity in the allocation of revenue raising powers across these institutions, to avoid the accountability problems associated with vertical fiscal imbalance.

### **Alignment of institutions and communities**

In terms of alignment between governance institutions and clear spatial communities of interest or communities of co-dependence, local boards have been set up in Auckland to ensure that the views of communities of interest are heard by Council.

The nature of CCOs does not lend these organisations to strong alignment with spatial communities. But such alignment is neither expected nor necessary, given that the focus of these agencies is on business like service delivery.

Links are evident between place-based plans such as the Southern Initiative and communities of interest.

The key question mark over local boards relates to their fiscal independence. As we understand it, they are ultimately planning and advisory bodies, with no independent power to decide on local taxes and services.

### **Accountability**

Accountability has been clarified through legislation and the *Auckland Council Local Governance Statement*. Elected officials are accountable to the ratepayer (residents of Auckland) and agencies and CCOs are accountable under the Auckland Council Act.

Each local board is democratically accountable for non-regulatory activities of Auckland Council which are allocated to that local board.

CCOs are independent but are also accountable to Auckland Council. As discussed above, CCOs are responsible for developing an SOI as well as quarterly reports, 10 year forecasts and compliance with prescribed asset management standards (where relevant). The seven CCOs are required to give effect to Auckland Council's Long Term Plan and act consistently with any other Council plans and strategies.

Auckland Council's Accountability and Performance Committee is responsible for monitoring the performance of CCOs and approving policies relevant to CCO accountability.

### **Integration in decision-making**

There are three levels of governance in New Zealand; national (referred to as Central Government), metropolitan (e.g. Auckland Council) and local (local boards) (refer to Table 4), though, as noted, it is debatable whether local boards constitute a genuine sphere of governance given their lack of tax raising powers.

TABLE 4 ALLOCATION OF DECISION MAKING POWER

Level	Examples or decisions for this level	Auckland model
National	<ul style="list-style-type: none"> <li>– Improving national consistency of planning and building regulation</li> <li>– Resolving cross-border issues such as water supply, ports and transport connections</li> <li>– Environment, heritage issues of national significance</li> <li>– Maintaining state-wide land use and development regulation system</li> <li>– Maintaining administrative and judicial review processes</li> <li>– Overseeing planning institutions</li> </ul>	<ul style="list-style-type: none"> <li>– Central Government is responsible for major infrastructure projects such as hospitals and transport, particularly those which extend beyond Auckland</li> <li>– Often works in conjunction with Auckland Council</li> </ul>
Regional/ Metropolitan	<ul style="list-style-type: none"> <li>– Development planning and development determinations for sites or projects of metro-wide significance</li> <li>– Investing in strategic infrastructure of metropolitan significance</li> <li>– Designating major activity centres and facilitating development in these centres</li> <li>– Designating and managing major transportation corridors</li> <li>– Identifying and developing key employment nodes</li> <li>– Formulating land release schedules in growth areas</li> <li>– Protecting environmental assets of regional significance</li> <li>– Maintaining efficient land supply for housing</li> </ul>	<ul style="list-style-type: none"> <li>– Auckland Council (including the governing body) and CCOs are responsible for majority of the examples provided and are often supported by the Central Government where a project is considered of national significance</li> </ul>
Local	<ul style="list-style-type: none"> <li>– Neighbourhood structure planning</li> <li>– Regulating housing development redevelopment within applicable metropolitan guidelines</li> <li>– Regulating development in all lower order activity centres</li> </ul>	<ul style="list-style-type: none"> <li>– Local Boards are responsible for their local communities and make decisions on local issues, activities and facilities.</li> <li>– Governing body (Council) can delegate decision-making powers to local boards</li> </ul>

Source: SGS Economics and Planning, 2013

This three tiered approach offers the potential for better vertical integration of decision making compared to, say, Australian States and Territories. For example, with respect to the Auckland Integrated Transport Program, the NZTA and Auckland Transport are working together with Auckland Council to develop a genuinely multi-sectoral strategy in this sector – though it is not yet clear that this integration has been achieved (see discussion in Section 4).

### **Vertical integration**

The Royal Commission on Auckland Governance recommended a co-decision-making structure with Auckland Council and Central Government responsible for decision-making in relation to government spending on social services within Auckland. McKinlay (2011) highlights that the success of this structure will be dependent on how the relationship evolves and tensions surrounding power sharing. Central Government is the principal funder of major transport infrastructure and it remains unclear to us just how these investment decisions will be made across these jurisdictions, beyond the convening of discussion forums. That is, what the mechanisms and protocols for genuine power sharing over these decisions. In broad terms, Central Government may be reluctant to cede too much power to Auckland Council because of the size and importance of Auckland within the New Zealand economy.

Without a formal structure or agreement to frame the desired cooperation between Central Government and Auckland Council, it is unlikely that the co-decision making aspired to in the establishment of the unitary Council will be fully realised. In this regard, recent experience in the UK regarding Central and Local Government agreements is instructive.

In 2011, Greater Manchester (UK) established the Greater Manchester Combined Authority which ‘provides a compelling platform for radical devolution of powers from central government’ (Greater Manchester Combined Authority 2012). The Authority has powers in its own right and is not dependent on delegations from central government and this provides greater certainty for the Authority around decision-making. Alongside the establishment of the Authority, a ‘City Deal’ has been developed which sets out a number of agreements between central government and the Authority based on priorities for the Greater Manchester economy.

A key benefit of this model is the establishment of joint governance arrangements for transport, economic development and regeneration. This allows for strategic prioritisation of projects across the area. Greater Manchester Combined Authority (2012) emphasises that this model has facilitated greater integration with central government and local authorities:

‘Not only does the Greater Manchester Combined Authority provide a stable and strong governance structure enabling it to take on new powers and functions, it also has the gravitas to engage with central government and national agencies successfully. This will enable Greater Manchester to secure future devolution and resource prioritisation’.

Significantly, the abovementioned ‘City Deal’ allows for a sharing of the productivity (tax) dividend from a more efficient Manchester between local authorities and the Central Government. This is particularly important with respect to investment in productivity enhancing, ‘city shaping’ infrastructure.

#### ***Horizontal integration***

There is some evidence of horizontal integration between CCOs and Auckland Council but this is not clear.

The role and powers of local boards remain vague. Under the Local Government (Auckland Council) Act 2009, local boards have decision-making power over non-regulatory matters but only on delegation from the Auckland Council. This is not fully aligned with the Royal Commission’s advice which proposed setting out the powers of local boards within legislation.

As noted, local boards have no independent revenue raising powers. All funding is sourced from, and approved by, Auckland Council as per its Long Term Plan and the applicable Local Board Plan and Local Board Agreement.

For reasons of the vertical fiscal imbalance described earlier, there is potential for the role of local boards to diverge from building strong communities and providing input into strategic planning at the regional level. They may develop into strident ‘NIMBY’ forums which may hinder strategic planning and thus the implementation of the Auckland Plan. It is important that the role and powers of local boards are clearly identified within the Auckland Plan.

## **Conclusion**

The existing governance structure in Auckland is beneficial with clear leadership dedicated to the metropolitan community of interest. This will assist with implementation of the Auckland Plan. More refinement is required, however, in relation to the clarity of the roles of various agencies, particularly local boards and the relationship between central government and Auckland Council.

Introducing formal structures to encourage greater commitment from Central Government in relation to co-operation with Auckland Council will facilitate the implementation of the Auckland Plan. Likewise, a better understanding of the role of local boards and their powers will also assist with this, particularly when the ‘rubber hits the road’ on issues like local urban intensification.





# APPRAISAL OF PLANS AND STRATEGIES

A full-page photograph of a cyclist in a blue and yellow jersey and a green helmet riding a road bike on a city street. The CN Tower is prominent in the background, along with other city buildings and trees. The text 'APPRAISAL OF PLANS AND STRATEGIES' is overlaid in large white letters at the top.

Independent insight.



## 4 APPRAISAL OF PLANS AND STRATEGIES

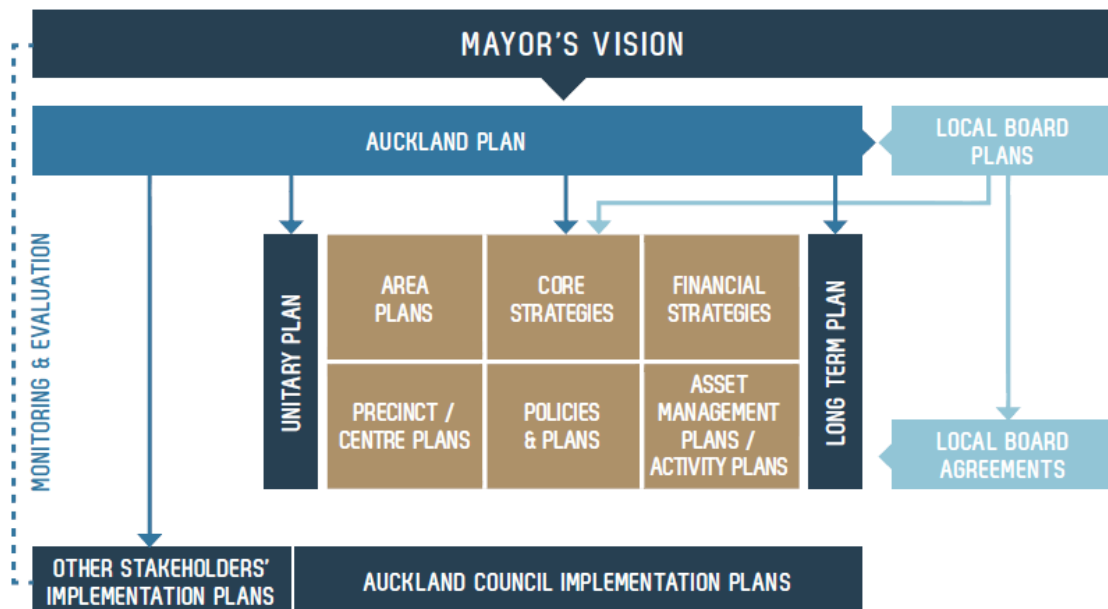
*This section sets out an appraisal of the major plans and policies shaping urban development and infrastructure in Auckland. The audit is again structured around the principles and criteria outlined in Section 2.*

### 4.1 The Auckland Plan

#### Scope and purpose

As previously noted, the Auckland Plan (the Plan) is an overarching spatial strategy which provides the 30 year vision for the metropolitan region. It identifies the location and timing for future urban development and infrastructure provision. It also aims to guide the services, projects and programs of the Auckland Council, its CCOs, Central Government and the private sector. It is supported and implemented (in part) by two key regulatory tools – the Long Term Plan and the Unitary Plan, as well as area specific plans such as the Waterfront Development Plan and the City Centre Masterplan (Figure 15).

FIGURE 15 AUCKLAND PLAN AND RELATED PLANS



Source: Auckland Council, 2012a.

## Key policy moves

The policy moves in the Auckland Plan are aimed at contributing to the social, economic, environmental, and cultural well-being of the city. According to the Plan, its two important focuses are the city centre and the Southern initiative (see below). The central theme for the Plan is the agenda for a more compact city, involving greater infill and higher density built to superior design standards. The rationale is to utilise existing infrastructure, increase viability of public transport and reduce environmental effects of low density ‘sprawl’.

Following a clear articulation of the internal and external challenges facing Auckland, both now and over the next three decades, the Plan highlights the vision for Auckland with seven aspirational ‘outcomes’ describing what the city will be like in 2040. Six ‘transformational shifts’ indicate the changes required to achieve the vision (Figure 16).

FIGURE 16 VISION OUTCOMES AND TRANSFORMATIONAL SHIFTS

AUCKLAND'S VISION						
THE WORLD'S MOST LIVEABLE CITY						
OUTCOMES: WHAT THE VISION MEANS IN 2040						
A fair, safe and healthy Auckland	A green Auckland	An Auckland of prosperity and opportunity	A well connected and accessible Auckland	A beautiful Auckland that is loved by its people	A culturally rich and creative Auckland	A Māori identity that is Auckland's point of difference in the world
TRANSFORMATIONAL SHIFTS: TO ACHIEVE THE VISION						
Dramatically accelerate the prospects of Auckland's children and young people	Strongly commit to environmental action and green growth	Move to outstanding public transport within one network	Radically improve the quality of urban living	Substantially raise living standards for all Aucklanders and focus on those most in need	Significantly lift Māori social and economic well-being	

Source: Auckland Council, 2012a.

In turn, the six ‘transformational shifts’ will be driven by 13 specific ‘strategic directions’ and two ‘delivery directions’:

1. *Create a strong, inclusive and equitable society that ensures opportunity for all Aucklanders*
2. *Enable Māori aspirations through recognition of the Te Tiriti o Waitangi / The Treaty of Waitangi and Customary Rights*
3. *Integrate arts and culture into our everyday lives*
4. *Protect and conserve Auckland's historic heritage for the benefit and enjoyment of present and future generations*
5. *Promote individual and community wellbeing through participation and excellence in recreation and sport*
6. *Develop an economy that delivers opportunity and prosperity for all Aucklanders and New Zealand*
7. *Acknowledge that nature and people are inseparable*
8. *Contribute to tackling climate change and increasing energy resilience*
9. *Keep Auckland productive, protected and environmentally sound*
10. *Create a stunning city centre with well-connected quality towns, villages and neighbourhoods*
11. *House all Aucklanders in secure, healthy homes they can afford*
12. *Plan, deliver and maintain quality infrastructure to make Auckland liveable and resilient*
13. *Create better connections and accessibility within Auckland, across new Zealand and to the world*
14. *Auckland stakeholders work together to deliver the plan*
15. *Regularly review progress against targets and adapt actions to deliver the plan.*

The importance of integrating land use and transport is discussed with recognition that the transport system is a key shaper and enabler of all development within and beyond Auckland. The Plan is based on analysis of existing infrastructure capacity, and the need for future investments to be timed to fit with significant changes in land use and community needs.

The City Rail Link (CRL) is indicated as the most important new transport investment that will drive, via step change, greater use of public transport and intensification of residential and commercial development in the CBD and along the western and southern rail lines.

The downtown Port of Auckland and Auckland International Airport are shown to contribute significantly to economic growth and opportunities in Auckland and New Zealand. The Plan supports the role of these key economic infrastructure items with directives to protect the airport's operations and review the long-term nature and function of the seaport.

As noted, the Auckland Plan has two big initiatives to support the economy and improve Auckland's well-being – dramatically improving the city centre and the Southern Initiative. The City Centre Masterplan guides the development for this precinct over the next 20 years, while the Southern Initiative focuses on transforming the economic fortunes and quality of life for an area of Auckland with high social need.

The Auckland Plan was prepared collaboratively and includes a comprehensive chapter on implementation. The focus of this review is on Chapters 12, 13 and 14, which cover physical and social infrastructure, transport and implementation, respectively.

## **Critique**

Relevant evaluation criteria derived from our earlier discussion of the metropolitan planning 'trilogy', the city shaping power of certain infrastructure investments and the need for a nuanced approach to suburban residential intensification (Section 2) are reproduced below, followed by our assessment of the AP in respect of each of these the criteria in turn.

### ***A compelling and demonstrably achievable vision for Auckland's spatial development***

The vision of the Auckland Plan adequately reflects up to date planning principles, with a focus on triple-bottom line sustainability. From a social perspective, the Plan's vision is for a fairer, safer and healthier Auckland that is culturally rich and emphasises Maori identity. Economically, the Plan aims to achieve a prosperous city with expanded business and trade opportunities and greater transport connections to boost productivity. And, from an ecological perspective, the Plan aims to create a green Auckland, improve public transport utilisation and create a more compact city. Importantly, the Plan acknowledges that trend based development is not acceptable and that strong interventions to change course are warranted.

### ***A comprehensive schedule of implementation actions with clear assignment of action responsibility, and a clear set of measurable outcome indicators benchmarked against a base case or leading comparator cities***

As noted, the core policy thrust of the Auckland Plan rests in 13 'Strategic Directions'. Each of these is associated with a set of targets which, on the whole, relate to improved social, economic, environmental and cultural outcomes for the metropolis.

The discussion of each Strategic Direction encompasses a set of actions or initiatives. These are not always explicitly or implicitly assigned to particular agencies for implementation.

In its "Measuring Progress" Chapter (#15), the Auckland Plan commits Council to the preparation of regular audit reports to track the extent to which actions are being delivered and targets achieved.

With a potential question mark over accountability – *where does responsibility lie for achievement of the various actions set out in the document* – the Auckland Plan achieves close to best practice on these parameters of effective metropolitan planning.

***Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment***

The Auckland Plan is translated into guidelines and decision rules for development assessment via the Unitary Plan. The Unitary Plan is comprehensive in scope and translates the vision into more detailed policies applying Auckland-wide, district and zone objectives, which are in turn developed into a series of development ‘controls’. The links between the specific rules and the Auckland Plan vision is made clear throughout the document.

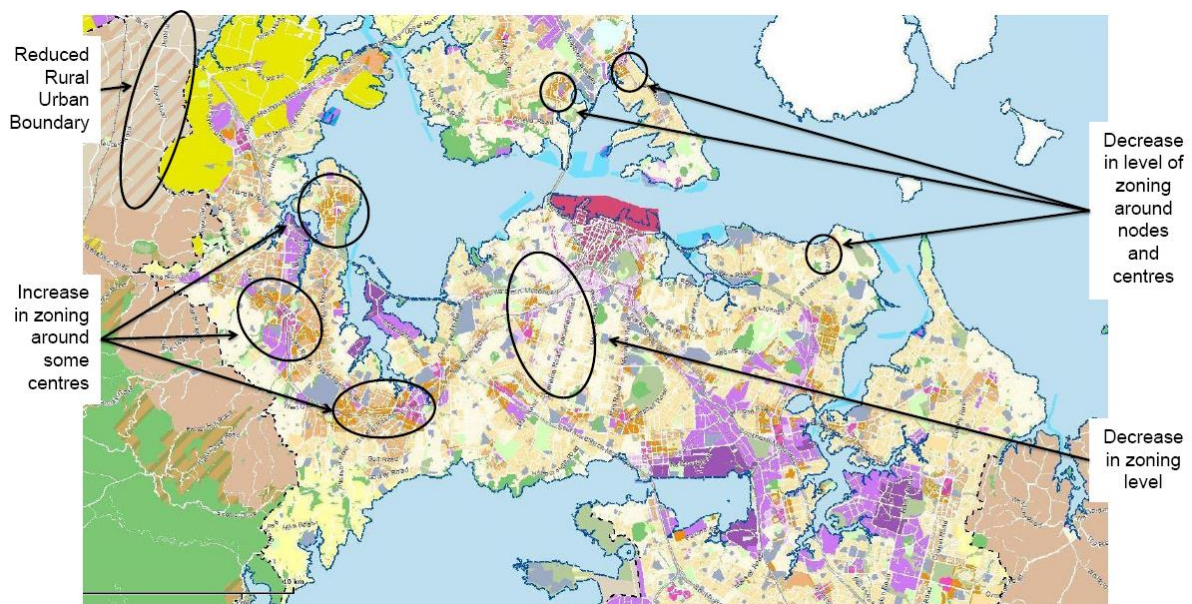
The Unitary Plan was developed under the Resource Management Act and provides the detailed policies, rules and incentives around implementing the strategic directions of the Auckland Plan which deal with the management of natural and physical resources. The Unitary Plan replaces the district, and regional plans and policies of the former city, district and regional councils which previously covered the metro area.

The implementation of the Auckland Plan, via the Unitary Plan is commendable and one of the strengths of the Auckland Plan in general. There are, however, some indications that the compact city vision has not been translated into the Unitary Plan as strongly as it could have been.

The imperative for more compact growth outlined in the overarching regional plan does not seem to fully manifest itself in high density zones in the Unitary Plan.

A presentation from Auckland Transport indicates that while zoning has been increased in some centres, a *decrease* in the level of zoning is proposed around some centres. It is unclear what was driving the down-zoning of some centres, but at face value they seem illogical.

FIGURE 17 NOTIFIED UNITARY PLAN ZONING ISTHMUS AND WEST



Source: Auckland Transport, 2013.



***Fair, transparent and pre-notified user pays contributions for the extension and augmentation of urban infrastructure***

Contributions for the extension and augmentation of urban infrastructure are not articulated in the Auckland Plan itself. The Long Term Plan (LTP), which aims to achieve the vision outlined in the Auckland Plan, details the contributions that will be collected from new development (as well as setting out an infrastructure and land release program).

The Long Term Plan, along with the Unitary Plan, emerges as a critical tool for delivering the outcomes in the Auckland Plan. It targets a balanced budget over a 10-year period to ensure all Programs and actions can be implemented. The LTP reflects staging and phasing of intentions for Council/CCO projects, including policies on development contributions, rating policies, public-private partnerships, user charges and potential Central Government partnerships.

The LTP indicates that contributions funding will generally be set at a regional or sub-regional level for most activities. The contributions system is fair in a number of ways. Firstly, the level of contributions depends on the type of development being carried out, with compact development paying less. To mitigate the impact that contributions can have on the feasibility of development, contributions are payable later in the development cycle to take account of the holding costs of developers. The user pays contributions are transparent, with the contribution amounts clearly outlined in the policy. The types of activities to be funded by development contributions are set out in the LTP and indicated in Figure 18. Somewhat less clear is whether user pays development contributions reflect differences in costs across growth and intensification areas, thereby signalling the most efficient growth path.

FIGURE 18 ACTIVITIES TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS

Class	Activity	Activity description
Reserves	Open space land acquisition	Land acquisition for public open space of all types from small local parks to large regional parks
Network infrastructure	Stormwater	Development and improvement of network infrastructure, flood protection and control works including man-made and natural assets
	Transport	Development and improvement of the road network including, walkways and cycleways, public car parking facilities
	Public transport	Development and improvement of public transport facilities and routes of all forms
Community infrastructure	Community service facilities	Development and improvement of local community facilities, libraries and local community centres
	Local recreation facilities	Development and improvement of local parks, local sports parks, other local open space areas and local recreation and aquatic centres
	Regional recreation facilities	Development and improvement of regional parks, regional sports parks and regional recreation centres

Source: Auckland Council, 2013.

***Separation of policies and rules for various forms of development contributions - user pays, impact mitigation and value capture***

The Plan indicates that the Council is investigating new approaches to funding and financing infrastructure and services, including market and incentive based tools. Value capture (tax increment financing) and user pays (congestion, network and car parking charging) and impact mitigation (development contributions) mechanisms are all discussed as 'options for consideration'.

There is no commitment in the Plan on how these mechanisms will be used; only an indication that the Council will develop a Financial Strategy to determine which mechanisms should apply. There is no clear timeline for when the Financial Strategy will be delivered except that it 'will take a period of time to develop'.

#### ***Clear policy direction for road pricing***

As alluded to directly above, there is no clear policy for road pricing in the Auckland Plan. It is only considered as one potential mechanism among many to manage demand and help fund future infrastructure development.

At the same time, the report 'Funding Auckland's Transport Future: Alternative Funding for Transport', is more practical about the potential of road pricing. The report indicates that at the latest, a decision on how to fill the funding gap (between what the Auckland Plan needs by way of transport infrastructure, and what is committed under currently available funding streams) would need to be made by 2015. Two alternative pathways are considered in this report: one where annually increasing rates, public transport fares and fuel taxes would be the main funding mechanism and another which would see the introduction of road pricing by 2021. Public feedback indicated a strong aversion to continual increases in rates, public transport fares or fuel taxes so road pricing is suggested as a 'worthy consideration'.

#### ***Ongoing system for community engagement in plan monitoring and review***

Community engagement provided input into the development of the Auckland Plan, the Unitary Plan and the Southern Initiative. Maori were also engaged on initiatives in the Auckland Plan. However, there does not appear to be a clear structure for ongoing community engagement beyond the established institutions of Council and the consultation processes prescribed or necessitated under the RMA. While the Implementation Framework (Chapter 14) does indicate that there will be community engagement, there is a lack of detail regarding the level, frequency and structure of this process.

Under the heading of 'building enduring implementation partnerships', the Implementation Framework suggests that local boards will provide opportunities for active engagement with communities and that there will be 'numerous instances where partnerships and collaboration will be critical to Plan delivery' and that a process of engagement and planning with stakeholders will clearly define roles and expectations. However, the emphasis here is on partnership, rather than community engagement.

#### ***Ongoing community education programs regarding the merits of the compact city***

The Plan indicates that one of the implementation tools to achieve the strategy is 'advocacy'. It suggests that advocacy would be used to 'educate the community about the importance of a high-quality built environment. This includes - providing public education regarding housing choices'. This is a promising sign that community education programs will be used. The Plan stresses that that more work is required to identify the suitability of advocacy as an implementation option.

#### ***Analysis showing how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development***

There is no clear analysis of how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development. Indeed, there is a little discussion about the competitive advantages of Auckland.

The Auckland Economic Development Strategy (EDS) is informed by the economic chapter in the Auckland Plan. The five priorities that guide the EDS are the same as those that underpin Strategic Direction 6 of the AP - 'develop an economy that delivers opportunity and prosperity for all Aucklanders and New Zealand'. They are:

1. Grow a Business-Friendly and Well-Functioning City

2. Develop an Innovation Hub of the Asia-Pacific Rim
3. Become Internationally Connected and Export Driven
4. Enhance Investment in People to Grow Skills and a Local Workforce
5. Develop a Vibrant, Creative International City

Under the first priority, the well-functioning city includes delivering an integrated transport system, with emphasis on facilitating 4 key projects: City Rail Link, AMETI, East-West link and an additional Waitematā Harbour Crossing.

The EDS, as a standalone strategy, has three overarching goals:

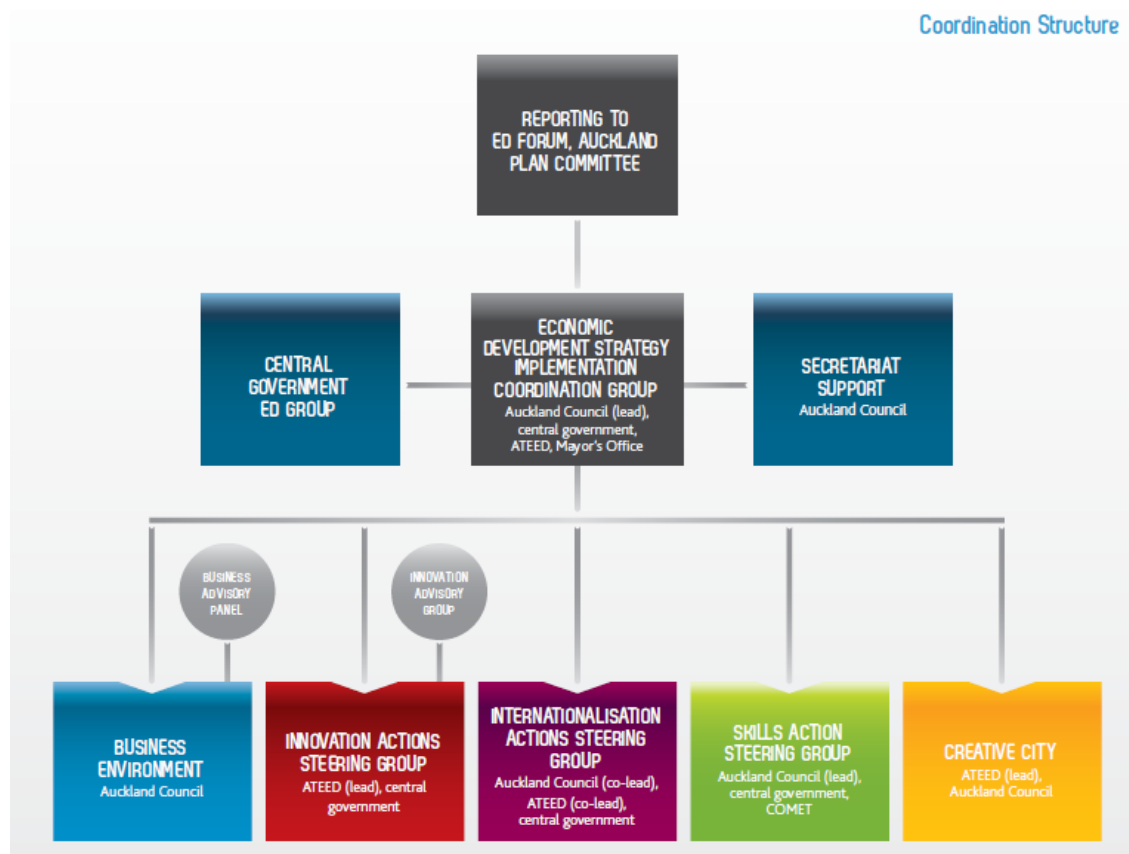
- grow exports by 6 per cent or more per annum.
- grow GDP by 5 per cent or more per annum.
- grow productivity by 2 per cent or more per annum.

In addition, in line with the AP, the EDS has a target to ensure there is an ongoing provision of planned and serviced capacity for 'Group 1' business land, to meet five-yearly demand. The EDS identifies Auckland's existing business land, key employment areas and Business Improvement Districts and future urban business areas.

The five priorities mentioned above are broken down into a total of 66 key actions within the EDS. Detail in terms of the status, target timeframe and agency accountable is set out for each action.

There are a number of key organisations involved in the coordination and implementation of the EDS (refer to Figure 19), including; Auckland Council; Auckland Tourism; Events and Economic Development (ATEED); and Central Government.

FIGURE 19. EDS COORDINATION STRUCTURE



Source: Auckland Council, 2013

The overarching goals of the EDS and the actions in pursuit of them are considered by Council as *'ambitious and in most cases long-term'* (Tuatagaloa and Hitchins 2013).

A monitoring report, which was released after the EDS, identifies all data sources used to create baseline indicators and methods for measuring progress against the objectives over time. This provides a transparent tool for evaluating the effectiveness of the EDS. As part of the implementation process, key performance indicators (KPIs) are to be developed for each of the 66 actions in the Strategy. Progress on actions and these KPIs are to be reported annually through an EDS Annual Implementation Update.

The Auckland EDS is a comprehensive example of an economic development strategy with a strong strategic direction and specific targets.

***Practical arrangements for overcoming land fragmentation, contamination, infrastructure deficits and other market failures deterring brownfield and infill development in targeted areas***

The Housing Chapter recognises complexities in overcoming fragmented land and acknowledges that a significant institutional response will be provided. However, there are no practical arrangements outlined in the Plan for dealing with these market failures.

***Clear policy direction for value capture as part of an infrastructure funding strategy***

There is no clear policy direction for value capture as part of an infrastructure funding strategy. It has been identified in the Plan and allied documents as an 'option for consideration'.

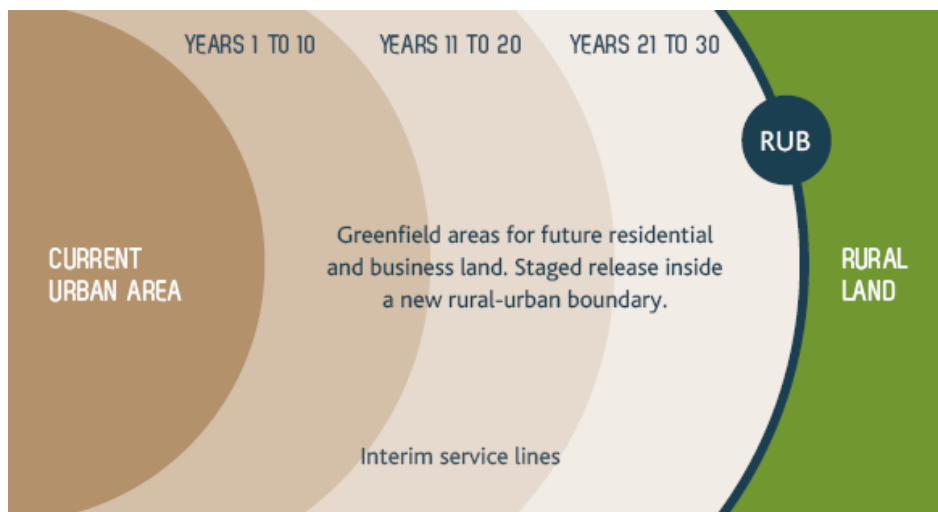
Apart from recurrent rates, development contributions represent the only discrete strategy for infrastructure funding referenced in the Plan. The LTP indicates that the Council will have to fund some projects from sources not yet available or currently used. It suggests that alternative funding options

could include some form of road pricing and a betterment tax or targeted rates on properties that will benefit from infrastructure upgrades (value capture). But there is no resolved response to this key policy issue.

***Demonstrated adequacy of affordable and market accessible land supply for greenfield development.***

The treatment of affordable and market accessible land supply for greenfield development is a strength of the Plan. Priority 1 in the Housing Chapter of the Plan is to ‘increase housing supply to meet demand’. To achieve this priority, the Auckland Plan outlines a benchmark range for housing capacity, with a staged release of unconstrained and developable land that is ‘ready to go’. This is spelt out in the Urban Auckland chapter, Directive 10.2, which indicates that there is a ‘plan for a seven-year average of unconstrained development capacity (zoned and serviced with bulk infrastructure) at any point in time with a minimum of five years’ and a maximum of 10 years’ capacity’. The Plan also identifies future residential development fronts in Auckland and there is a directive to implement a Rural Urban Boundary (RUB) in the Unitary Plan, providing for land capacity over the next 30 years (Figure 20).

FIGURE 20 RURAL URBAN BOUNDARY



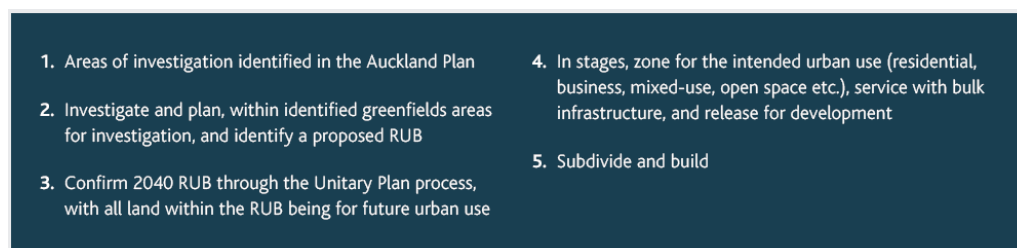
Source: Auckland Council, 2012a.

The Plan indicates that there is capacity for around 60,000 dwellings in the development pipeline (greenfields land), two thirds of which are within the baseline 2010 Metropolitan Urban Limit (MUL).

There are no progressive targets attached to this housing production aspiration. Instead, the Plan indicates that a planned Housing Strategic Action Plan will include actions to ensure that there is adequate housing supply.

Figure 21 displays the process for ensuring adequate supply of greenfield housing and how land will be released inside the RUB over the term of the Plan.

FIGURE 21 AUCKLAND PLAN LAND RELEASE PROCESS



Source: Auckland Council, 2012a.



### ***Demonstrated adequacy of affordable and market accessible land supply for infill and brownfield development***

While a compact Auckland is the key spatial vision emanating from the Auckland Plan, the Plan does not clearly indicate that there is sufficient supply of land for infill development. The Plan suggests that intensification should be focussed in areas that have infrastructure in place and that are in close proximity to centres and public transport.

The 'Urban Auckland' chapter identifies areas for different densities of development. For example, the city centre is expected to accommodate a gross average density between 50-200 dwellings per hectare, the city fringe between 40 to 60, metropolitan centres between 40 to 100 and local centres between 20 to 40+ dwellings per hectare.

Reduced development contributions and density bonuses are discussed as incentives for development. There is also passing reference to a development agency, such as Vic Urban (now called Places Victoria), as a potential institutional tool for implementing the development strategy. However, it is unclear how such a vital tool will be applied.

The focus in the Plan is on incremental infill in existing centres and neighbourhoods. Demonstration of an adequate supply for infill development could have been more clearly identified. For example, strategically located, large brownfield sites could have been identified or particular centres could have been earmarked for greater development (similar to the Urban Activation Precincts identified in the draft Metropolitan Strategy for Sydney). We recognise, however, that major brownfield sites are less common in Auckland given its different industrial history versus those of Sydney and Melbourne.

### ***Clear policy direction for inclusionary affordable housing provisions in statutory planning rules***

The AP acknowledges that more than market efficiency is required to address the systemic problem of affordable housing, but does not clearly indicate how a more expansive affordable housing system will be funded. Nevertheless, an Addendum to Unitary Plan canvasses options for securing a contribution to 'affordable housing' (defined as being accessible to owners or renters with incomes up to around \$120,000/year) in greenfield and redevelopment areas, including site specific value capture arrangements or various forms of 'inclusionary zoning'. The former option (value capture) would require a change in the Local Government Act, while inclusionary zoning is permissible under the RMA if it can be shown to be required for the sustainable management of Auckland's resources.

### ***A transparent and publicly accessible charter assigning various planning and infrastructure responsibilities to Central Government, ACC and Local Boards in line with subsidiarity principles***

The Plan includes some details on the key agencies that are responsible for delivering infrastructure in Auckland.

The Long Term Plan covers the activities and services provided by the Auckland Council, being the parent entity, and where appropriate, the activities and services provided by those entities that comprise the Auckland Council group entity (including all subsidiaries, associates and joint venture arrangements).

The LTP outlines the source of decision-making responsibilities

1. Statutory decision-making responsibilities
2. Delegation of decision-making responsibilities
3. Allocation of decision-making for non-regulatory activities

As discussed in Section 3, the governing body has decision-making responsibilities for the regulatory activities of Auckland Council, while local boards have decision making responsibility for local board plans and community engagement, consultation and advocacy. Furthermore, the LTP outlines that

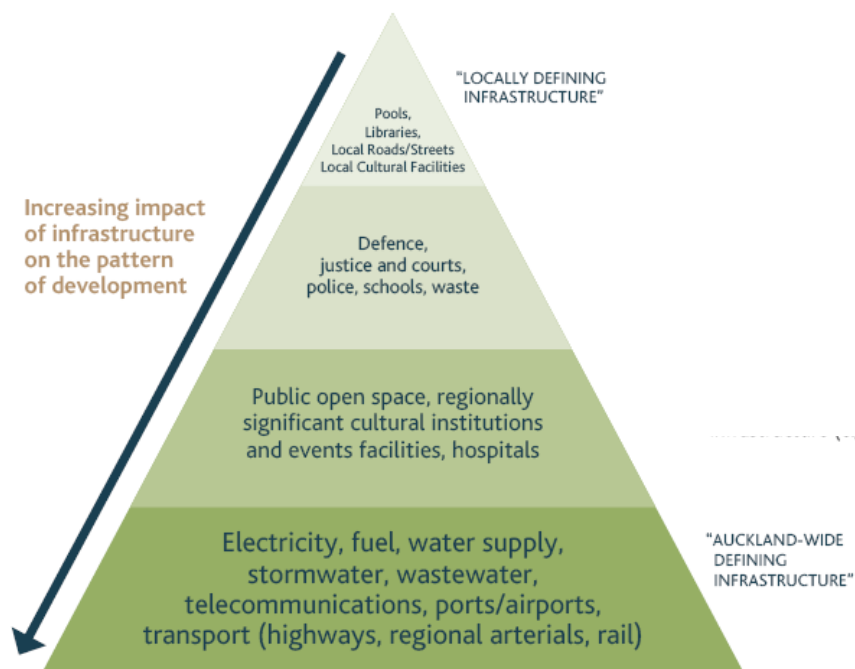
decision-making responsibility for a non-regulatory activity of the Auckland Council should be exercised by its local boards unless the nature of the activity has implications on an Auckland-wide basis.

The Plan and related documents implicitly acknowledge the subsidiarity principle, discussing the need for co-ordinated decision making on infrastructure investments on the part of the Central Government. But, as we have noted, *how* this co-ordination is to be delivered is largely unresolved.

***Documented criteria and systems for distinguishing 'strategic' from structural and follower infrastructure***

The Auckland Plan does recognise the difference between infrastructure that shapes the growth of urban structure and infrastructure which simply responds to demand (Figure 22). However, the Plan only briefly mentions this distinction and does not use this framework to articulate the key strategic city shaping infrastructure projects, beyond the CRL.

FIGURE 22 THE SHAPING INFLUENCE OF INFRASTRUCTURE



Source: Auckland Council, 2013.

***Separate and broader evaluation processes for candidate strategic projects geared to leveraging city shaping effects in line with the spatial vision***

The City Rail Link appears to have a separate and broader evaluation process. Although the Plan is not explicit about a clear process for this infrastructure, the direct acknowledgement of the project as a critical infrastructure item implies that there would be a different evaluation process.

***Adoption of development sequencing policies or similar to support efficient roll out of structural and follower infrastructure***

The Plan has a broad development sequencing policy for greenfield development as outlined in the Urban Auckland chapter. Directive 10.2 outlines 'Plan for a seven-year average of unconstrained

development capacity (zoned and serviced with bulk infrastructure) at any point in time with a minimum of five years' and a maximum of 10 years' capacity.'

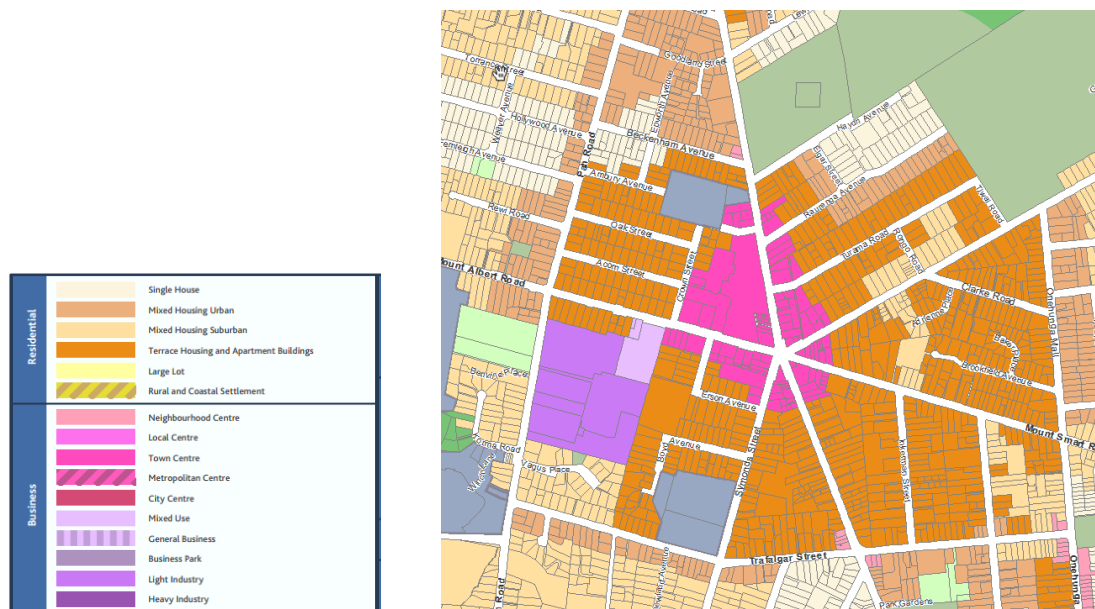
***Provision for a wider palette of non-detached dwelling forms around suburban nodes targeted for densification, recognising market demand realities and creating opportunities for a variety of developer types***

The Plan suggests that intensification should be focussed in areas that have infrastructure in place and that are in close proximity to centres and public transport. The focus appears to be on incremental infill in existing centres and neighbourhoods.

Figure 23 demonstrates that the zoning in the Unitary plan allows for a greater variety of non-detached infill around suburban nodes. This broadly in line with the model we illustrate in Figure 5 on page 20.

The Plan also acknowledges that small-scale developers and builders find it difficult to access finance. It suggests that partnerships between a private developer and either the Auckland Council, central government or a development agency could encourage innovation in the market, by providing examples of smaller, cheaper, well-designed, energy-efficient homes.

**FIGURE 23 UNITARY PLAN ZONING FOR VARIETY OF DWELLINGS FORMS**



Source: Auckland Council, 2013.

## 4.2 The City Centre Masterplan

### Scope and purpose

The CCMP is a 20 year vision for Auckland's city centre. The aim of the Masterplan is to 'unlock Auckland's potential as an economic hub', to increase tourism visitation and to create a colourful, pedestrian-friendly and lively city centre that is accessible and legible.

The key changes required to address some of the city centre's greatest deficits, challenges and needs were identified as:

- Changes to make it easier for people to get from the city centre to the waterfront (reconnecting the city centre with its harbour) and from the urban villages of Ponsonby, Freemans Bay and Parnell.

- Changes to ‘green’ the city centre; including better links between our existing open spaces through pedestrian routes that are pleasant and green.
- Consideration of where future growth will be and what it will be like. For example, the City Rail Link stations will naturally be places where residential and commercial growth will concentrate.

## Key policy moves

The CCMP identifies a number of challenges that are to be addressed in the plan:

- The lack of affordable, high density housing and general amenity in the city centre
- Poor connections to surrounding areas, such as Ponsonby, Freemans Bay, Devonport and Parnell
- Barriers between the harbour and city centre – the two need to be better integrated
- Area is dominated by cars, with public transport congestion and poor pedestrian amenity
- Incomplete pedestrian and open space network
- Lack of a critical mass of visitor destinations, linked by poor quality streets
- Neglect of heritage
- Need for greater social infrastructure, especially improved minimum standard of accommodation and amenity for the disadvantaged.
- Need for a ‘liveable city’ form based on a compact city form, eco-economy, sustainable resource use and efficient transport and energy systems
- Need for greater recognition of Auckland’s relevance as a regional centre for economic, cultural and entertainment activity

The key policy moves are formulated in response to the challenges outlined above, rather than offering a radical new vision for the city centre.

## Critique

### ***Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment.***

The CCMP is a non-statutory supporting document to the Auckland Plan, and provides input to the Unitary Plan, which in turn, provides the rules guiding development assessment in the precinct.

There is an identification of broad ‘good design principles’ within the CCMP that will guide development in the city centre, but they are fleshed out in detail elsewhere, in the Unitary Plan.

The CCMP is in line with the vision of the Auckland Plan.

### ***Ongoing system for community engagement in plan monitoring and review.***

An ongoing system for community engagement in plan monitoring and review is not identified in detail, and it is not clear how the outcomes of the community engagement for the draft CCMP have affected the final product. However, the CCMP is subject to formal reviews every six years, which will include engagement with the community and stakeholders.

### ***Analysis showing how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development.***

The CCMP will support the high level actions outlined in the Auckland Plan and Auckland EDS which envision Auckland as an innovation hub in the Asia-Pacific region. For example, the CCMP aims to strengthen the links between Auckland’s research institutions and businesses and organisations through the Learning Quarter Plan and establishment of commercialisation centres and business incubators within universities.

There is an emphasis on making Auckland's city centre 'business friendly' and removing barriers to business expansion and economic growth. The CCMP seems to envision the role of the Council as a facilitator for private industry to deliver economic outcomes, without providing in-depth employment strategies or strongly guiding investment in the area.

***Mechanisms to deal with land fragmentation, contamination, infrastructure deficits and other market failures deterring brownfield and infill development***

While the CCMP is a response to existing market failures, and an attempt to find a solution to these existing challenges, there is no mention of mechanisms to deal with market failures confronting brownfield and infill development in Auckland.

The implementation aspect of the CCMP identifies current economic factors and challenges, but not in detail, and there is also recognition that there are interdependencies between projects that will have impacts on the timing and sequencing of projects, e.g. the City Rail Link will have long term impacts on the transport network.

However, the main implementation mechanism of the CCMP seems to be creating a business-friendly environment and upgrading the public domain.

## **4.3 The Waterfront Development Plan**

### **Scope and purpose**

The overall purpose of the Waterfront Development Plan is to propose initiatives for the future development of the central city waterfront, linking the Wynyard Quarter to the waterfront and eventually connecting to St Heliers.

The Waterfront Plan is a non-statutory spatial plan under the Auckland Plan, and is very well integrated with this overarching plan for Auckland. The objectives of the waterfront plan are directly linked to broader goals of the Auckland Plan.

### **Key policy moves**

Waterfront Auckland, the development agency responsible for the area, is focused on:

- Optimising the development and management of the waterfront assets to generate, long-term, sustainable returns
- Delivering public realm projects and non-commercial projects to achieve the agreed vision for the city waterfront, city centre and broader Auckland

The approach is to leverage public sector investment to attract private sector participation and investment to drive growth and establish key building blocks.

### **Critique**

***A compelling and demonstrably achievable vision for Auckland's spatial development***

The Waterfront Plan outlines a number of detailed projects for revitalizing the waterfront, building on the success of the Wynyard Crossing and Karanga Plaza project in 2011. There is a clear timeframe for each project that also identifies funding sources between 2013 and 2022. Planned public investment (for commercial seed funding and infrastructure projects) is also broadly discussed for the same time period.

Arguably, there should also be a supporting economic development and employment generation strategy integrated with the existing Waterfront Plan. As it stands, the Waterfront Plan offers limited evidence on the demand side for proposed urban design projects.



### ***Ongoing system for community engagement in plan monitoring and review.***

Public consultation on the draft Waterfront Plan was held in late 2011, and community and stakeholder feedback on the plan was generally positive and supportive. This has been incorporated into the Plan. Clear links have been drawn between the outcomes of community engagement and the Waterfront Plan. For example, the waterfront-wide walkway and cycleway has been confirmed for early investment, based on community feedback to the draft Plan.

Ongoing community engagement in the delivery of the Waterfront Plan is described as comprising consultation on development proposals, regular forums with key stakeholders, post-occupancy research, communicating progress and change through the website, newsletters and the media. This engagement Program will be reviewed as the number of businesses in the area increase.

### ***Analysis showing how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development.***

Under the broader goal of a 'Smart Working Waterfront', consideration is given to how a redeveloped waterfront could underpin Auckland's competitive advantages and ongoing economic development. This includes recognition of the strategic role of the port in supporting international freight and trading competitiveness, tourism and cruise lining and the benefits of agglomeration.

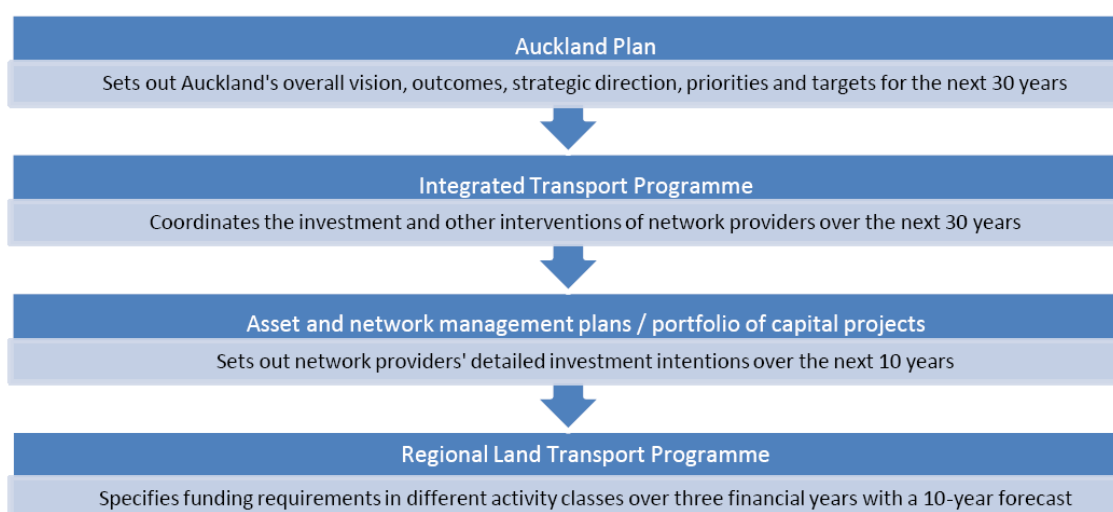
Although the plan contains a vision to establish part of the waterfront as an innovation precinct, it does not outline an employment strategy or list of potential tenants for this precinct.

## **4.4 The Integrated Transport Program 2012-2041**

### **Scope and purpose**

The Auckland Integrated Transport Program (ITP) was developed by Auckland Transport and the New Zealand Transport Agency in collaboration with the Auckland Council. It discusses the 30 year investment Program required to meet the transport priorities revealed in the Auckland Plan. The role of the ITP and its relationship with the Auckland Plan is shown in Figure 24.

FIGURE 24 INTEGRATED TRANSPORT PROGRAM RELATIONSHIP TO AUCKLAND PLAN



Source: Auckland Transport, 2013.

The ITP tests different investment scenarios using a range of assumptions about funding and growth levels, as well as development patterns. The Auckland Plan is based on Scenario 1 – a high growth,

moderately compact city (60/40 infill to greenfield split) with fully funded transport (estimated to be around \$60 billion in 2012 dollars, including capital and operating costs).

FIGURE 25 ITP INVESTMENT SCENARIOS

Land use scenario			Transport investment	
Scenario label	2041 Population	RUB development inside / outside	Fully funded	Committed funding
1	2.4 million	60% / 40%	≈ \$60 billion	≈ \$34 billion
2	2.4 million	75% / 25%	≈ \$60 billion	≈ \$34 billion
3	2.1 million	75% / 25%	≈ \$60 billion	≈ \$34 billion

Source: Auckland Transport, 2013.

The ITP reveals that, given current funding sources, the committed infrastructure program falls short of the requirements of the AP by between \$10b and \$15b.

## Critique

### *Integrating transport management/investment with the spatial vision*

The following comments relate to criteria 17 to 19 in Table 2 on page 22. In summary, these concern, firstly, harnessing the ‘city shaping’ power of strategic transport projects to achieve the desired overall urban structure for Auckland and, secondly, co-ordinating investment in ‘structural’ and ‘follower’ infrastructure to properly serve this overall structure at the district and local level. The latter will generally involve development sequencing strategies.

The discussion in the ITP is very much in line with these principles. It states repeatedly that a primary objective of the ITP is to move the Auckland transport system and pattern of development towards the targets set out in the Auckland Plan. It acknowledges the dual role of transport investment stating that *“transport networks (should be) planned and implemented in a way that both shapes and serves efficient, sustainable land development within and around the city.”* (p53)

Whilst the rhetoric of the ITP is fully aligned with desired practice, there are some areas of concern.

Although acknowledging the ‘city shaping’ role of major transport investment, the ITP does not identify which of the contemplated projects for Auckland fit into the ‘strategic’ as distinct from ‘structural’ or ‘follower’ categories. Certainly, it is not necessary to follow the specific typology and terminology we have set out in this paper, but it is important to reflect the logic that not all transport projects are equal in their impact on locational preferences and overall urban structure.

Further to this issue, the ITP offers only a limited briefing on the transport modelling underpinning the investment and management program proposed. Based on feedback received to the Discussion Paper which preceded the current report, SGS understands that the ITP and AP were developed with the benefit of a dynamic transport model, in which transport changes lead to land use adjustments which, in turn, feed back into transport outcomes until an equilibrium is reached. Nevertheless, the efficacy of this modelling process remains opaque. We cannot say conclusively that the modelling was sufficient to illuminate the question *‘what transport investment is necessary to achieve or drive the desired settlement pattern?’*

In this context, it is worth restating that the land use (and economic and population) feedback effects of strategic transport investments can be quite profound, as exemplified in a post hoc review of the impacts of Melbourne's CityLink, Western Ring Road and Underground Rail Loop, all strategic investments variously commissioned between the early 70s and the late 90s – see text box.

---

#### **Impact of strategic projects in Melbourne**

The improved accessibility offered by CityLink has facilitated a further 70,300 jobs to locate in Melbourne along with an extra 58,200 households compared to a base case without this infrastructure. The project added \$8.94 billion to the Melbourne economy during 2010-11 (3.8 per cent of Melbourne's GDP) via employment growth and labour productivity improvements. In addition, the reduced freight costs due to the project resulted in GDP increasing by \$81 million (0.03% of GDP) versus the base case. The increase in human capital allowed a further increase in GDP of \$14 million (0.01 per cent of GDP).

The City Loop's impacts in 2011, versus the base case, were of a similar order to CityLink's.

The Western Ring Road also had a substantial impact generating a gross value added (GVA) uplift of more than \$2.5 billion and creating 24,900 net new jobs.

The City Loop has transformed the northern section of the CBD, while the north west of Melbourne has been opened up for both industrial and residential development by the Western Ring Road. CityLink has provided heightened connectivity between the CBD and north and south eastern parts of Melbourne, stimulating residential and business development in the inner west.

---

Source SGS Economics & Planning Pty Ltd

Stakeholder commentary on our earlier Discussion Paper suggested that there are projects of a 'city shaping' nature referenced in the AP and included in the ITP. Aside from the CRL, which, from previous SGS work, we judge to have strong claims on the title 'city shaping', the additional claimed 'strategic' projects include the AMETI and East West Link, the Waterview Connection and the rail electrification/EMU program. These projects certainly come with big price tags, but as discussed, this does not, by itself, validate recognition as a city shaping investment. Some of these projects may simply be addressing sub-regional circulation or capacity issues, rather than altering accessibility contours across an expansive metropolitan geography. We could find no evidence in the public domain that the dynamic land use and transport modelling demonstrated that these projects would have the effect ascribed to them. Moreover, it is difficult to discern from available information just when a number of these projects will be delivered so as to commence their shaping effect.

Thus, the ITP begs some questions. The performance of the 'Committed Funding' scenario versus the Auckland Plan land use scenario is tested and is shown to miss some key targets in the Plan, particularly those concerning traffic congestion. But, on the face of things, there is little chance of the Auckland Plan 'quality compact city' scenario being achieved at all unless the (apparently) unfunded strategic transport investments like the CRL are made.

The ITP leaves some doubt as to whether even the 'Fully Funded' transport program will achieve the Auckland Plan urban structure and liveability outcomes. As shown in Figure 26, reproduced from the ITP, the fully funded program also falls short of adopted targets in respect of transport delays and abatement of greenhouse gas emissions. The ITP states that ....*"the Fully Funded programme is necessary but still not sufficient to fully deliver the vision, transport outcomes and targets over the second and third decades of the AP"* (p 100) noting that other measures relating to 'demand management' will be necessary to resolve these gaps. However, there is no accountable plan for this vital demand management element either in the Auckland Plan or the ITP (see below).

We are left to conclude that the Auckland Plan vision is not, at this point at least, supported by:

- an appropriate program of investment in 'city shaping' infrastructure, including but not limited to the CRL
- a complementary program of travel demand management.

This puts the deliverability of the Auckland Plan fundamentally at risk.

FIGURE 26 FULLY FUNDED AND COMMITTED FUNDING PREDICTIONS FOR AUCKLAND PLAN TARGETS

Indicator	Description	Current	Full funding	Committed funding
Public transport boardings	Number of annual public transport boardings (millions)	70 million	2022: 140.4 million	2022: 103 million
Public transport boardings per capita	Number of annual public transport boardings per capita	44	84	66
Public transport morning peak motorised mode share	Proportion of morning peak motorised trips (PT & Auto) into the CBD by public transport	47%	56.1%	55.5%
Walking, cycling, and public transport morning peak mode share	Proportion of morning peak trips that are made by walking, cycling, or public transport	23%	32.2%	31.0%
Greenhouse gas emissions	Greenhouse gas emissions from ground based transport	2009 base (0%)	17% increase	21% increase
People's access to jobs	Number of jobs (000s) accessible to households within 30 travel time by car	280	450	320
People's access to jobs	Number of jobs (000s) accessible to households within 60 mins travel time by public transport	100	200	170
Roadway congestion on QTN where buses mix in traffic	Per cent of VKT operating at LoS E or F during morning peak where buses mix in traffic on the QTN	17.6%	2041: 8.4%	2041: 10.5%
Strategic freight network congestion	Per cent of VKT that roads on the strategic freight network operate at LoS E or F	12.0% AM 5.8% IP	2041: 27.1% AM 2041: 28.4% IP	2041: 30.1% AM 2041: 34.2% IP
Transport delay	Annual excess delay (LoS E or worse) per capita	7%	2041: 34.0%	2041: 45.2%
KEY	Improved			
	Slight Improvement			
	Worse			
	Significantly worse			

Source ITP

### Clear policy direction for road pricing

The ITP indicates that greater interventions to manage the network will be required to achieve an efficient transport network. It suggests that stronger transport demand management will be needed to reduce road congestion. It discusses the imperative of encouraging more use of the improved public transport system and walking and cycling facilities. However, whilst it acknowledges the role of pricing strategies in the broader context of demand management, it makes no commitments as to when and how a road pricing strategy might be rolled out for the metropolis. At the same time, the ITP makes clear that road pricing (or something like it) is necessary for achievement of Auckland Plan outcomes.

## 4.5 The National Land Transport Program for Auckland

### Scope and purpose

The National Land Transport Program (NLTP) is a planning and investment partnership between local authorities and the NZ Transport Agency (NZTA). Between 2012 and 2015 the program will deliver transport solutions to cities across New Zealand. It comprises a \$12.3 billion investment in New Zealand's land transport system, with priority given to activities that promote economic growth and productivity, value for money, road safety and travel choice.

The NLTP 2012–15 investment in the Auckland region in collaboration with transport partners is intended to make it easier for commuters to move around Auckland, and facilitate freight movements.

The NLTP will contribute \$240 million into the \$1.5 billion Auckland Manukau Eastern Transport Initiative (AMETI), \$1.15 billion to the construction of the Western Ring Route and around \$890 million is

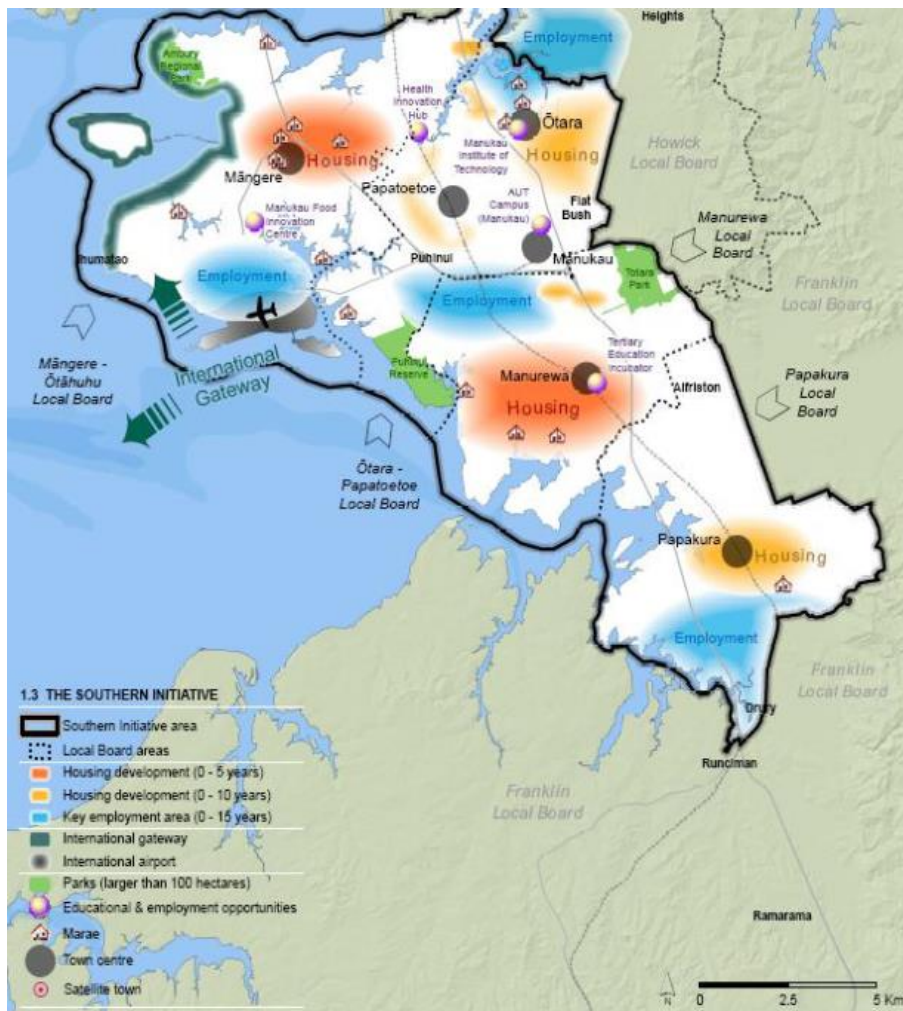
dedicated to investment in public transport. The public transport contributions will go to loan repayments for new trains, rail improvements and integrated ticketing across all public transport modes.

## 4.6 The Southern Initiative

### Scope and purpose

The Southern Initiative is a customised program of action in an area of high social need and economic opportunity (Figure 27). The area extends across four local board areas: Mangere-Otahuhu, Otara-Papatoetoe, Manurewa and Papakura. The Southern Initiative is a multi-faceted, multi-agency initiative to realise the area's potential. Its prime focus is to strengthen children and families, and support stable homes. It will encompass supporting and upskilling parents and guardians, raising educational achievement and upgraded and new housing.

FIGURE 27 THE SOUTHERN INITIATIVE



Source: Auckland Council, 2013.

### Key policy moves

The Southern Initiative is one of two big place-based initiatives of the Auckland Plan (the other being the City Centre Masterplan), and will affect an area of nearly 300,000 residents, including 80,000 under 15 years old. Policies for the first five years of the 30 year plan are outlined in the Auckland Plan. These include:



- Ensuring strong family attachment and early intervention for children before school
- Providing clear pathways and support for young people to achieve in education and employment
- Creating an outstanding international gateway and destination area
- Promoting economic development and jobs for local people
- Increasing public transport services and encouraging increased use of public transport
- Housing development in Mangere and Manurewa.

The Southern Initiative is seen as an opportunity to improve the quality of life and wellbeing of local residents, reduce disparities and increase business investment and employment opportunities in the area, and is well integrated into the aims of the Auckland Plan for economic development and social improvement.

## **Critique**

### ***A compelling and demonstrably achievable vision for Auckland's spatial development***

The Initiative outlines opportunities to leverage existing infrastructure and economic opportunities, such as the Auckland Airport, major business investment in the area and the opportunities in the growing health sector to improve the social wellbeing of the population of the Southern Initiative area.

The Initiative also realistically identifies the challenges associated with the area, such as low education attainment and high youth unemployment.

### ***Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment***

The Southern Initiative is part of the Auckland Plan, and the decision rules for development assessment are included in the Unitary Plan.

### ***Ongoing system for community engagement in plan monitoring and review***

This is not clearly outlined, partly because the details of the Southern Initiative have not yet been fleshed out. Clearly, community engagement should be a key element of improving the welfare of the Southern Initiative area.

## **4.7 The Tamaki Strategic Framework (formerly the Tamaki Transformation)**

### **Scope and purpose**

The Tamaki Transformation Program is a 15 to 20 year regeneration initiative aimed at transforming the Tamaki area of Auckland (broadly comprising the suburbs of Glen Innes, Point England and Panmure). Since being mentioned in the Auckland Plan (2012), it has been rebadged as the Tamaki Strategic Framework, run by the recently established Tamaki Redevelopment Company, Auckland's first urban redevelopment agency.

The draft Strategic Framework has been developed through community engagement, and the Tamaki Redevelopment Company (jointly owned by New Zealand's Central Government and Auckland Council) has been established to facilitate the regeneration process.

The regeneration program aims to increase the dwelling stock in the area, reduce high unemployment and raise educational levels, skills and income.

The area is a good candidate for intensification, as it is only 13 kilometres from the CBD, has accessibility to the eastern railway line and had many single dwellings on large sections that could be redeveloped. The Project could be a model for other regeneration initiatives in Auckland in the future.

### **Key policy moves**

The Tamaki area has been identified as a strategic area for growth and urban intensification in Auckland. The principal moves in the Strategic Framework to be supported by a range of regeneration initiatives include:

- Reinforcing the positive things already happening in the area through investing in people and organisations who can make the greatest difference in the area
- Strengthening the focus on education to improve the circumstances of existing residents and to attract new families and households.
- Establishing development precincts
- Developing a range of housing options to provide choice and access, with a focus on affordability and first home buyers
- Enabling the market to be active in Tamaki and to deliver outcomes beneficial to the community.

### **Critique**

#### ***A compelling and demonstrably achievable vision for Auckland's spatial development.***

The regeneration plan leverages existing strengths of the Tamaki area, including proximity to the CBD, accessibility to public transport and an outstanding natural environment.

However, it does not contain any concrete targets for the amount of new housing in the area, or where (beyond a broad designation of certain spaces as 'housing areas') this development takes place.

There is also no detailed discussion of development feasibility in the Strategic Framework, which will be integral to delivering the aims of the Strategic Framework.

#### ***Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment.***

The Strategic Framework identifies the different goals of the program, identifies the current situation, initiatives to achieve the goals (though in broad terms) and the desired outcomes. It also identifies which stakeholders will be consulted on each goal. Immediate, short and medium term and ongoing goals are identified, and the role of the Tamaki Redevelopment Company as leader, investor or facilitator of those goals is clearly stated. The role of the Company, New Zealand's first urban redevelopment agency, is clearly articulated, and could provide a blueprint for other, similar developments.

There is also discussion of how achievement will be measured, including targets for health and welfare-related goals.

#### ***Ongoing system for community engagement in plan monitoring and review.***

Ongoing community engagement will be required, especially during the relocation of people living in homes to be redeveloped. However, how this will be achieved now that the initial period of community engagement is finished, is unclear.

## 4.8 Auckland Housing Accord and Housing Action Plan

### Auckland Housing Accord

The Auckland Housing Accord (AHA) is an agreement between Auckland Council and Government to increase housing supply and improve housing affordability in Auckland until the Auckland Unitary Plan becomes operative in 2016.

The AHA provides an 'agreed way forward' for both parties which includes:

- joint action including place-based initiatives
- processes by which the parties will work to achieve the objectives
- details of the new powers needed to achieve this
- shared aspirational targets
- monitoring and review of progress
- circumstances under which the AHA may be ended

Within the AHA there is an agreement that the Government will provide Auckland Council with additional powers to grant special approvals and consent new land and housing developments. Council and Government are required to 'endeavour in good faith' to achieve the shared housing goals and work together on the delivery of necessary infrastructure (AHA 2012).

More specifically, the AHA provides Council with powers to streamline resource consent and planning change approvals, particularly for Special Housing Areas identified by Council and approved in conjunction with Government.

Whilst the AHA is in place, the Government is bound by a commitment to avoid any proposed or existing powers under the *Resource Management Act* to override the planning and consenting processes of Council (in relation to housing).

In terms of governance, a Joint Housing Steering Group which comprises Mayor of Auckland, Deputy Mayor of Auckland, Minister of Housing and Associate Minister of Housing is responsible for the AHA and has the ability to make amendments. An Officials Working Group, established by Council and Government, are responsible for advancing the implementation of the AHA and will report to the Joint Housing Steering Group and prepare progress or monitoring reports.

Issues have been raised in terms of the powers of Council in relation to the AHA with Austin (2013) suggesting that there is inequality between Government and Council:

*'whilst the Act enables either of the two parties, the Government or the Council, to opt out of the Accord, this is an unequal opt out; as the Minister then has the power to intervene, take over the planning regime in all special housing areas and designate additional areas, as deemed necessary'.*

Nevertheless, the AHA has been documented as a successful tool for facilitating development within Auckland. The Government is now setting up Accords with a number of other councils including Christchurch, Wellington and Tauranga (Hon Dr Nick Smith, Minister for Housing).

### Housing Action Plan (Stage 1)

The Stage 1 Housing Action Plan was released in 2012 and has a particular focus on the non-regulatory tools that Auckland Council can adopt to facilitate and improve the provision of housing. Council has five key roles in relation to implementing a number of key priorities:

- facilitator (F)
- planning authority (P)
- service provider (SP)

- regulator (R)
- advocate (A)

These roles are shown in Table 5 which outlines the priority areas for Auckland Council within the Housing Action Plan.

TABLE 5. AUCKLAND HOUSING ACTION PLAN PRIORITY AREAS AND ACTIONS



Priority Area	Actions
1 Driving housing opportunities on council owned land and property	<p>1 Increase the ability of Auckland Council Property Limited (ACPL) to work and partner with others to promote housing developments on Council owned land, through supporting the use of a range of different approaches and giving greater weight to the use of council land for housing rather than other Council services. (F)</p> <p>2 Investigate options for speeding up the process for property rationalisation. (F)</p> <p>3 Allow ACPL to calculate the financial viability of a housing project using the actual cost of borrowing rather than the standard Council rate. (F)</p> <p>4 Amend the ACPL Statement of Intent to ensure that the mandate, targets and accountability for delivery of housing outcomes are in place. (F)</p> <p>5 Enable redevelopment projects on existing Council Housing for the Elderly (HFE) sites while maintaining at least the existing number of units for older people in the Council property portfolio. (F), (P), (SP)</p> <p>6 Enable ACPL to carry out strategic acquisitions to expand the opportunity for Council to use its land and property to undertake housing development projects and increase the overall number of housing units that can be delivered using the Strategic Development Fund where appropriate. (P,F)</p> <p>7 Investigate the opportunities for Council to play a greater role in the delivery of urban transformation outcomes through property, partnerships and special delivery vehicles. (P,F)</p> <p>8 Facilitate partnerships on Council-owned sites with the potential to create exemplar housing developments demonstrating quality, medium density urban neighbourhoods, affordable to a range of household types and incomes, well-connected to transport and other essential facilities and services. (P,F)</p> <p>9 Use existing Council-owned housing stock to help grow the Community Housing Sector by investigating the management options of Council-owned housing stock including transfer of assets to existing community housing providers or forming a specialist housing provider for older people. (F, SP)</p>
2 Encouraging take up of existing development capacity that is available to be used	<p>10 Investigate ways rating policy could be changed or improved to incentivise development of undeveloped land in existing urban areas and greenfields. (P,R)</p> <p>11 Investigate if unregulated investment is a driver of the Auckland Housing Market and assess whether this contributes to suggested property speculation or land banking and what useful and practicable regulatory options could be applied. (P)</p>
3 New money, new thinking to secure investment and improve housing supply	<p>12 Investigate how Council could act as a guarantor for a pilot housing bond to facilitate start up loans for first home buyers or providers of secure affordable rental or leased accommodation administered by Community Housing Organisation schemes. (F)</p>
4 Financing infrastructure, increasing housing supply and improving housing affordability	<p>13 Investigate a pilot to consider the benefits and disadvantages of development contributions for smaller residential projects on a per square metre basis. For larger projects, e.g. Greenfields, this will be on a per hectare basis. (P,R)</p> <p>14 Expand the postponement of development contributions through a payment deferral facility. (R)</p> <p>15 Undertake more thorough empirical research showing the cost of servicing different types of development and assessing the impacts of location on that cost. (R, P)</p>
5 Value capture through a betterment levy to enable infrastructure or affordable housing	<p>16 Investigate the opportunity to capture part of the windfall gain made by landowners resulting from the public decision to re-zone land to urban or to substantially upzone land in order to fund infrastructure or affordable housing. (R)</p>
6 Inclusionary zoning options to be tested through the draft Unitary Plan informal consultation process	<p>17 Test an inclusionary zoning regulation, for informal feedback as an addendum to the draft Unitary Plan in March 2013. (R)</p> <p>18 Prepare an updated Auckland housing market needs assessment taking into consideration the diverse submarkets. (P)</p>
7 Regulatory Processes	<p>19 Key Account Managers/Senior Leads appointed and available to meet in pre-application meetings for significant housing developments and ensure continuity from beginning to end of the consent and issuing process. (R,SP)</p> <p>20 Develop pilot for “one deposit” consents for multiple housing typologies and small houses on small lots at Hobsonville and explore whether this has more universal application. (R, SP)</p> <p>21 Expand the pilot for building consent pre-approval of generic housing types. (R, SP)</p> <p>22 Maintain a minimum of 95% building consents issued within a statutory timeframe and 95% of code of compliance within the statutory time frames when residential building activity increases. (R, SP)</p>
8 Improving the quality of existing and new housing	<p>23 Undertake retrofit assessment of Council owned stock. (SP)</p>

	24 Council facilitate a trial landlord WOF scheme through a combined Auckland Council, Beacon Pathway and CMDHB partnership. (R)
	25 Undertake a Social Return on Investment evaluation of council's current Retrofit Your Home Programme (RYH) to analyse how well the programme is delivering to the Auckland Plan targets for improving housing quality and environmental performance particularly in order to achieve increased take up in rental accommodation. (SP)
	26 Continue to investigate the use of a minimum Homestar rating for all new housing at an affordable cost and include a whole of life cost benefit analysis. (P, R)
9 Papakainga and housing for Maori	27 Continue to support the development of the Maori Land Programme which identifies papakainga as a priority. (P)
	28 Support enhancing the capacity of Maori housing providers through opportunities for development partnerships on Maori-owned and other land. (P)
10 Housing for Pacific Peoples	29 Pursue partnerships to deliver provide culturally appropriate, quality, affordable and secure housing for Pacific peoples. (P)
	30 Continue to work with COMET and community-based education providers to deliver programmes to prepare Pacific peoples for homeownership and affordable housing provision generally. (F, SP)
11 More secure rental tenure	31 Explore the necessary changes required to current legislation and policy structure that balances tenants' and landlords' rights and obligations that will enable long term secure rental sector to develop. (P, A)
12 Removing legislative barriers	32 Explore improvements to legislation that covers common property. (A)

Source: Auckland Housing Action Plan 2012

## 4.9 Strategic investment plans of major utilities and public service assets

The strategic investment plans of major utilities and public service assets were reviewed to assess how well these lined up with the spatial vision outlined in the Auckland Plan. The utilities and assets included:

- Watercare
- Vector
- Transpower
- Ports of Auckland
- Auckland Airport
- Various Auckland universities.

Watercare Services Limited is the water and wastewater service provider for Auckland. It is a CCO, wholly owned by Auckland Council. Two of its documents were assessed against the Auckland Plan including the 2013 Demand Management Plan (DMP) and the Asset Management Plan. The DMP has a target of 15% reduction in gross per capita consumption by 2025, compared with 2004 usage levels. The DMP acknowledges the intensification of development in existing urban areas associated with the compact city agenda of the Auckland Plan and recognises that this could result in reduced water demand per capita. Nevertheless, the DMP does not demonstrate how it would achieve and promote the Auckland Plan vision.

The Watercare Asset Management Plan relies on the same underlying growth assumptions stated in the Auckland Plan. While the document states that it contributes to realising the relevant 30-year outcomes set out in the Auckland Plan, there is no articulation throughout the document of how this actually occurs.

Vector is a multi-network infrastructure company which owns and operates a range of energy and technology businesses and assets. Its 2013 review reveals that it was an active partner in shaping the Unitary Plan, but it is unclear how.

The 2013 Annual Planning Report from Transpower, which is the state-owned enterprise responsible for power transmission in New Zealand, considers the Auckland region's needs over the next 15 years but

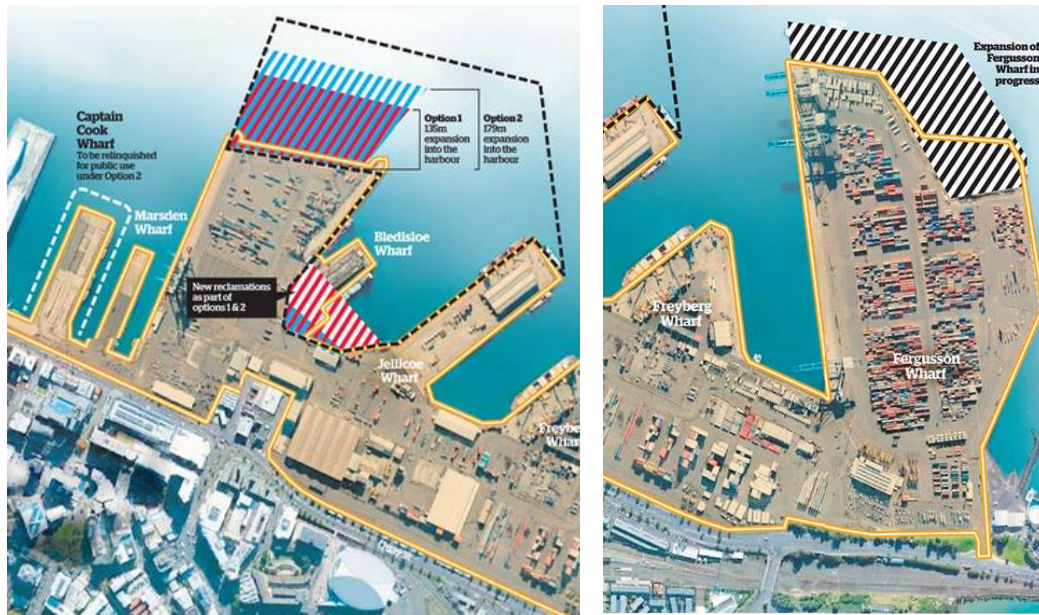
does not reference the AP. It may be that changes to the urban structure of Auckland do not affect regional supply of electricity.

A review of the Ports of Auckland Development Proposals May 2013 document revealed planned upgrades and extension to the port (Figure 28). The Auckland Plan surprisingly had little to say about the expansion of the port, except that it would take account of the Port of Auckland study.

Implicitly, the AP sees the port as a permanent feature of the metropolitan economy. There is no discussion of the long term viability of the port and its opportunity costs, in terms of occupying land that might otherwise accommodate higher value adding business activity.

FIGURE 28 FUTURE PORT EXPANSION





Source: Auckland Council, 2012b.

A review of the Auckland Airport Future Economic Impact Assessment highlighted that it is important to ensure that there is enough capacity for airport associated business activity to grow. This is in line with the Auckland Plan, which signals expansion of employment land at the airport.

The strategic and investment plans of the Auckland universities were examined. The University of Auckland acquired the former Lion Breweries site in Newmarket and is creating an inner city campus. The development of this site is consistent with the compact city agenda of the AP. It will be redeveloped and adapted for high density uses to cater for 30-50 years growth of the university.

The Manukau Institute of Technology Tertiary Centre was opened in the Manukau CBD and is a part of an integrated transport hub (AMETI) outlined in the Auckland Plan.

The Auckland University of Technology and Massey University have no immediate intention to expand and no other spatial plans outlined in their two year investment plan.



# SYNTHESIS



Independent insight.



# 5 SYNTHESIS

*This section synthesises our assessment of urban planning and infrastructure arrangements in Auckland, providing our conclusions as to current strengths and opportunities for improvement.*

## 5.1 Overview

An overview of our assessment of urban planning and infrastructure arrangements in Auckland is provided in Table 6 below.

Arguably, Auckland is equipped with the most evolved metropolitan governance structure of any city in Australasia. Unlike its counterparts in Australia, where the metropolises are continuously contested territory between local and State Governments, Auckland as a city has a united voice on regional issues and the critical mass to make trajectory shifting decisions in its own right. This advantage shows in the way the Auckland community and the nation have gone about the Auckland Plan. Overall, the AP and the supporting implementation plans, place-based plans and other related studies function as a comprehensive and cohesive set of policies that provide a clear and worthwhile vision for the city. We would judge that Auckland is in much better shape in terms of its strategic spatial planning compared to most cities in the Region. Having said this, there are a number of areas where the current situation falls short of our nominated best practice criteria – at least as far as an analyst can assess on the basis of resolved policy and documents in the public domain.

The strengths and weaknesses of the Auckland Plan are summarised below.

## 5.2 Strengths

The spatial vision for Auckland is well articulated. It is ambitious and practical at the same time and, with a strong focus on triple-bottom line sustainability. It reflects up to date planning principles. The Unitary Plan is a strength in the suite of plans. While it could be better signposted, it provides a clear and accessible translation of the Auckland Plan into land use and development regulations. The links between the specific rules and the Auckland Plan vision is made clear throughout the document.

There are built in safeguards in terms of a ‘floating’ target for the balance between infill and greenfield development, recognising uncertainties regarding the pace at which Auckland’s economy will move further into knowledge based service industries, with consequential shifts in job locations and housing preferences. At the same time, the Unitary Plan could probably have been stronger in translating the compact city imperative into higher density zones.

Significant work appears to have gone into calibrating and securing an adequate supply of land for greenfield housing development. This provides for certainty and stability on the supply side, thereby mitigating at least one factor that might otherwise adversely impact housing affordability.

The development contribution system in Auckland appears to make the required distinctions between value capture, impact mitigation and user pays cost recovery. However, it seems only the latter two categories that are resolved at this stage, and, in respect of the user pays grouping, we could not find definitive evidence that development contributions will be fully reflective of cost variations in different

growth and intensification areas, thereby playing a locational signalling role. This is a matter for further investigation.

A sophisticated approach has been taken to the identification of infill potential around key nodes and corridors in the metropolitan region. Scope has been provided for the flexible 'outside in' approach to densification in these nodes and corridors as discussed with reference to Figure 5 on page 20. Notwithstanding this, there are question marks regarding the pace of apartment building that can be expected in locations outside the central city, given the modest investment in transport improvement in these areas.

The Auckland Plan acknowledges that more than market efficiency is required to address the systemic problem of affordable housing. The Unitary Plan canvasses the option of Inclusionary Zoning, with a requirement that all developments with more than 15 houses / lots must provide at least 10% for affordable housing. But this is not yet a resolved policy position.

TABLE 6 STRENGTHS AND WEAKNESSES – ALIGNING INFRASTRUCTURE AND URBAN PLANNING IN AUCKLAND

	Markers of leading practice	Comment
1	A compelling and demonstrably achievable vision for Auckland's spatial development	
2	A comprehensive schedule of implementation actions with clear assignment of action responsibility	
3	A clear set of measurable outcome indicators benchmarked against a base case or leading comparator cities	
4	Unambiguous translation of the vision into a statutory plan with attendant policies and decision rules for development assessment	
5	Fair, transparent and pre-notified user pays contributions for the extension and augmentation of urban infrastructure	<i>Confirmation of the 'locational signalling' role of development contributions is required</i>
6	Separation of policies and rules for various forms of development contributions - user pays, impact mitigation and value capture	<i>Various forms of development contribution are discussed in different documents. It is not clear that there is an integrated approach to harmonising these</i>
7	Clear policy direction for road pricing	<i>Alluded to as an important option and intergovernmental discussion is in train, but no commitment as yet</i>
8	Ongoing system for community engagement in plan monitoring and review	<i>No specific programs beyond standing local government and RMA processes</i>
9	Ongoing community education programs regarding the merits of the compact city	<i>No specific programs beyond standing local government and RMA processes</i>
10	Analysis showing how the spatial vision will underpin Auckland's competitive advantages and ongoing economic development	<i>Productivity gains from the AP are not demonstrated</i>
11	Mechanisms to deal with land fragmentation, contamination, infrastructure deficits and other market failures deterring brownfield and infill development	<i>The potential for government auspiced development authorities is flagged but not yet resolved</i>
12	Clear policy direction for value capture as part of an infrastructure funding strategy	<i>Broad based value capture options (land tax reform) is not canvassed in any detail</i>
13	Demonstrated adequacy of affordable and market accessible land supply for greenfield development	
14	Demonstrated adequacy of affordable and market accessible land supply for infill and brownfield development	<i>It is unclear how a 'pipeline' of infill housing opportunities will be maintained in line with AP aspirations</i>
15	Clear policy direction for inclusionary affordable housing provisions in statutory planning rules	<i>Flagged in an Addendum to the Unitary Plan but not yet resolved</i>
16	Publicly accessible charter assigning planning and infrastructure responsibilities to Central Government, ACC and Local Boards in line with subsidiarity principles	<i>Legislation and accords are in place, but a genuine partnership of peers is still a work in progress</i>
17	Documented criteria and systems for distinguishing 'strategic' from structural and follower infrastructure, and for optimal investment in line with the spatial vision	<i>There appears to be little or no city shaping investment in the first decade of the ITP</i>
18	Separate and broader evaluation and implementation processes for candidate strategic projects geared to leveraging city shaping effects in line with the spatial vision	<i>CRL appears to have been part of a separate evaluation process, but this is not formalised for wider application.</i>
19	Adoption of development sequencing policies or similar to support efficient roll out of structural and follower infrastructure	
20	Wide palette of non-detached dwelling forms around suburban nodes, recognising market demand realities and creating opportunities for a variety of developer types	

strength

uncertain

potential weakness

Source: SGS Economics & Planning Pty Ltd

### 5.3 Weaknesses

The principal weaknesses we see in the current suite of plans and governance arrangements relate to criteria 17 and 18. A significant shift in urban structure is envisaged in Auckland over the next three decades, but, as far as we can see, the only truly 'strategic' project to drive this is the CRL, and this does not appear to be part of a committed funding program, at least not in the first 10 years. In the interim, Auckland's car based, low density structure is likely to become even more entrenched. There is a real concern that land use aspirations in the Plan are not matched by sufficient planned investment in road and rail infrastructure.

To some extent, this critical weakness stems from poor articulation of roles and responsibilities between Central and metropolitan governments with respect to genuinely strategic projects. Central Government is inclined to take a house keeping approach to investment (fix problems as they arise on a just in time basis as this is the financially prudent way to proceed). Meanwhile, metropolitan government has a more visionary, '*create the future*' approach.

We understand that there has been much discussion and study in the past (and continuing today) regarding such matters, as exemplified in the efforts of the 'Consensus Building Group' regarding mechanisms for funding infrastructure. We have also been made aware of the Central Government – Auckland Council Forum, which is expected to meet annually to review progress in the implementation of the AP. But there seems to be no definitive power sharing forum or intergovernmental agreement through which funding priorities for city shaping projects may be resolved. In this context, the Manchester Model for infrastructure partnerships between central and regional governments may be useful for Auckland. The 'productivity dividend' aspects of the Manchester Model could be the focus for the next phase of evolution in the NLTP.

Crucial questions around funding appear to be deferred in the documents. As noted, value capture – particularly in its broad based form – is flagged but unresolved.

Likewise, there is no clear policy direction for road pricing, notwithstanding that the discussion set out in *Funding Auckland's Transport Future* sees it as a worthy consideration and the ITP implies that it is *necessary* to achieve reasonable outcomes in terms of traffic congestion and greenhouse gas emissions outcomes in line with the Auckland Plan vision.

The apparent lack of strategic infrastructure investment to support the quality compact city is, in part, attributable to the weakly developed policy around infrastructure funding, congestion pricing and broad based land value capture. We acknowledge that there is a political hypersensitivity to such issues. But as a well-resourced metropolitan government with a broad mandate, one might expect that an institution like the AC would be in a position to push the envelope on such issues, especially by the standards of Australian cities which are hamstrung by the conservatism of their host State Governments.

There are also concerns around governance and community engagement. The documents in the public domain imply that local boards and the Council itself will provide the ongoing forums for community involvement in the AP and education in pursuit of the quality compact city. But how this is to occur is unclear. Moreover, looking down the track, when change begins to 'bite' in some of the neighbourhoods designated for intensification in the Unitary Plan, there is the potential for the local boards to become a locus of organised opposition to the overall compact city strategy.





# CONCLUSIONS AND RECOMMENDATIONS



Independent insight.



# 6 CONCLUSIONS AND RECOMMENDATIONS

*This section provides specific responses to the questions set out in NZCID's brief to SGS and proposes ways to better align planning and infrastructure governance in Auckland.*

## 6.1 Questions set by NZCID

As noted in Section 1.2, the NZCID sought SGS's independent response to 4 specific questions relating to the efficacy of current infrastructure and land use planning initiatives in Auckland. These questions are reproduced below, together with our findings.

### **To what extent do the plans work as cohesive suite of plans?**

The level of integration / harmonisation that has been achieved across a broad spectrum of thematic and sectoral plans, as well as spheres of government, in Auckland is impressive. In our experience, the Auckland Plan and the attendant strategies and policies (Unitary Plan, City Centre Master Plan, Economic Development Strategy, Waterfront Development Plan, Integrated Transport Program, National Land Transport Program for Auckland, Auckland Housing Accord, Southern Initiative, Tamaki Transformation) set a new standard for integrated metropolitan planning, at least in an Australasian context. To some extent this is a vindication of the initiative to establish the Auckland Council. The metropolis has long been hampered by fragmented planning and conflicting visions. In large part this issue has been resolved.

Moreover, the documents SGS reviewed give the sense that significant progress has been made in breaking down policy silos, especially those relating to transport and land use planning.

### **Does investment and sequencing of major infrastructure projects support planned urban development?**

Notwithstanding the level of collaboration and integration that has been achieved at the paper plan level, we are not convinced that the proposed investment in major infrastructure is adequate to achieve the structural transformation envisaged for the metropolis in the Auckland Plan. There is an effective admission in both the ITP and the Auckland Plan that the currently committed 30 year funding program for transport in Auckland will fall short of what the ambitious metropolitan restructuring process requires. From the documentation, the Committed Funding program includes no first decade investment in genuine city shaping infrastructure; at least, no evidence from land use modelling is offered to this effect.

This is concerning enough, but to compound the issue, the ITP itself states that even a Fully Funded program of transport investment as per Auckland Plan priorities would not be sufficient to meet adopted objectives. Outcomes in terms of transport delays and greenhouse gas emissions, in particular, would not meet targets by orders of magnitude. The documents point out that serious travel demand management would need to be employed in conjunction with the Fully Funded program, including, most likely, road pricing. However, we could find no program of accountable action to progress the travel

demand management challenge. Nor could we find a program of accountable action for the development of alternative funding streams to deliver the required program of investment in infrastructure.

Achievement of planned urban development – the ‘quality compact city’ is therefore dependent on three major unknowns:

1. What are the projects other than the CRL that will shift housing and business locational behaviour to the extent necessary to achieve the transformation sought by the Auckland Plan?
2. Given that the outlays for such investments are likely to be significantly above what will come through conventional Council and Central Government funding streams, how will the funding gap be bridged?
3. If some form of congestion pricing or equivalent travel demand management strategy will be essential even with full funding of transport infrastructure priorities, how will such a strategy be rolled out?

### **Does urban development support planned investment in major infrastructure projects?**

None of the documents we reviewed discussed or illustrated the feedback effects between transport investment and land use change, even though we are advised that dynamic transport modelling was applied in the creation of the AP.

It is therefore difficult to comment definitively on whether, for example, the CRL is ‘justified’ by planned intensification in the central city and linked activity nodes.

We will note, however, that genuinely strategic projects, as defined in this paper, have dynamic and long term effects which are typically beyond the reach of conventional cost benefit analysis. As discussed in Section 2.3 (page 15) and illustrated in the text box on page 62, strategic transport investments can significantly boost employment and population growth in their own right. In a sense they help grow their own demand. Melbourne’s Underground Rail Loop indicated a benefit cost ratio of less than one when first proposed but has since proven essential to the growth of the central city economy which is now the acknowledged premier wealth driver for the State of Victoria.

### **On current plans, will the objectives of the Auckland Plan be achieved?**

We find in the negative on this question. This is because of the unresolved questions surrounding how required city shaping infrastructure projects will be funded and therefore delivered, and how travel demand is to be managed to avoid serious worsening in road congestion.

This is not to say that the Auckland Plan cannot be delivered. It is a question of securing plausible funding streams for the infrastructure investment program and addressing a number of difficult public policy challenges around road pricing, property taxation and value capture.

In our view, the key to advancing this agenda is to provide Central Government with a compelling business case for *additional* co-investment in Auckland. We take this up in our recommendations below.

## **6.2 Recommendations**

As we have discussed, the aspirations for urban transformation in Auckland do not seem to be in line with the capacity to fund the required infrastructure. This appears to create an intractable dilemma, potentially leading to a conclusion that land use planning ambitions should somehow be ‘scaled back’ to fit the Auckland and NZ communities’ funding capabilities.

However, this line of thinking ignores the crucial fact that a restructured Auckland is likely to boost national productivity, GDP and aggregate tax revenues. In this context, the question becomes ‘will the tax dividend from implementing the Auckland Plan, including timely delivery of the requisite city shaping infrastructure, pay for the additional investment involved?’

Our recommendation is that the Auckland Plan needs to be interrogated from a productivity perspective with view to establishing (or not) the case for expanded co-investment by Central Government. Such co-investment may facilitate a more aggressive intra Auckland program of reform in matters like road pricing and value capture.

Additional analysis along the following lines is required:

- Model medium to long term national productivity and GVA outcomes, assuming a (current) trend based pattern of development in metropolitan Auckland
- Model medium to long term national productivity and GVA outcomes assuming timely investment in city shaping infrastructure and delivery of the Auckland Plan
- Estimate the tax revenue uplift from any productivity gain offered by a restructured Auckland, and the incidence of these tax receipts
- If warranted by the foregoing analysis, make a case to Central Government to share some of its prospective tax revenue uplift from a restructured Auckland in the form of accelerated co-investment in required city shaping infrastructure.



# REFERENCES



Independent insight.



# REFERENCES

Arthur Grimes & Chris Young (2010) Anticipatory Effects of Rail Upgrades: Auckland's Western Line, Motu Working Paper 10-11, Motu Economic and Public Policy Research

Auckland Council 2012a, *The Auckland Plan*.

Auckland Council 2012b, *The City Centre Masterplan*.

Auckland Council 2013a, *Auckland Council Annual Report 2012/13*.

Auckland Council 2013b, *Section 32 Report* for proposed Unitary Plan.

Auckland Council 2014, Independent Māori Statutory Board,  
<[http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/representativesbodies/Maori\\_relations/Pages/independentmaoristatutoryboard.aspx](http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/representativesbodies/Maori_relations/Pages/independentmaoristatutoryboard.aspx)>.

Austin, Patricia 2013, 'Housing Affordability in Auckland: looking behind the rhetoric', SOAC Conference Paper.

Greater Manchester Combined Authority 2012, *Greater Manchester City Deal*.

Independent Māori Statutory Board 2014, *Independent Māori Statutory Board*  
<<http://www.imsb.maori.nz/>>.

McKinlay, P. 2011, "Integration of Urban Services and Good Governance: The Auckland Supercity Project", Paper presented at the Pacific Economic Cooperation Council (PECC) Seminar on Environmental Sustainability in Urban Centres, Perth, Western Australia, April 13.

Mouat, C., & Dodson, J. (2013). Reviewing the Auckland 'super city': towards an ongoing agenda for evaluating super city governance, *Australian Planner*, 50(2), 138-147.

Tuatagaloa, P and Hitchins, H (2013). Auckland Economic Development Strategy Targets and intermediate outcomes: a baseline report 2012. Auckland Council technical report, Auckland Council TR2013/036



## Contact us

### CANBERRA

Level 1, 55 Woolley Street  
Dickson ACT 2602

+61 2 6262 7603  
[sgsact@sgsep.com.au](mailto:sgsact@sgsep.com.au)

### HOBART

Unit 2, 5 King Street  
Bellerive TAS 7018

+61 (0)439 941 934  
[sgstas@sgsep.com.au](mailto:sgstas@sgsep.com.au)

### MELBOURNE

Level 5, 171 La Trobe Street  
Melbourne VIC 3000

+61 3 8616 0331  
[sgsvic@sgsep.com.au](mailto:sgsvic@sgsep.com.au)

### SYDNEY

Suite 12, 50 Reservoir Street  
Surry Hills NSW 2010

+61 2 8307 0121  
[sgsns@sgsep.com.au](mailto:sgsns@sgsep.com.au)

