PART TWO: SETTING THE CONTEXT

1.   Why Auckland Matters

> "The future of humanity lies in cities: in good urban governance and sustainable urban development."
>
> Kofi Annan, former Secretary-General of the United Nations.

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

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

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

Why are cities important?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

How Auckland contributes to New Zealand

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

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

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

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

1.13   Auckland is the country's major international gateway, bringing in immigrants, tourists to travel throughout the country, and trading exports and imports, both those produced in Auckland and the specialist output of regional economies. Seventy percent of all international visitors pass through Auckland's airport.[8] The city attracted 42% of the country's skilled migrants in 2005/06.[9] Fifty-nine percent of New Zealand's imports and 33% of exports pass through either the Ports of Auckland or Auckland International

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

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

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

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

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

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

What would make Auckland more successful?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Actively safeguard the city's enviable lifestyle. Key to this will be sustainability – integrating economic, social, and environmental objectives so the city has the resilience to maintain long-term viability.

- Better articulate Auckland's identity internationally. In a highly competitive international market, tourists, migrants, and business people need consistent, reliable information about what the city has to offer.

- Improve the quality of road, rail, electricity, and broadband infrastructure, including the development of a multimodal integrated transport network.

- Better harness the benefits of agglomeration to increase Auckland's per capita contribution to national GDP growth. In particular transport infrastructure must be improved so that it does not undercut the benefits of agglomeration.

- Continue to improve the education and skill levels of Auckland's population. It is important to rely not only on skilled migration, but to ensure that the skills of migrants are identified and fully utilised, and to influence the policies of Auckland's quality tertiary educational institutions to ensure that the skill mix better meets the requirements of employers.

- Improve Auckland's levels of research and development and innovation.

- Ensure that the cost of living, especially housing affordability for lower-paid workers, does not impact negatively on the city's quality of life, or discourage workers from coming to Auckland.

- Increase efforts to improve social outcomes in the face of pressures resulting from population growth, diversity, inequality, and the current economic recession.

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

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

The Commission's definition of a successful Auckland

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

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

- **Strong economic performance**. Auckland is an essential component of the national economy and needs to be at the forefront of New Zealand's recovery from the global economic crisis. Supporting agglomeration will be key to this.

- **A well-planned urban form, including infrastructure**. Planning processes should ensure that the city's identity is reflected in its open spaces and its buildings, and that the urban form promotes human interaction as well as the exchange of goods and services. World-class infrastructure for transport, water, and broadband, and security of energy supply, must be assured.

- **Social cohesion**. A city that bonds people together, particularly in the context of cultural diversity, will be better placed to integrate newcomers, minimise crime, and provide housing, education, and work opportunities that underpin the well-being of the city as a whole. Auckland should be a place where communities are recognised and their contribution to governance welcomed. Widespread social well-being, including the ability to afford a decent standard of living, particularly housing, contributes to social cohesion.

- **High-quality lifestyle and amenities**. People want to live in a pleasant, safe environment with easily accessible cultural and sporting facilities. Auckland's quality of life consistently rates highly for both current Aucklanders and those looking from afar. Commentators on cities now characteristically emphasise the importance of arts, recreation, and diversity.

- **A strong identity and international reputation**. Auckland's physical characteristics, the attitudes of its people, and the mix of cultures that shape the city are unique. Guarding and promoting these internationally in a strategic way will strengthen the city's presence.

- **Sustainability**. Integrating economic, social and environmental issues is critical to our city's long-term viability. Doing so will build resilience to deal not only

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

The role of local government

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

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

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

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

2. Auckland Now

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

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

AUCKLAND IN THE 1960s

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

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

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

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

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

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

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

both groups growing fast.[5] (There was no category for Asian, but the Chinese proportion of the population was 0.4%.[6]) The post-war baby boom meant large numbers of school children, for whom new schools were being rapidly constructed in the suburbs. Nearly 5,000 students attended the University of Auckland. New Zealand's first urban marae[7] was established at Mangere in 1965.[8]

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

2.7   Transport infrastructure was undergoing rapid development. The construction of the harbour bridge in 1959 had linked up the north and south of the city. Most freight moved in, out, and around the city by rail. The Port of Auckland was the largest port, the Port of Onehunga being constrained, as it is now, by difficult access. Merchant ships also traded out of the Royal New Zealand Navy base at Devonport. Passengers travelled mainly by sea. Air travel was in its infancy, operating mainly out of the Royal New Zealand Air Force base at Whenuapai prior to the opening of Auckland International Airport in 1966.[10]

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

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

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

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

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

9   Ibid.

10   Ibid.

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

AUCKLAND TODAY

New Zealand's largest city

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

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

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

Auckland's population

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

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

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

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

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

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

other parts of the country. The region has had to cope with an annual population growth rate of 2.4% for the five years to June 2006, reducing to 1.7% in the year to June 2007.[17]

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

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

The challenge for local government:
Responding to rapid demographic change

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

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

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

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17   Ibid., p. 45.

18   Ibid., p. 52.

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

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

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

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

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

Auckland's economy

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

Economic performance

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

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

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

2.17   As the economic recession started to bite in mid-2008, Auckland's economy has been hard hit. The regional GDP growth rate dropped back to 1.8% for the year to September 2008, the same rate as for New Zealand as a whole. Regional employment growth has also fallen steeply, much more so than nationally. House price inflation and labour shortages eased in the year to March 2008 compared with the previous year. These results are consistent with past trends where Auckland's business cycle has been ahead of national upturns and downturns by about two quarters. The situation is expected to worsen further this year, with improvement predicted in 2010.[23]

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

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

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

  · Causal linkages between the economies of Auckland and other parts of New Zealand are weak.

  · Although Aucklanders earn more than other New Zealanders and their productivity (average GDP per capita) is higher than the rest of New Zealand combined, the Auckland economy has been growing faster, but not much faster overall, than in the rest of the country.[25]

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

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

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

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

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

Agglomeration

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

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

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

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

Human capital

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

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

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

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

29   Ibid., p. 105.

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

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

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

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

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

Innovation and entrepreneurship

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

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

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

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

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

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

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

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

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

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

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

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

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

39   Ibid., p. 44.

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

The challenge for local government:
Addressing the recession in the short term while maintaining focus on the issues
that will boost the performance of Auckland's economy in the long term

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

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

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

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

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

Infrastructure

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

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

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

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

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

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

2.37 Auckland's land transport infrastructure is highly dependent on roading, both for moving people and freight. In 2006 71% of Aucklanders travelled to work by car, van, or truck.[48] The number of cars on Auckland's roads is continuing to increase. In comparison with the Australian comparator cities, a smaller proportion of people in Auckland travelled to work in Auckland by car; however, while car use in Auckland has steadily risen, the proportion of Australian car commuters peaked in the late 1990s/early 2000s and has been dropping since.[49] Almost all freight is transported by road, some 250 million tonnes in 2002.[50] Traffic congestion is perceived to be a significant problem by Aucklanders. Morning peak travel delay times fluctuate but show improvement recently

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

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

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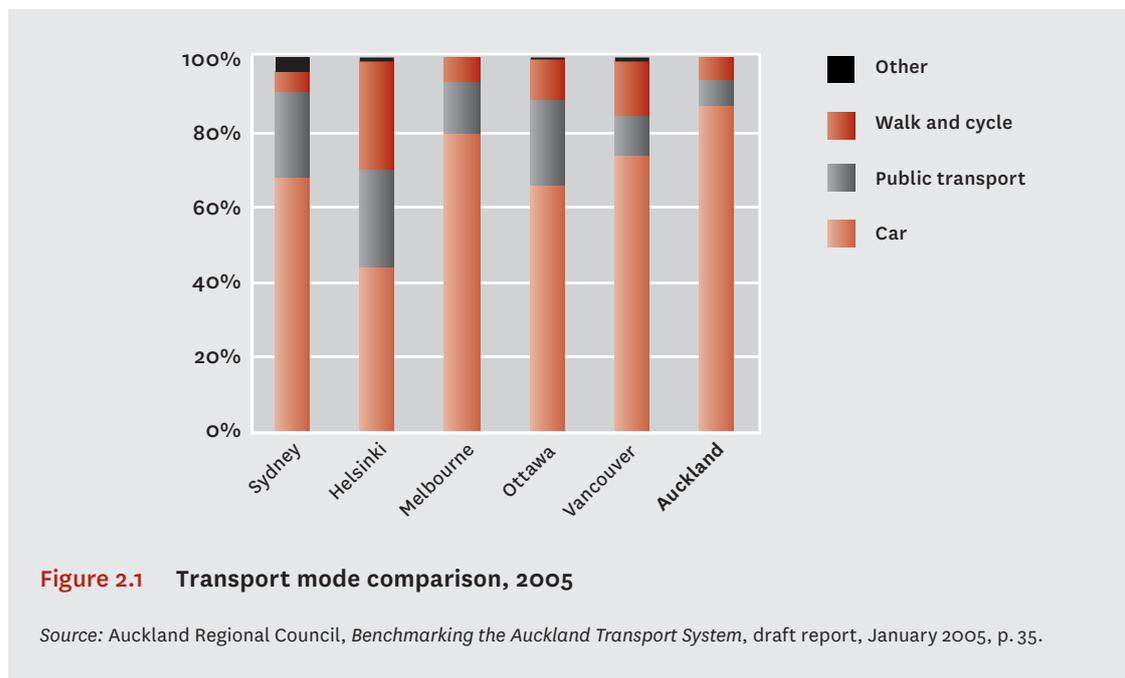
46   Ibid., p. 2.

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

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

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

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

Figure 2.1   **Transport mode comparison, 2005**

Source: Auckland Regional Council, *Benchmarking the Auckland Transport System*, draft report, January 2005, p. 35.

reducing from 0.84 minutes of delay per kilometre in March 2007 to 0.76 minutes in March 2008.[51]

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

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

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

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

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

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

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

2.41   By international standards Auckland's broadband infrastructure is lagging behind in investment, speed, and widespread access. In 2005, while 49% of Aucklanders had access to the internet (primarily dial-up) at home, compared with 11% nationally, speed and quality varied considerably across the city.[55] The New Zealand Institute has estimated average broadband download speeds in Auckland at 3 Mb/s.[56] By comparison, Singapore is targeting a 1 Gb/s fibre-to-premises service "for every home, school and business" by 2015.[57] Nationally, New Zealand's e-readiness ranking is the lowest out of Australia, Canada, United States, and Denmark, and went down between 2007 and 2008.[58] New Zealand also has the lowest number of broadband subscribers per 100 inhabitants of the comparator countries.[59]

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

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

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54   Information provided by the Auckland Regional Land Transport Authority.

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

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

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

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

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

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

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

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

The challenge for local government: Infrastructure

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

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

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

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

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

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

Auckland's place in the Asia-Pacific economy

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

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

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

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

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

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

64   Ibid., p. 53.

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

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

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

Auckland's social landscape

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

Disparity

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

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

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

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

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

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

Health challenges

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

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

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

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

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

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

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

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

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

Educational underperformance

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

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

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

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

Increasing unemployment overall, with sub-regional variations

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

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

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

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

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

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

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

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

2.64   However, as the economy has moved into recession, unemployment in the Auckland region appears to be increasing at a greater rate than the national average. December 2008 quarter figures show the region's unemployment rate to have increased to 5.2%, while the national figure is 4.6%.[82] Similarly the number of people in the Auckland region receiving the unemployment benefit increased by 35% for the 2008 December quarter compared with the same period in 2007.[83]

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

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

Expensive housing

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

2.68   Auckland's rate of home ownership was about 3% lower than the national average in 2006.[86] In 2004, 55,120 homeowners were paying more than 30% of their household income on housing costs.[87] There was also a growing number of working households

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

81   Territorial authority unemployment figures supplied by Statistics New Zealand.

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

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

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

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

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

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

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

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

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

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

The challenge for local government:
Housing affordability

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

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88   Ibid.

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

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

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

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

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

Rising personal debt

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

Crime and safety

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

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

2.75   The rate of recorded criminal offences in the Auckland region shows a slight downward trend between 1998 and 2007.[95] Dishonesty offences (burglary, car conversion, theft, receiving, and fraud) are the most common offences across the city. Across the city's three police districts (Waitemata, Auckland City, and Counties Manukau), the rate of recorded violent offences has increased since 1999, most noticeably in Counties Manukau.[96]

Social linkages

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

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

94   Ibid., p. 17.

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

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

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

- According to indicators of social connectedness such as telephone access, internet access to the home, and contact between young people and their parents, Auckland performs above average, but is consistently outperformed by some other regions in New Zealand.[97] Social connectedness refers to the relationships people have with others. It underpins well-being by giving people support, happiness, contentment, and a sense they belong and have a role to play in society.[98]

- Compared with other parts of New Zealand, Auckland has a lower proportion of low-income earners, but the higher cost of living needs to be considered.[99] Insufficient economic resources limit people's ability to participate in their communities and their quality of life, including lower educational attainment and poorer health for children growing up in low-income households. The latest OECD comparison (from 2004) placed New Zealand 16th out of 30 OECD countries with 11% of the population on a low income.[100] New Zealand had proportionately fewer low-income earners than the United States, similar numbers to Canada, and more than Denmark.[101]

The challenge for local government:
Addressing social deprivation and disparity

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

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

(a) **Strategies, policies, and planning**. At local level this addresses issues such as community safety and open space. At regional level there is limited recognition of social issues, but this is beginning to change as planning becomes much more integrated across economic, social, environmental, and cultural spheres.

(b) **Regulatory activities that contribute to social well-being outcomes**. For example local government is responsible for certain public health outcomes under the Health Act 1956.

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

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

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

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

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

(c) **Community provision**. As well as providing physical infrastructure such as roading, this includes community development services and facilities such as libraries, sport, and recreation.

(d) **Leadership, advocacy, and collaboration**. All councils have undertaken this in the traditional areas of concern such as community safety. Some councils have also tackled other social issues such as youth gangs, family violence, or affordable housing.

(e) **Service provision**. Some, but not all, of the territorial authorities are involved in directly providing social services, for example pensioner housing.

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

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

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

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

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

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

Auckland's environment and heritage

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

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

Climate change likely to cause extreme weather

2.79   Although specific data regarding the effect of climate change on Auckland are not yet available, Ministry for the Environment projections for New Zealand indicate that Auckland is currently and will in future face more extreme weather conditions such as droughts and storms.[103] Average temperatures are expected to increase by about 1 °C by 2040 and 2 °C by 2090.[104] Changes in rainfall and wind patterns will show even more marked seasonality, for example with more westerlies expected in spring than occur now. Since 1998 the annual mean temperature for Auckland has been consistently higher than the long-term average.[105] Auckland's sea level is rising and may rise faster than average over the next 20–30 years.[106]

Air pollution

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

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

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

104   Ibid., p. xi.

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

106   Ibid., p. 59.

and 1.1 million "reduced activity days per year" when people feel unable to go to work or school.[107]

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

A changing landscape

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

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

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

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

108   Pollutants monitored include fine particles (PM_{10} and $PM_{2.5}$), carbon monoxide (CO), ozone (O_3), and nitrogen dioxide (NO_2). Auckland Regional Council, "State of the Region's Air Quality", *AirFacts*, 4, Auckland Regional Council, July 2007 (available at www.arc.govt.nz, accessed February 2009).

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

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

111   Ibid., p. 79.

112   Ibid.

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

The challenge for local government:
Auckland's urban form

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

It is essential that the region's land use develops more sustainably in future. The Auckland Regional Growth Strategy provides for a more compact urban form. The need for land use intensification is agreed and legislated for in the Local Government (Auckland) Amendment Act 2004.[114] The challenge is ensuring implementation.

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

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

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

Biodiversity under threat

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

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

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

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

Water supply

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

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

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

116   Ibid., p. 92.

117   Ibid., p. 94.

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

Beaches and coastline under pressure from city's growth

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

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

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

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

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

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

Fresh water quality

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

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

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

Heritage

2.98   Auckland's historic heritage comprises

- aspects of the natural and cultural environment

- built heritage – historic buildings or structures and their settings

- archaeological sites

- places of special significance to Māori, including wāhi tapu[123], urupā[124], and places of traditional importance

- trees or other vegetation with historical or cultural associations

- places where past events have taken place

- cemeteries and burial places

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

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

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

122   *Ibid.*, pp. 116–117.

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

124   Urupā – burial ground, cemetery.

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

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

Sustainability

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

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

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

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

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

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

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

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

The challenge for local government:
Meeting the global challenges of the future – climate change and resource shortages

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

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

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127   See www.waitakere.govt.nz.

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

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

Conclusion

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

- Actively safeguard the city's enviable lifestyle. Key to this will be sustainability – integrating economic, social, and environmental objectives so the city has the resilience to maintain long-term viability.

- Better articulate Auckland's identity internationally. In a highly competitive international market, tourists, migrants, and businesspeople need consistent reliable information about what the city has to offer.

- Improve the quality of road, rail, electricity, and broadband infrastructure, including the development of a multimodal integrated transport network.

- Better harness the benefits of agglomeration to increase Auckland's per capita contribution to national GDP growth. In particular transport infrastructure must be improved so that it does not undercut the benefits of agglomeration.

- Continue to improve the education and skill levels of Auckland's population. It is important not to rely only on skilled migration, but to ensure that the skills of migrants are identified and fully utilised, and to influence the policies of Auckland's quality tertiary educational institutions to ensure that the skill mix better meets the requirements of employers.

- Improve Auckland's levels of research and development and innovation.

- Ensure that the cost of living, especially housing affordability for lower-paid workers, does not impact negatively on the city's quality of life or discourage workers from coming to Auckland.

- Increase efforts to improve social outcomes in the face of pressures resulting from population growth, diversity, inequality, and the current economic recession.

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

3. Auckland's Existing Local Government Arrangements

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

The legislative framework

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

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

3.4   The Local Government (Rating) Act 2002 prescribes rating mechanisms, which are the primary means by which councils raise revenue from their communities. The exercise of rating powers is subject to the transparency, consultation, and accountability requirements under the LGA 2002.[1]

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

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

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

Units of local government

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

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

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

3.10   Regional councils have the following main functions under legislation:

- environmental management including water quality and use, contaminant discharge, coastal management, soil erosion (RMA)

- regional growth strategy, which is made under the LGA 2002, RMA, and transport legislation

- hazardous waste management (Hazardous Substances and New Organisms Act 1996)

- river and lake management, including flood and drainage control, under the Soil Conservation and Rivers Control Act 1941

- land transport (including public transport) planning and funding under the Land Transport Act 1998 and other Acts

- harbour and waterway navigation (Maritime Transport Act 1994)

- regional pest management under the Biosecurity Act 1993

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2   LGA 2002, section 12.

3   LGA 2002, section 10.

4   LGA 2002, section 16.

5   Resource Management Act 1991, sections 59–62.

- regional parks and reserves (Reserves Act 1977)

- safety of dams (Building Act 2004)

- civil defence (Civil Defence Emergency Management Act 2002).

3.11   The legislation distinguishes between regional councils and territorial authorities

- by reference to their jurisdiction, either regional or territorial

- by limiting the power of general competence of regional councils to activities they have previously performed.[6]

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

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

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

- council organisation, in which a council controls any proportion of voting rights or rights to appoint directors

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

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6   LGA 2002, sections 12 and 16.

7   LGA 2002, section 5.

8   LGA 2002, sections 50–53.

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

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

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

- improved commercial focus – operating a company with a professional board of directors with the objective of making a profit

- minimising risk – using an incorporated structure to insulate a council from liability for an activity or venture

- empowering local communities – creating a trust with a set budget funded by the council but managed by a community for a specific purpose, such as maintaining a community centre

- tax effectiveness – obtaining "charitable" status for a trust so that it is exempt from income tax.

Local authority elections

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

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

- wards or constituencies provide effective representation of communities in the district or region respectively

- the number of council members provides fair representation for the population of the district or region as a whole, and for each individual ward or constituency

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10   LGA 2002, sections 5–7.

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

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

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

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

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

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

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

3.19   The constituency arrangements for the Auckland Regional Council ("ARC") are set out in Table 3.2. Members of the ARC are elected from six constituencies, which follow the same general boundaries as the districts of the territorial authorities, except that the
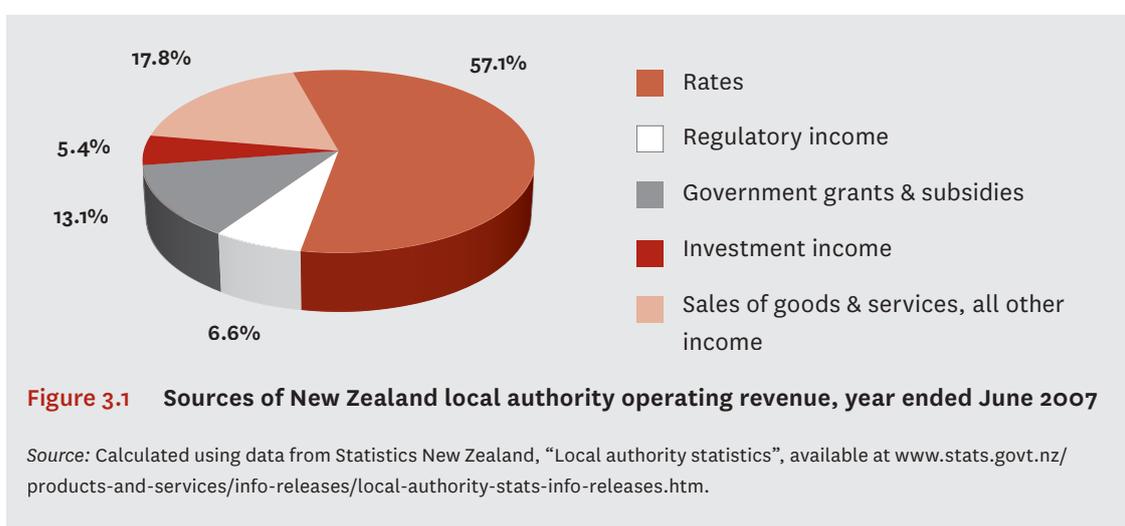
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13   Local Electoral Act 2001, sections 19T–19V.

Table 3.2   **Constituencies in representation arrangements for Auckland Regional Council**

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

Source: Council websites.

Figure 3.1   **Sources of New Zealand local authority operating revenue, year ended June 2007**

Source: Calculated using data from Statistics New Zealand, "Local authority statistics", available at www.stats.govt.nz/products-and-services/info-releases/local-authority-stats-info-releases.htm.

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

Funding

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

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

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

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

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

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

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

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

Structure of Auckland's local government

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

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

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

- Seven **territorial authorities** (Rodney District, North Shore City, Waitakere City, Auckland City, Manukau City, Papakura District, and Franklin District)[14] provide a very broad range of infrastructure and services: land use planning; environmental health management; water, wastewater, and stormwater; solid waste; and local community facilities. They also advocate and partner with central government on behalf of their communities, and coordinate with the regional council and other territorial authorities on some region-wide issues.

- Thirty **community boards** created by five of the territorial authorities represent smaller geographical areas, and in some cases exercise delegated responsibilities. Community boards are described in detail in research papers contained in Volume 4 of this report.[15] As described there, community boards in Auckland region generally do not have wide delegations from their parent councils and the function they have is mainly one of advocacy.[16]

- More than 40 **council organisations**, **council-controlled organisations**, and **council-controlled trading organisations** are described in Chapter 21. Councils have controlling interests in some, but not all, of these organisations. The organisations have a wide range of functions and constitutions, and include both for-profit and not-for-profit organisations. The for-profit organisations include retail water companies and The Edge, which runs the Aotea Centre and Civic Theatre. The not-for-profit organisations include a variety of trusts that promote the arts, education, recreation, and sport. Most of the organisations have been voluntarily set up, or had interests acquired in them, by councils for their own reasons. Some organisations are required by legislation, for example Watercare Services Ltd, Auckland Regional Holdings Ltd, and Auckland Regional Transport Authority.[17]

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

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

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

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

Auckland Regional Council

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

- **transport** – developing transport strategy and planning, and funding the region's public transport system through the Auckland Regional Transport Authority

- **regional parks** – the acquisition and management of 25 regional parks covering over 40,000 hectares and including 150 kilometres of coastline, ranging from wilderness areas to farms and sandy beaches

- **resource management** – monitoring, policy and strategy development, the provision of resource consents, pollution response, and the preservation and restoration of the region's natural, historic, and cultural heritage

- **regional leadership and community development** – regional coordination and external relations, democracy services (facilitating meetings and electoral processes), relations with Māori, sustainable schools, and community projects

- **built environment** – development and implementation of the Auckland Regional Growth Strategy and Auckland Regional Policy Statement and regional plans under the RMA, effective management of physical and spatial growth in the Auckland region and its impact

- **economic development** – involvement in the implementation of regional projects to deliver the Auckland Regional Economic Development Strategy through AucklandPlus

- **safety** – managing hazardous events, providing civil defence, and harbourmaster operations.

Territorial authorities

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

- land use management (urban and rural planning) under the RMA

- regulatory control and licensing of a wide range of activities (gaming, dogs, environmental health, fencing of swimming pools etc.) under a wide range of legislation

- network utility services such as water, wastewater, and stormwater under the Local Government Acts 1974 and 2002

- local and arterial roads under the Local Government Act 1974

- parks and reserves under the Local Government Act 2002 and the Reserves Act 1977
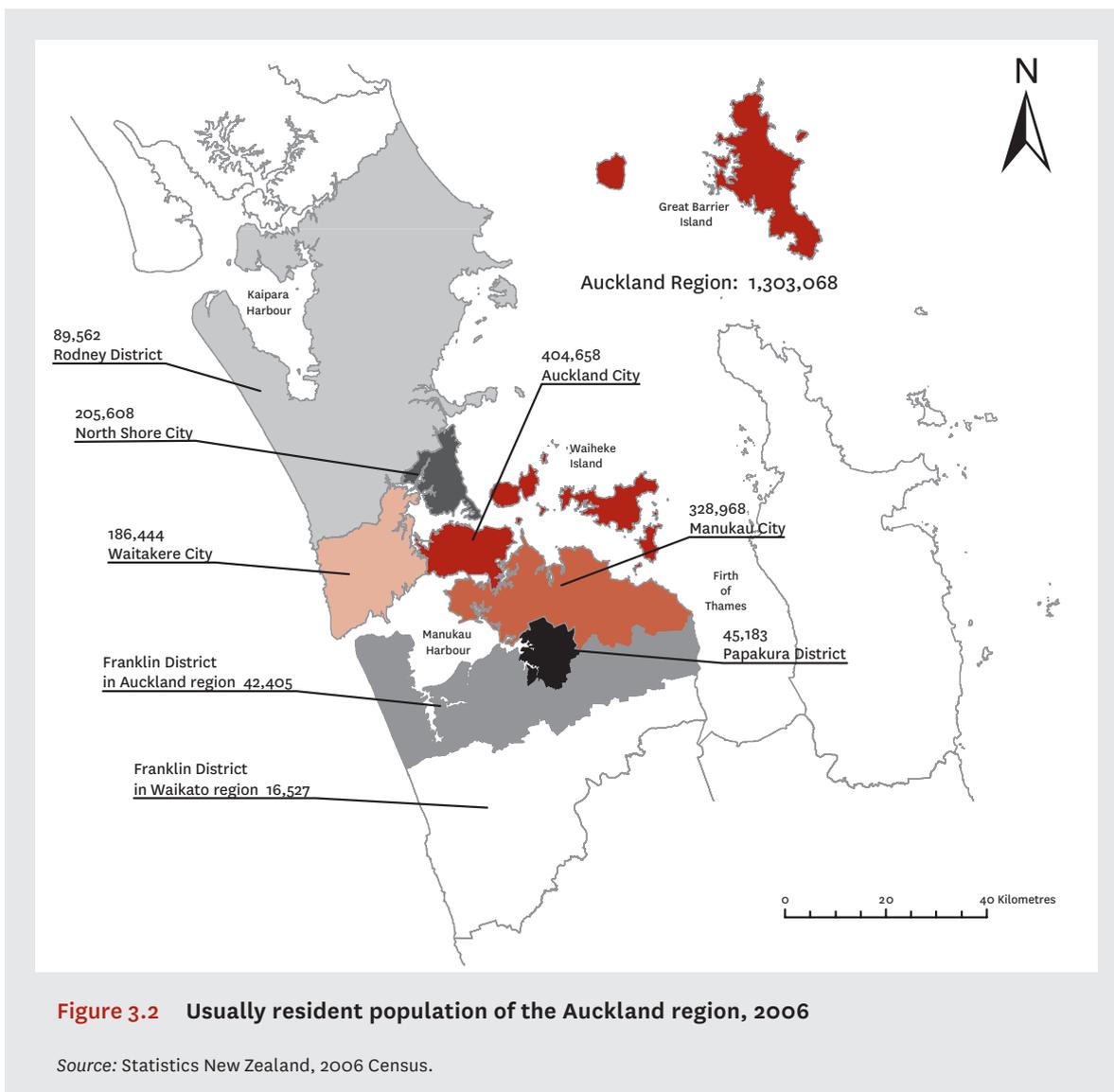
Figure 3.2   Usually resident population of the Auckland region, 2006

Source: Statistics New Zealand, 2006 Census.

- civil defence under the Civil Defence and Emergency Management Act 2002

- rural fire protection under the Forest and Rural Fires Act 1977

- community development under the Local Government Act 2002.

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

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

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

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

Regional diversity

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

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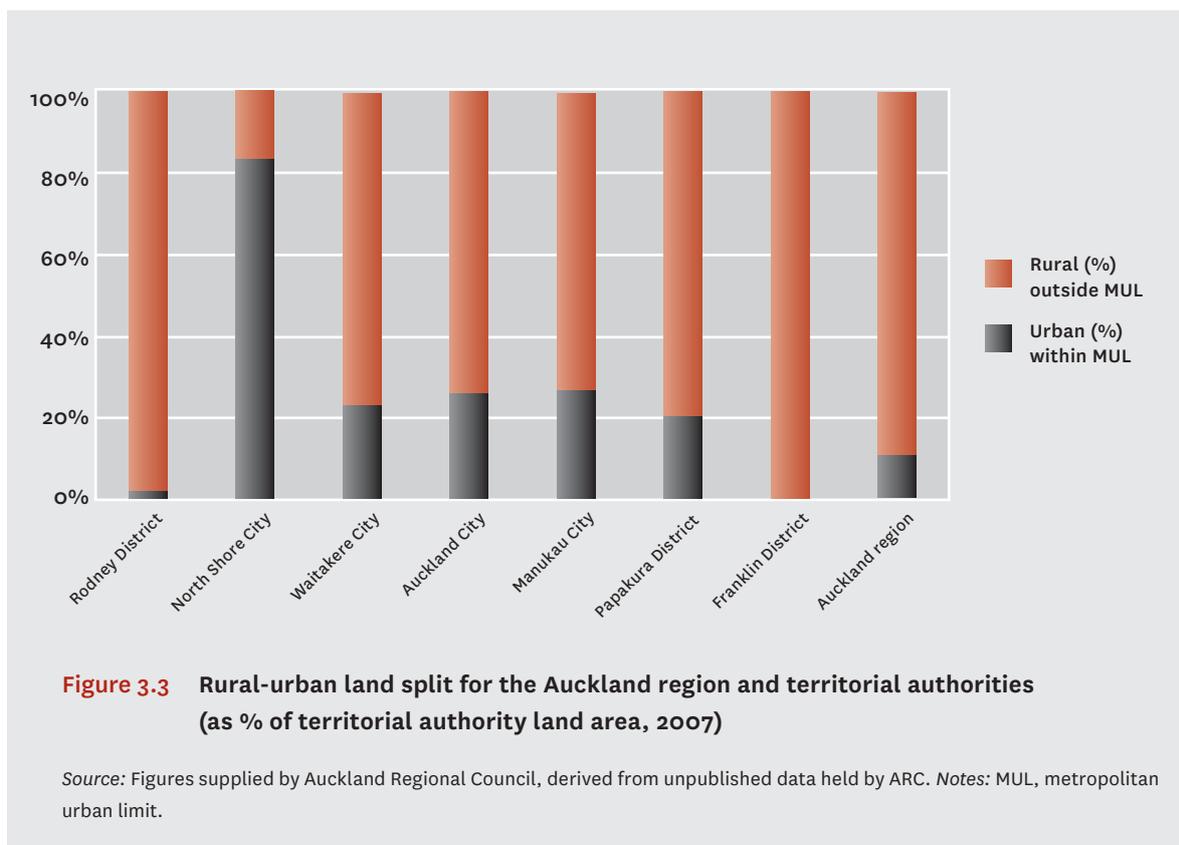
Coordination of activities

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

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

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

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

Figure 3.3   **Rural-urban land split for the Auckland region and territorial authorities (as % of territorial authority land area, 2007)**

Source: Figures supplied by Auckland Regional Council, derived from unpublished data held by ARC. *Notes:* MUL, metropolitan urban limit.

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

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

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

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

Cooperation and shared services

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

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

3.39 At the functional level of local government service delivery and back-room operations, Auckland's local authorities have explored the feasibility of common support operations. Options range from combining operations to establish shared service centres[21] through to collaboration and best-practice sharing. Further work is envisaged through the One Plan process, which provides a single strategic plan for the region[22] (discussed further below).

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

- **eLGAR** (Libraries for a Great Auckland Region) brought together five Auckland councils in order to achieve the scale required to deliver better library services. Projects have included replacing the core library management system, which at the time was the largest collaborative information technology project undertaken within local government.

- The **LiDAR** (light detection and ranging) project was primarily a procurement exercise to provide the entire region with highly accurate aerial photography for use in activities such as consents, roading, and emergency planning. By

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

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

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

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

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

- The **Regional Traffic Management** project involved the collaboration of Auckland's councils with a third party, Transit New Zealand (now the New Zealand Transport Agency), to create a consistent, region-wide approach to the management of traffic signal systems. It also led to the creation of the Traffic Management Unit (owned by Transit but working on behalf of the councils) for the operation, management, and maintenance of the signals.

- **Manukau Auckland Recycling Services** – in June 2008, Auckland and Manukau City Councils aligned recycling contracts and secured a private-sector supplier to provide (on council land) a state-of-the-art recycling facility on a "build, own, operate, transfer" basis.

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

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

- The region fails to deliver on strategy because of fragmented powers and accountabilities for funding, service delivery, and the commitment to fund.

- Some decisions appear to be "mislocated" – undertaken at the national or local sphere of government when the impacts are mostly regional.

- There is heavy reliance on voluntary and statutory joint decision-making forums but these are not able to "bind" or influence expenditure and other decisions of sovereign organisations. Non-funders also have significant influence on decision making, particularly in the area of transport.

- The result is lack of certainty (especially in funding), clarity, understanding, mandate, leadership, and a single voice for Auckland with central government.

- There is insufficient revenue at regional level.

- There are inefficiencies and inconsistent standards and financial impacts owing to duplication and transaction costs.[24]

3.42   The report's proposed governance model comprised

- a strengthened regional council

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

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

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

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

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

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

- improving public transport

- completing the transport network

- Digital Auckland (broadband)

- Destination Auckland (initially leveraging off the Rugby World Cup)

- CBD and waterfront

- building communities

- growth through skills.[26]

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

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

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

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

Appendix 3.1: Legislation governing local authorities

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

Primary legislation of local government

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

Local Government Act 2002

Legislation governing specific powers of local government

Bylaws Act 1910

Chatham Islands Council Act 1995

Dog Control Act 1996

Land Drainage Act 1908

Litter Act 1979

Local Authorities (Members' Interests) Act 1968

Local Government Official Information and Meetings Act 1987

Local Legislation Acts (1926–1992)

Municipal Insurance Act 1960

Public Bodies Contracts Act 1959

Public Bodies Leases Act 1969

Rates Rebate Act 1973

Legislation governing specific obligations of local government

Biosecurity Act 1993

Building Act 2004

Civil Defence Emergency Management Act 2002

Forest and Rural Fires Act 1977

Hazardous Substances and New Organisms Act 1996

Health Act 1956

Land Transport Management Act 2003

Land Transport Act 1998

Public Works Act 1981

Reserves Act 1977

Resource Management Act 1991

Soil Conservation and Rivers Control Act 1941

Transit New Zealand Act 1989

Transport Act 1962.

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

Appendix 3.2: Activities undertaken by Auckland's local authorities

Activity
Affordable housing advocacy
Air quality control (environmental and health)
Animal control, impounding, welfare
Art galleries
Arts and culture
Asset and liability management
Auckland Regional Holdings
Beach control
Beautification
Biosecurity
Broadband
Brothels – control of location and signage
Building consents processing, advice, and compliance
Business support
By-laws (wide variety) and enforcement
Cemeteries
Citizen and customer contact
Citizens Advice Bureaux
Citizenship services
Civil defence emergency management
Climate change
Closed landfills management
Coastal environment development control
Coastal planning and management
Community centres, halls, and facilities

Activity
Community development
Community development, partnerships, services, and support
Community grants and levies
Community notice boards
Community planning
Corporate services
Council-controlled organisations
Crematorium
Crime prevention
Cultural heritage conservation
Democracy and governance
Democracy services
District planning
District promotion
Dog control
Economic development
Education and employment advocacy
Entertainment and cultural venues
Environmental health control
Environmental monitoring
Events promotion
Farming in parks
Film facilitation
Fire protection
Flood protection

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

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

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

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

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

4. History of Auckland's Governance

> "History is a guide to navigation in perilous times. History is who we are and why we are the way we are."
>
> David McCullough, social historian, Pulitzer Prize-winning author, and winner of the US Presidential Medal of Freedom.

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

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

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

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

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

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

The beginnings

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

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

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

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

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

4   Ibid., p. 11.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16   Ibid., p. 13.

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

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

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

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

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

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

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

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18   Ibid., p. 14.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27   Ibid., p. 4.

Calls for amalgamation

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

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

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

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

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

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

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

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

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

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

Ad hoc arrangements

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

The Great Depression

4.38   The Great Depression saw a major contraction in works and initiatives run by the council and local bodies. Bush notes that the "average annual rate increases of nearly 9% in the 1920s plummeted to 1.6% in the early 1930s", and when 20% of rates were unpaid, "defaulters were allowed to expunge arrears by serving as unskilled labourers for the Council".[29]

28   Bush, Graham, "On the trail of the modernising city (1919-1945)", *in* "History of Auckland City", Auckland City Council website (www.aucklandcity.govt.nz, accessed February 2009).

29   Bush, *in* "History of Auckland City", Auckland City Council website.

Reform attempts

4.39   As the 20th century progressed, reform attempts on Auckland's governance continued. The Labour Government made some initial plans in the 1930s, which were overtaken by the urgent priority of the war and the loss of many council staff to the war effort. The war caused a major contraction of council services and works owing to lack of staff and funding.

4.40   In 1944, the Parliamentary Committee on Local Government was established with a recommendation for a permanent, quasi-judicial commission that would oversee the creation, merger and amalgamation of local bodies. Although it planned to give Auckland priority, the Local Government Commission did not turn its attention to Auckland until 1949 and its attempt to consider consolidation was met with hostility.[30]

4.41   A precedent was established when an amendment to the legislation was passed in 1953, weakening the powers of the commission and making its decisions subject to appeal. This made it less likely that any decision the commission made would be implemented.

4.42   In the 1950s, there were some small mergers and indications of change, mainly initiated by councils themselves as they realised the need to develop city-wide infrastructure because of the rapid increase of the population. The number of residents had doubled in 30 years, and managing traffic was an ongoing challenge.

4.43   In 1951, a policy for containing urban expansion was formalised in the "Outline Development Plan for Auckland", just as road building and increasing car ownership was encouraging the development of outlying low-density suburbs along transport routes and the rural-urban interface. There was growing pressure for these suburbs to be proclaimed wards or boroughs, thereby increasing the number of local bodies. As the population and suburbs grew, the urban boundaries were regularly extended.

4.44   The concept of regional planning came to the forefront again in 1953, when the Auckland Regional Planning Authority was one of six regional authorities established throughout New Zealand by the Town and Country Planning Act. In an echo of 1926 and 1945, the achievement of establishing a regional planning authority was diminished by its lack of power. The founding Chairman, the highly regarded Professor Kenneth Cumberland, deplored the fact that the Auckland Regional Planning Authority lacked the means to implement its plans.

4.45   Some regional planners such as F.W.O. Jones had the foresight to see the need for recreational areas in Auckland, and to protect the special "coastal landscapes from the subdivisions which began to appear after the war".[31] The region was gradually enriched by the acquisition of other parks: in 1945, the 100-acre area of Churchill Park, and Browns Island in 1954 (a gift from former mayor Sir Ernest Davis).

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30   Bush, *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, pp. 9–10.

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

4.46 The Auckland City Council also ventured into social areas such as housing. After the war, transit camps were used to house up to 3,000 people. In the 1950s, housing initiatives were begun in the inner city and Freemans Bay as the council attempted to clear slums and shift residents into distant state housing areas. In 1958, the council put up four blocks of pensioner housing, which catered for about 500 needy elderly people.[32]

4.47 The 1950s saw a few half-hearted attempts to establish regional government in Auckland, including a study on local body arrangements in 1957. However, it lacked resources and commitment. The election of Sir Dove-Myer Robinson as Mayor of Auckland City in 1959 brought a proactive approach to the issue.

4.48 Dove-Myer Robinson was a businessman who came to politics through environmental activism. He was the leader of the Auckland and Suburban Drainage League, which vehemently opposed the Browns Island scheme, a proposal to pipe sewage to Browns Island "where after minimal treatment it would be discharged out of sight and out of mind into the Rangitoto channel".[33] He decided to join the council to fight the proposal and, with the election of himself and other environmental supporters in 1952–53, managed to halt the project. International experts were called in, and the Auckland Metropolitan Drainage Board followed their farsighted recommendation, which was to use the "revolutionary technology of oxidation ponds and for these to be located at Mangere".[34]

4.49 This natural politician became known as "Robbie" and was elected mayor a record six times. In his first term, he managed to persuade and cajole 400 local body delegates to support the concept of a metropolitan-wide authority. The Auckland Regional Authority Establishment Committee was set up in 1960 to work on legislation to establish such a body. It was always going to be a difficult task, as there were then 31 territorial authorities and 16 ad hoc bodies,[35] and much parochial infighting. The initial agreement of the local body delegates quickly foundered on the reality of political disagreements about the regional authority's functions and representation arrangements. Arguments became so vociferous and entrenched that the different factions each wrote their own legislation. Two bills with different structures and powers were sent to Parliament and the exhausting drama dragged on for another year before a drastically amended bill was passed, days before a general election. It was a difficult birth, but after three years of labouring, the Auckland Regional Authority ("ARA") was established in 1963. This has been regarded as "Robbie's capstone achievement".[36]

4.50 The ARA took over a wide variety of infrastructure functions, such as bulk water supply and sewage reticulation and treatment, which had previously been administered by different ad hoc boards, local body committees, and the Auckland City Council. Its

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32   Bush, Graham, "Thinking and being metropolitan (1945-1971)", *in* "History of Auckland City", Auckland City Council website.

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

34   Ibid.

35   See Appendix 4.1 at end of this chapter, which details the names of these bodies, pp. 133–134.

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

functions also covered the international airport, public passenger transport, civil defence, and milk distribution. Its 43 members were elected at municipal and county elections, and many of them were local mayors. Its area of jurisdiction encompassed the 31 territorial local bodies in the region. The 1963 Auckland Regional Authority Act was Auckland's first step to multifunctional regional government.

4.51   A major programme of infrastructure development ensued. The ARA built five major dams in 12 years, increasing Auckland's bulk water storage capacity by over 385%. The sewage treatment plant at Mangere was upgraded, four large landfills were established, and much coastal land was bought as part of the regional parks network. In 1967 the Hauraki Gulf Marine Park was established, in recognition of the need for integrated management of this precious resource.

4.52   The 1960s saw further plans for local body amalgamation, which were proposed by the larger cities and counties in the region, and which were all defeated by the public or local politicians. As its rulings were regularly overturned by voters, the third Local Government Commission effectively abandoned its attempts to bring about territorial reform in Auckland.

4.53   However, at the end of the decade the Local Government Commission was reconstituted under the leadership of Hugh Fullarton and it conducted exhaustive consultation and investigation into local body boundaries and functions throughout the country, with particular focus on Auckland and Wellington. As it travelled from one district and town to another, resistance grew as members of each local body feared for their existence. When the commission finally released its recommendations, it included a new area scheme for Auckland, with eight territorial authorities and 11 new ad hoc boards,[37] to replace the 31 territorial authorities and 23 boards that existed. There was an immediate reaction with nearly 4,000 objections being lodged and legal counsel involved. Despite this, the Local Government Commission was unmoved, and in 1972 the final area scheme had four major cities.

4.54   However, that same year the Labour Party under Norman Kirk came to power, and the new Minister of Local Government, Henry May, announced that the Local Government Commission Act would be repealed. May then ushered in a new piece of legislation, the landmark Local Government Act, which finally became law in 1974. It would be the basis for local government for nearly 20 years.

4.55   The Local Government Act 1974 strengthened the powers of the Local Government Commission with its poll provisions, ensuring that at least half the electors – not just the voters – were needed to defeat a proposal from the commission. The Act also had provisions governing community councils, enabling them to be formed out of county

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37   The five municipalities and three counties were Auckland City, Northern City, Western City, Southern City, Pukekohe Borough, Northern County, Waiheke County, and Franklin County. The 11 ad hoc authorities were the Auckland Harbour Board, the Auckland Regional Water Board,an urban fire authority (Northern County), the North Shore Fire Board, an urban fire authority (Western City), the Auckland Metropolitan Fire Board, an urban fire authority (Franklin County), the Pukekohe Fire Board, the Waiheke secondary urban fire authority, the Waikato Valley Authority, and the Hauraki Catchment Board and Regional Water Board.

boroughs and towns. Some councils were concerned at the prospect of numerous, potentially bothersome community councils in their area, and the Auckland City Council pre-emptively created an alternative, leading to the formation of numerous community committees in its area.

4.56   The Town and Country Planning Act 1953 (and the Town and Country Planning Act 1977), together with the district plans made under them, encouraged the separation of districts into retail/commercial/industrial and residential areas. It resulted in a large number of town centres across the region, each with its own clusters of residential and commercial development.

4.57   Meanwhile, the ARA was gradually garnering further responsibilities such as regional water management, refuse disposal, community development, the Mt Smart Stadium, employment creation, and urban transport planning – without abolishing a single ad hoc board. In terms of transport, the ARA was in charge of Auckland International Airport, bus operations, public transport funding, strategic transport planning, and regional roads. Following the Local Government Act 1974, the ARA established the Regional Growth Forum, which could approve a regional growth strategy. Regional management was coming into its own.

4.58   The victory of the National Party in 1975 led to the amendment of existing legislation: the polling provisions were softened, the ad hoc sector was removed from the Local Government Commission's ambit, and urban local bodies were prohibited from establishing community boards. The commission was charged with finding solutions that were supported by public opinion, and even then the minister could direct them to reconsider their plans.

4.59   The pendulum had swung again; far from moves to amalgamate, the 1970s saw some moves for secession, with various boroughs attempting to break away from the larger councils, or even to annex some of their territory. Aside from that, there was little change in Auckland's local government during the Muldoon era.[38]

4.60   A similar scenario occurred in the transport sector. In the first half of the 20th century, trams and railway lines served Auckland's rapid growth. Solutions to transport problems had long been hotly debated, with calls as far back as the 1920s for an underground rail system featuring a central city tunnel to ease traffic congestion in the inner city. Although Auckland had "an excellent electric tram system supported by trains and harbour ferries",[39] a growing population required further development of the transport system. In 1947, there were plans from the Ministry of Works to electrify and expand the Auckland suburban rail network. These awaited action until 1954, when the National Government's Minister of Transport persuaded the Auckland City Council to drop the rail plans. The next day the Government signed the contract to build the road-only Auckland Harbour Bridge. The Auckland City Council then adopted a Master Transportation Plan, which concentrated on a motorway network, and essentially

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38   Sir Robert Muldoon was Prime Minister from 1975 to 1984.

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

ignored rail. At this point, the focus of Auckland's transport system began to swing to the automobile and over the following decades would inevitably follow the American design of motorways and far-flung suburbs with shopping malls. Two years later, in 1956, 72 kilometres of tram tracks that ran all over central Auckland were ripped out.[40] Public transport would not recover for more than half a century, and counting.[41] Michael Lee comments that "Auckland almost overnight went from having one of the best public transport systems to one of the worst."[42]

4.61   Nearly 10 years later, the 1965 De Leuw Cather report renewed the proposal for modernised rail transit, and although the council endorsed it, the possibility of enacting it dissolved in an ongoing tussle over who would pay the $42 million in capital costs.

4.62   In the 1970s, back in his mayoral role, Sir Dove-Myer Robinson proposed a rapid rail plan that looked promising.[43] After some years, he persuaded Kirk's Labour Government to support the scheme and help fund it. However, when the National Government came to power it cancelled the scheme, with Prime Minister Robert Muldoon announcing that as long as he was in Government, the State would never put money into the Auckland rapid transit scheme.[44] Instead, more money was put into replacing the ageing bus fleet. In response, Mayor Robbie swore that "so long as I am alive, rapid transit is alive and I will keep it alive until I'm no longer able to sustain life myself".[45] In the decades that followed, increasing regret was expressed that his scheme never eventuated. Sir Dove-Myer Robinson is often lauded as one of the few Auckland mayors with visionary leadership and genuine foresight for the region.

4.63   In 1980, the ARA proposed a Green City plan with greenways and a revival of the circular railway concept, first proposed in 1946. It never became anything more than a paper plan. The anti-planning backlash intensified during the free-market economic policy revolution in 1984, when "centralised planning had become ideological anathema".[46]

4.64   Meanwhile, some territorial authorities were nervous about the ARA's power as a regional strategist. They feared it would lessen their influence, and usurp some revenue streams. So in 1983, various mayors and councils attempted an electoral takeover of the ARA, calling themselves the "New Deal". It worked – they won 20 of the 29 seats. They immediately set about trying to change the direction of the ARA, back to what they considered its proper, more contained role. The consequent chaos caused by the New Deal incumbents trying to take control of management of the organisation led to

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40   Ibid.

41   In 1956, when the population was just over 400,000 people, there were over 100 million passenger trips per year on public transport, and the electric trams made a modest profit for the city. In 2008, with a population of nearly 1.4 million, there were just over 54 million passenger trips per year, mainly on buses, at an annual cost of $140 million in public subsidies.

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

43   Sir Dove-Myer Robinson was Mayor of Auckland City from 1959 to 1965 and 1968 to 1970.

44   "State 'Won't Ever Pay' for Rapid Transit Plan", *New Zealand Herald*, 21 May 1976.

45   "Keep On To The Last Gasp", *New Zealand Herald*, 21 May 1976.

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

such hostility and dysfunction that in 1985, 21 Auckland mayors went to the new Labour Minister of Local Government, Dr Michael Bassett, to request him to urgently review ARA affairs. He immediately agreed.

4.65 The outcomes were surprising. The ARA's role and functions were reaffirmed, and the management group was reinstated with their previous responsibilities. In 1986, membership criteria for the ARA changed from borough representation to parliamentary boundaries. Another change, possibly due to the combination of the New Deal saga and the change in philosophical fashion during the 1980s, was that the ARA stopped doing major capital works, despite the city growing at breakneck pace.

Amalgamation

4.66 When the 1984 Labour Government took office, it immediately began implementing a programme of radical change. It had been part of the Labour Party's agenda since the 1930s that local government amalgamation was essential. Local Government Minister Dr Michael Bassett planned to enact a national programme of genuine reform of local government, and he was convinced that the way to do it was not in piecemeal fashion, as Fullarton had done in the 1970s, but comprehensively throughout the country.

4.67 Bassett increased the number of positions on the Local Government Commission and brought in new blood. The then Mayor of Palmerston North, Brian Elwood, was recruited to head the commission, and Bassett offered him unconditional support in the process of reform. This alliance, of a minister and the Local Government Commissioner, strengthened the chances of success for their reform programme.

4.68 As a historian, Bassett knew that reform would never work without legislative teeth to ensure its success. Although the local bodies remained governed by the 1974 legislation, the Labour Government passed new legislation that abolished the poll provisions, where local populations could vote on reform measures.

4.69 There were then over 700 local bodies throughout New Zealand, 44 of which were in Auckland. During 1985–86, the Local Government Commissioners visited every single local authority in New Zealand, from the largest council to the smallest water board, asking for their ideas, encouraging them to talk to their neighbouring authorities, and confirming that change was inevitable. Elwood recalls that his approach to councils was strategic and respectful:

> Disturbing the status quo is not going to be easy if it's badly handled. … We were able to depoliticise the process by involving those affected by the reform, in the reform process. … I was able to persuade the town and county clerks that their futures would be better in larger stronger authorities. … We said: This is the problem: 100 years of change in the counties of NZ, with virtually no change in the system of local government. We want to give you the opportunity to come up with *your* solution to

reform. If you convince us of the soundness of your proposal, we're more likely to adopt that, than impose another solution.[47]

This approach, he believes, brought people to a creative level rather than entrenching them at a defensive level.

4.70   While the commission was working at the local level, central government was working on the national, legislative level. In three successive years, from 1986 to 1988, the remuneration levels for councillors were raised with the rationale that higher pay would attract better candidates. A special Cabinet committee was established to deal with local government legislation and issues around the upcoming Resource Management Act, which was to become a major piece of legislation.

4.71   In 1988, the Local Government Commission was given a focused brief – to recommend a structure that embodied efficiency, effectiveness, transparency, and accountability[48] – and a tight, non-negotiable timeline of one year to consult with local bodies and make recommendations.

4.72   Also in 1988, two key transport portals, the ports of Auckland and the airport, were shifted from the ambit of the Auckland Harbour Board and the ARA respectively, and established as separate companies. Auckland International Airport Ltd was formed as a publicly listed company, with nearly half the shares owned by Auckland local authorities. Ports of Auckland Ltd had 80% of its shares held by Auckland and 20% by Waikato regional councils.

4.73   In 1989, the Government gave the Local Government Commission an assurance that its considered recommendations would be implemented by Orders in Council, quasi-legislative powers that even the Government could not interfere with other than by fresh legislation.

4.74   The delivery of the final recommendations from the Local Government Commission in 1989 provides a cautionary tale for the successful conclusion of such a commission. The recommendations were quietly delivered to the minister, and then passed through the Executive Council without publicity. Two days later, a lawyer informed the minister that the High Court had granted the people of Devonport an injunction to stop the commission's documents going to the Executive Council. But the attempt to question or alter the recommendations was too late – the Orders in Council had already been signed by the Governor-General.

4.75   The outcome of four years' work was significant. Nationally, the 700 local bodies were reduced to 87. In Auckland, 44 local bodies were amalgamated into eight: seven

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47   Interview with Sir Brian Elwood, 5 September 2008.

48   "Local Government Structure and Efficiency", report prepared for Local Government New Zealand, McKinlay Douglas Limited, October 2006, available at www.lgnz.co.nz/library/publications/download-docs.html (accessed February 2009).

territorial authorities and the present regional council.[49] The ARA became the Auckland Regional Council ("ARC") and was assigned additional functions,[50] while the territorial authorities were consolidated into four cities and three districts.[51] The legislation also outlined the purpose and scope of local government, a process of clarification that signalled a shift in philosophy.

4.76   A transitional committee was established for each new territorial authority, with members from all previous borough councils. However, a handful of local boroughs continued to fight to the bitter end, with Devonport going all the way to the Court of Appeal, where the ruling was that the final prerogative lay with the Government using Orders in Council. The Hauraki Gulf islands protested their inclusion in Auckland City, to no avail. The legal safeguards put in place by the Local Government Commission held firm. The focus for local government became transition negotiations and processes. Commission head Brian Elwood knew that it would take time for things to settle, and he appealed for the changeover to be given at least two terms or six years to prove itself.

4.77   Elwood believed that the 1989 reforms were never intended to be the final word. He and Bassett expected that further reforms would be generated locally as the smaller local authorities struggled with increasing responsibilities and the inability to provide satisfactory working conditions for senior staff. They thought that this would lead to a natural reduction in local bureaucrats as the logic of rationalisation took hold. "We expected that one day, people would see that logically the five authorities [the four urban territorial authorities, or city councils, and the ARC] could be amalgamated".[52]

4.78   The new national system envisaged having separate regional councils which would exercise more regulatory functions, while the territorial authorities would have the operational functions, providing their usual array of services. For Auckland in particular, the role for the ARC was seen as one of regional oversight, whereby key planning and infrastructure decisions could be made by the Auckland Regional Plan and the planning processes.

4.79   There were two further things that were not completed in 1989: the development of a national planning document, the New Zealand Plan, which was going to be achieved through the implementation of regional and district plans; and the reform of the local government finance sector, and what Elwood saw as its inadequate funding base.

4.80   Despite the unrealised plans, the reform was largely seen as a success by local politicians, one that had achieved participation and results. It redefined functions and delineated lines of funding and accountability. The process had facilitated easier planning

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49   "Reform of Local Government in New Zealand: Final Reorganisation Scheme for the Auckland Region", Local Government Commission, Wellington, June 1989.

50   Additional functions included air quality, biosecurity, maritime planning and harbour functions, and landfill aftercare.

51   North Shore City Council, Waitakere City Council, Auckland City Council, Manukau City Council, Rodney District Council, Papakura District Council, and Franklin District Council.

52   Interview with Sir Brian Elwood, 5 September 2008.

and cost containment, with new administration models and modern management systems and practices. Historically, the changes of 1989 can be seen as the first substantial restructuring of local government since the abolition of provincial government in 1876.

4.81   However, the 1989 amalgamation was rarely seen in a positive light by those who commented on it in their submissions to the Royal Commission. For them, the time of the ARA and borough councils was seen as a golden age of local body governance when there was trust, accessibility, and development of council services and responsibility for a wide range of functions:

- The era, around late 1960s to mid 1980s, was probably the period in which Auckland enjoyed the best governance it has known at a local and regional level. The ARA was a good organisation, no frills, simple titles, pruned to tight budgets … Local government was still administered by smaller city, borough and district councils. To get service was much easier than today, the Mayor was usually a well-known local identity … They were always easily accessible … and more often than not, a matter of concern to a citizen in the morning was corrected by the end of the day.[53]

- Each council officer had a thorough knowledge of his sphere and accepted responsibility for his decisions. Consultants were virtually unheard of. When the councils were forced to amalgamate, we were promised greater efficiency, $millions in savings and superior expertise.

  The opposite has happened. There are more bureaucrats than ever. Our rates keep going up beyond the rate of inflation. Our council officers don't want to accept responsibility so we spend $103,000 per day on consultants!!!!![54]

4.82   A common theme was that councils now are too large to address localised community interests, and community proposals are routinely ignored. One submitter decried the corporatisation of council assets and services such as bus services, forests, refuse disposal, and water services, which occurred after amalgamation. However, a few submitters saw things more critically noting that pre-amalgamation, local body territories were jealously guarded, there was rarely cooperation across boundaries, and that regional representatives then – and now – were often captured by the local council area they represented:

  under the ARA structure respective council representatives often saw their role as representing and advocating at the regional level for their local council constituency – even though they have signed a declaration that they would first and foremost represent the regional interests.[55]

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53   Submission to the Royal Commission on Auckland Governance from Graeme Barnard, p. 2. (All submissions are available at www.royalcommission.govt.nz.)

54   Submission to the Royal Commission on Auckland Governance from David Collett, p. 1.

55   Submission to the Royal Commission on Auckland Governance from Craig Shearer, p 4.

4.83   One submitter to the Commission wrote

> It is important that the reasons for change in 1989, and the outcome, are fully understood by the Commission because there will be parallel reasons, and likely outcomes, that this current review can learn from.[56]

4.84   Bassett, the then Minister of Local Government, is clear what the lessons for successful reform were in 1989: unequivocal support from a minister who is willing to take charge of the process; high-quality commissioners and officials; firm dealing with interest groups; regular, frank consultation with affected groups to canvass issues thoroughly; having the unions on side; sticking to a defined objective and clear timeline; and appointing someone of considerable status and skill to manage the transition process.[57]

4.85   In 1990, the National Government won a resounding victory at the polls, and the Minister of Local Government, Warren Cooper, set about righting what he saw as flaws in the system. The ARC had a bad run of publicity, with a new highly paid chief executive, an expensive new headquarters building, which was seen as profligate, and infighting within the organisation.[58] Cooper's perception of the ARC was that its 30 members were well-meaning and community-oriented, but they did not have the leadership and business skills to manage aspects of Auckland effectively, such as transport and water, although he was happy to leave them managing areas such as planning and parks and reserves. In 1991 and 1992 he amended the 1989 legislation, and set up separate bodies to manage water and transport, thereby reducing the functions of the ARC. The ARC was expressly forbidden to own public transport infrastructure. Reforms in 1992 transferred regional assets, such as the 80% share in Ports of Auckland and ownership of the Yellow Bus Company, to the newly formed Auckland Regional Services Trust ("ARST"). The result of these reforms left the ARC with diminished powers and shifted its focus to a regulatory, planning and funding role, with particular emphasis on land transport.

4.86   ARST was established to pay back the city's debts through the sale of its assets. Some people saw its formation as being "clearly custom-designed to be an agent of privatisation".[59] However the trustees had to be elected at large, there was a public backlash against selling off assets, and at the election in 1992 Bruce Jesson and other Alliance Party supporters gained control of the organisation. They refused to sell the trust's assets. ARST management and its advisers proposed a financial deal (a subordinate debt arrangement) with the ARC, so that the city's debts were to be repaid over 15 years. Within three years, the debt was repaid,[60] and the ARST assets were worth $1.8 billion. The trust had held onto public assets and managed them to create "public wealth in the public interest".[61] The profits from Ports of Auckland and other regional assets have

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56   Submission from Graeme Barnard, p. 3.

57   Interview with Dr Michael Bassett, 12 September 2008.

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

59   Ibid.

60   Phil Warren in the Chairman's Report, Auckland Regional Council, 1996, p. 9.

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

since become a key funder of Auckland's infrastructure projects, such as transport and stormwater upgrades.

4.87   Cooper was keen to contract out a lot of local government services. He believed there was a lot of bureaucracy, wastage, and indolence in council operations and he wanted a structured method of comparison in regard to outcomes. While he managed to make many changes, he sometimes found himself pitted against municipal authorities and the Local Government Association. His vision was to have unitary councils throughout New Zealand, but Cooper says he was foiled by mayors who wanted to keep their "fiefdoms"[62] and pressured the caucus for support. As a result, amending legislation softened the powers of the Local Government Commission and also lowered the barriers to secession, opening the door to breakaway proposals.

4.88   Numerous secessionist movements then sprang up, with the result that the next Minister of Local Government, John Banks, stepped in and supported the Law Reform Act of 1994, which restored much of the Local Government Commission's authority and made such secession movements more difficult. Two of these secessionist movements retain some energy today: the Devonport proposal for an autonomous ward, and the eastern suburbs of Pakuranga and Howick wanting separate governance from Manukau City.

4.89   Another critical piece of legislation was passed in 1991: the Resource Management Act, designed to promote the sustainable management of physical and natural resources. The Act requires the ARC to provide a number of regional plans covering environmental matters such as management of coastal areas, air, sea, sediment, and so on. The regional plans, naturally, also affect the plans of the territorial authorities.

4.90   Through the 1990s, the process of change continued in the philosophy, politics, and management of local government: town clerks were replaced by chief executives, and public service standards and systems were overtaken by corporate goals such as strategic planning and performance appraisal. Infrastructure became assets, the public became clients, and staff became human resources.[63] The language and practices of governance were shifting.

4.91   In 1998, Infrastructure Auckland was established with responsibility for the remaining assets of ARST and a mandate to grant funding for transport projects and stormwater infrastructure. The trust was governed by a board appointed and monitored by local authority appointees, including territorial authorities and the ARC. Watercare Services had a similar governance arrangement as a local authority trading enterprise owned by all six territorial authorities; it was responsible for the supply of bulk water and wastewater services to the Auckland region.

4.92   As the 20th century drew to a close, the concept of collaboration, if not amalgamation, gained increasing purchase. Despite frequent infighting, the councils

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62   Interview with Warren Cooper, 5 September 2008.

63   McDermott, Philip, "Future of Local Government", *in* "Our Country: Our Choices", The Futures Trust, 2008, at www.futurestrust.org.nz/content/view/25/43 (accessed February 2009).

themselves began to work together on different projects and infrastructure elements and in 1999 they spearheaded a series of shared-services pilot projects. Philip Warren, the chair of the ARC since 1992, had long been an advocate of collaboration among the councils to solve the region's issues of transport, growth, and the environment, and worked hard to bring a regional focus to these issues. Elected a record four terms in a row, he was an example of a leader who worked tirelessly behind the scenes to bring a new culture of decision making to the region.[64]

4.93   In 2001, the Local Electoral Act gave local communities the power to choose local electoral systems, such as single transferable vote or first past the post, and representation arrangements, such as the creation of Māori wards and constituencies. (Coincidentally, the same year special empowering legislation was passed – the Bay of Plenty Regional Council (Māori Constituency Empowering) Act – to enable the establishment of separate Māori constituencies in that region. Environment Bay of Plenty is now the only local body in New Zealand with guaranteed Māori seats on its council.)

4.94   The following year, a major piece of legislation was passed by Parliament: the Local Government Act 2002. It marked a fundamental shift in philosophy and purpose from service-oriented local government towards government that is a vehicle for the broader well-being of the population. It spelled out the four areas local government must take into account: the social, economic, environmental, and cultural well-being of the population. Local authorities were given the "power of general competence" (the ability to deal with any issue as long as it is not prohibited by law). However, they were also required to consult so widely the process became costly and inefficient. The Act did not specify much about the relationship between regional and territorial levels of government.

4.95   An amendment to the Act was passed in 2004 to add measures on land transport funding and stormwater management. It also established two new organisations as subsidiaries of the ARC: Infrastructure Auckland was dissolved and its assets were transferred to the newly formed Auckland Regional Holdings, which is now the 100% owner of Ports of Auckland. The Auckland Regional Transport Authority was established to help the ARC fulfil its regional responsibilities of public transport planning and funding, and management of public transport assets. This left the ARC to focus on the preparation and approval of the Auckland Regional Land Transport Strategy, which concentrates on long-range planning.

4.96   Auckland remained bedevilled by the problem of complex governance that failed to deliver progressive and necessary solutions to infrastructure issues, particularly transport. As the population continued its runaway growth, the region faced increasing challenges in ensuring areas such as public transport, affordable housing, and urban growth kept up with demand.

4.97   The 21st century saw an increasing shift in public awareness about regional and local governance. Different groups were set up to focus on Auckland's needs and develop

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64   Beehive, "Lee adds to tributes for Phil Warren", media release, 23 January 2002 (http://beehive.govt.nz/release/lee+adds+tributes+phil+warren, accessed February 2009).

a vision for the area, such as the Auckland Transport Action Group, a group of private and public sector chief executives which, in 2001, presented a report to the Prime Minister asking for a single decision-making and priority-setting process for regional transport projects, and for the mandatory implementation of the regional land transport strategy.

4.98   The thorny problem of competing councils remained. Auckland rarely spoke with one voice on major issues, and the issues of infrastructure development and transport grew increasingly urgent. In 2006, two situations demonstrated the problem. The first involved the four city mayors (of North Shore, Waitakere, Auckland, and Manukau Cities) planning what was called a "Mayoral Coup". In this proposal the region would amalgamate into three cities with a Lord Mayor; the neighbouring district councils of Franklin, Papakura, and Rodney would be annexed; Waitakere would be carved up; and each of the four city mayors would be appointed to the ARC as of right, along with business leaders and central government politicians and officials – all of which would give them control of ARC assets. The public response was immediate and negative, and the plan was quickly abandoned.[65]

4.99   The second example happened when Auckland won the right to host the 2011 Rugby World Cup. The Minister for Sport, Trevor Mallard, championed the idea of building a new stadium on the waterfront and gave a commitment to fund half the estimated $700 million cost, without burdening the ratepayers. The Auckland councils were divided in their response, and the idea was shelved.

4.100   Many people saw the general lack of ability to take these and other regional decisions as symbolic of Auckland's fractured governance. Historian R.C.J. Stone wrote critically of the "highly inefficient system of local government" that had existed since 1989:

> Auckland has 264 elected representatives to run the region, twice the number of MPs who are running the whole country. It follows that the failure of the eight Auckland councils to speak with a united voice has been a great handicap in getting the requisite funding from central government for the region's infrastructural projects.[66]

4.101   Despite all these disagreements, the seven territorial authorities and the ARC joined forces in 2006 to focus on recommendations for strengthening Auckland's regional governance. The "One Plan" was a long-term strategic direction for the area based on the regionally endorsed Auckland Sustainability Framework, with a list of agreed, prioritised actions and projects and a five- to 20-year programme of action. Their recommendations were broadly endorsed by the Labour Government.

4.102   By the end of 2007, the Government announced the establishment of a Royal Commission on Auckland Governance to investigate the governance arrangements for the future and to ensure the optimal development of New Zealand's largest city.

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65   McCarten, Matt, "Some political predictions in a year of reckoning", *New Zealand Herald*, 31 December 2006.

66   Stone, *Logan Campbell's Auckland*, p. 231.

4.103 Lessons can be learned from the patterns that are revealed by the history of Auckland's governance. In particular,

- Regional planning and strategy is critical to cope with Auckland's ongoing growth and the needs of its population and infrastructure.

- Infrastructural problems can be solved with a unified approach.

- Issues of governance need to be addressed with Māori so that Treaty of Waitangi obligations are met.

- Boundaries need to reflect communities of interest.

- Visionary leaders can make a significant impact on the development of the city.

- When reform in local governance is planned, the different parties affected need to be consulted.

- Successful change depends on genuine consultation and participation, and then on limiting the amount of appeals and challenges, which can delay or derail change.

- Any reform plan needs to be clear, defined, and have a specific timetable.

- Reform needs to be backed up with a legislative mandate and Government/ministerial support.

- Lasting reform needs bipartisan or multi-party support, otherwise it will be weakened and amended at the next election.

- Any new structure or body needs the ability not just to make policy but to implement it, and to have the funding and resources to ensure workability.

- Transition processes take time.

- Auckland has always been seen as a place apart by the rest of New Zealand. It is different from other New Zealand cities and it does need special governance arrangements.

4.104 Political scientist Graham Bush notes that

> an appreciation of the history of Auckland's governance should inculcate the realisation that there is no formulaic or absolutely foolproof answer to what is going to best serve Auckland's governance needs. It should teach that informed and carefully-weighed judgement will be crucial.[67]

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67   Bush, Graham, email comment, 9 September 2008.

Appendix 4.1:	**Milestones for Auckland's local government bodies**
1901:	11 territorial authorities: two counties, seven boroughs, two town districts; and 57 road boards.
1921:	24 territorial authorities: three counties, 11 boroughs, 10 town districts; and 18 road boards.
1953:	Auckland Regional Planning Authority established under the Town and Country Planning Act, which sets up six regional planning authorities nationally. But it lacks any teeth to make its decisions stick.
1960:	29 territorial local bodies: one city, 24 boroughs, three counties, one district town board;* and 16 ad hoc bodies** [listed below].
1960:	Auckland Regional Authority Establishment Committee formed, consisting of the mayors and chairmen of the region.
1963:	31 territorial local bodies: five cities (Auckland, Manukau, East Coast Bays, Papatoetoe, Waitemata), 22 boroughs, three counties, one district town board; and 16 ad hoc bodies.
1963:	Auckland Regional Authority established. Membership consisted of 43 members elected at municipal and county elections.
	ARA functions: bulk water supply, sewage reticulation and treatment, the international airport, public transport, civil defence, milk distribution, infrastructure development.
1970:	33 territorial authorities (26 municipalities, one independent town district, two counties, and part of 4 other counties) and 22 ad hoc authorities.
1974:	Local Government Act 1974. ARA establishes Regional Growth Forum, which could approve Regional Growth Strategy. ARA now also responsible for refuse disposal, community development, Mt Smart Stadium, urban transport planning, regional roads, and employment creation.
1988:	Ports of Auckland and Auckland International Airport established as separate limited liability companies, with shares held by local authorities (Auckland and Waikato regional councils).
1989:	23 boroughs and cities; 21 ad hoc bodies.
1989:	44 local bodies in Auckland are amalgamated into eight: seven territorial authorities (Rodney District Council, North Shore City Council, Waitakere City Council, Auckland City Council, Manukau City Council, Papakura District Council, Franklin District Council) and the Auckland Regional Council. 30 community boards established to represent the interests of local communities.

1992:	Auckland Regional Services Trust formed; regional assets such as the 80% share in Ports of Auckland and ownership of Yellow Bus Company transferred from ARC to ARST. ARC forbidden to own public transport infrastructure. Watercare Services formed as a local authority trading enterprise, owned by all six territorial authorities; took over management of bulk water supply and Mangere Wastewater Treatment Plant.
1996:	Infrastructure Auckland established with responsibility for the remaining assets of ARST, as well as authority to grant funding for transport projects and transport infrastructure.
2002:	Local Government Act 2002 passed, which gave local authorities "power of general competence", and expanded their purpose to encompass well-being of communities.
2004:	Infrastructure Auckland dissolved; its assets transferred to newly formed Auckland Regional Holdings, which is now 100% owner of Ports of Auckland. The Auckland Regional Transport Authority established as part of ARC to manage public transport and funding, and management of public transport assets.

Details of local government bodies in 1960

* Auckland City Council, Birkenhead Borough Council, Devonport Borough Council, East Coast Bays Borough Council, Ellerslie Borough Council, Franklin County, Glen Eden Borough Council, Helensville Borough Council, Howick Borough Council, Manukau Borough Council, Manurewa Borough Council, Mt Albert Borough Council, Mt Eden Borough Council, Mt Wellington Borough Council, New Lynn Borough Council, Newmarket Borough Council, Northcote Borough Council, One Tree Borough Council, Onehunga Borough Council, Otahuhu Borough Council, Papakura Borough Council, Papatoetoe Borough Council, Pukekohe Borough Council, Rodney County, Takapuna Borough Council, Tuakau Borough Council, Waiheke County, Waitemata County, Waiuku Borough Council, Warkworth Town District.

** Airport Committee, Auckland Centennial Memorial Park Board, Auckland Electric Power Board, Auckland Harbour Board, Auckland Harbour Bridge Authority, Auckland Metropolitan Drainage Board, Auckland Metropolitan Fire Board, Auckland Metropolitan Milk Board, Auckland Planning Authority, Auckland Transport Board, Civil Defence Sub Committee, North Shore Drainage, North Shore Fire Board, South Auckland Local Government Authority, Suburban Local Bodies Association, Waitemata Electric Power Board.

5.   Looking Ahead: Auckland's Future

> "This time, like all times, is a very good one, if we but know what to do with it."
>
> Ralph Waldo Emerson

5.1   The Commission's terms of reference are future-focused. The Commission was asked to conceptualise the changes which may occur in the region over the next 100 years, and to recommend local government arrangements that will be able to position Auckland positively for the future.

5.2   Trying to see into the future is always a difficult task. Nonetheless, it is regularly attempted. Many Auckland councils, including the Auckland Regional Council ("ARC"), have developed long-term strategies and plans for their areas, sometimes 50 years in advance.[1] Various Government departments and agencies, as well as economists, academics, and commentators, work on forecasts for New Zealand's population, land use, economy, and social issues.

5.3   Often the study of the future involves studying the past to track patterns and leaps of change. The challenge for any "futurist" is predicting some of the quantum leaps in technology and events that can significantly and irrevocably change behaviours, knowledge, and abilities of groups, industries, and countries, if not the world. However, one commentator remarked that, even if the predictions or forecasts are not right,

> Success in forecasting is about useful thinking, rather than being right. Imagining these futures allows us to develop consensus over what we want, collectively, and how best to get there.[2]

5.4   The Commission asked Rod Oram, a well-known journalist and commentator, to provide some insights into what the future might hold. He acknowledges there are a number of possibilities for Auckland, some grim, others "blue sky" optimistic. His scenario for Auckland in 50 years' time is one based on positive change and the fulfilment of opportunities.[3] This chapter draws on Oram's research and his scenario, as well as other sources such as the Millennium Project commissioned by the United Nations, Landcare Research, Statistics New Zealand, and long-term work done by councils, including the ARC. The Commission has also drawn on comments it sought on Oram's

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1   Examples include the ARC's *Auckland Regional Growth Strategy: 2050*; the North Shore City Council's *City Blueprint* (20 years) and Asset Management Plans (20 years); the ARC/Auckland City Council's *Auckland Waterfront Vision 2040*; and the Franklin District Council's *District Growth Strategy* report (50 years).

2   McGuinness, Wendy, "Weak Signals and Wild Cards", *Think Piece*, Issue 4, August 2008, p. 1; presented at the 7X7 Ideas Forum, 26 August 2008.

3   Rod Oram, "Auckland 2060", *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, Auckland, 2009, pp. 553–592.

paper from Colin James (political journalist and managing director of the forecasting panel, the Hugo Group) and Paul Callaghan (well-known scientist who has lectured on New Zealand's future), as well as material written by economist and research fellow Brian Easton.

5.5   While speculative, Oram's scenario and the comments received on it, can help planning for the future by providing a framework for identifying key challenges to be addressed and outcomes that need to be achieved in Auckland over the next five decades.

5.6   Arising out of this analysis, the Commission has identified the following five key challenges for Auckland in the next 10–20 years:

- mobility and access in a carbon-constrained city with extensive low-density urban sprawl

- utilising opportunities for economic growth

- more efficient use of demand management of natural resources such as water and energy

- improved social cohesion, including the successful integration of migrants and optimal use of their skills

- improved disaster resilience.

5.7   Desired outcomes for the next 50 years include

- a sustainable economy, with thriving niche industries based on leading-edge research and technology

- a city-region with robust infrastructure that can handle the needs of a growing population

- a culturally diverse, well-integrated population

- a city that is a good place to live in, one that is well serviced by public transport, and with urban centres that are walkable

- an appealing cityscape with attractive urban design

- a region that protects its environment and showcases its stunning natural assets

- a region with a range of housing, including developments of planned, affordable, quality housing, with energy-generating and energy-saving technology

- local government that is transparent and accountable, and characterised by participatory e-government.

5.8   These outcomes are reflected in the vision the Commission has defined for Auckland, and the governance arrangements it is recommending. The Commission notes,

however, that a future-based strategy for Auckland ideally needs to be part of a national strategy, one that engages all parts and sectors of the country.[4]

Predicting the future

5.9   Auckland's future is shaped by its past. In the past 50 years, there have been missed opportunities. Decisions made by civic leaders throughout the 19th and 20th centuries have determined Auckland's flawed profile. Auckland will never have the blocks of beautiful 19th century buildings with cobbled walkways of many European cities, or the underground mass transit systems of London and New York. But decisions made in the next months, years, and decades will affect the growth, sustainability, and appeal of New Zealand's major city.

5.10   Ten years ago, various Government departments and the Society of Local Government Managers developed a joint document called "Scenarios for Local Government to 2010" which had three potential scenarios for local government.[5] The three scenarios were called "Muddling Along: Possum in the glare", "Lean and Competitive: Shark roaming alone", and "Governance for Citizens: Nga Kahikatea reaching new heights". The Commission notes that the scenario that most accurately predicted the state of local government in Auckland is the first: "Muddling Along". This scenario has the region moving into the Knowledge Age in an evolutionary, not revolutionary, way, with several councils which have a wide variation in performance. Essentially, not much has changed since the scenario document was developed. The ideal scenario would have been the third one, "Governance for Citizens", which focused on social change, local solutions to local problems, and a shared sense of purpose.

5.11   Looking 50 years ahead to see a future for Auckland is an exercise in possibilities, one that has inevitable pitfalls. There are few people who, 50 years ago in 1959 or 1960, could have foreseen the city and society we have now. In Chapter 2, "Auckland Now", the Commission describes what Auckland looks like. In 1960, most women were at home raising children. Men usually stayed in the same job or profession for their entire working life. Few Europeans knew about Māori culture and history, and race relations seemed friendly and peaceful. Polynesians composed 1% of Auckland's population; Asians less than 1%.[6] Overseas travel was a once-in-a-lifetime experience for the lucky few, pubs closed at 6 pm, all typewriters were manual, television was a luxury, most restaurants

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4   Wendy McGuinness comments in her essay "Weak Signals and Wild Cards" (*Think Piece*, Issue 4, August 2008) that "New Zealand has attempted to progress a national strategy many times in the past – such as the Knowledge Wave, the Sustainable Development Plan of Action and Michael J. Porter's book *Upgrading New Zealand's Competitive Advantage* – but we have not succeeded – and I think it is timely to ask why. My view is that we have not defined 'all the problems' in such a way as to understand the interconnections and opportunities; nor have we engaged all the people of New Zealand. It's like we have formulated our solutions before exploring the questions."

5   "Scenarios for Local Government to 2010", Department of Internal Affairs, November 1998.

6   There was no census category for Asians, but the Chinese proportion of the population was 0.4%. Department of Statistics, *Population Census 1961, Volume 7: Race*, 1963, p. 8
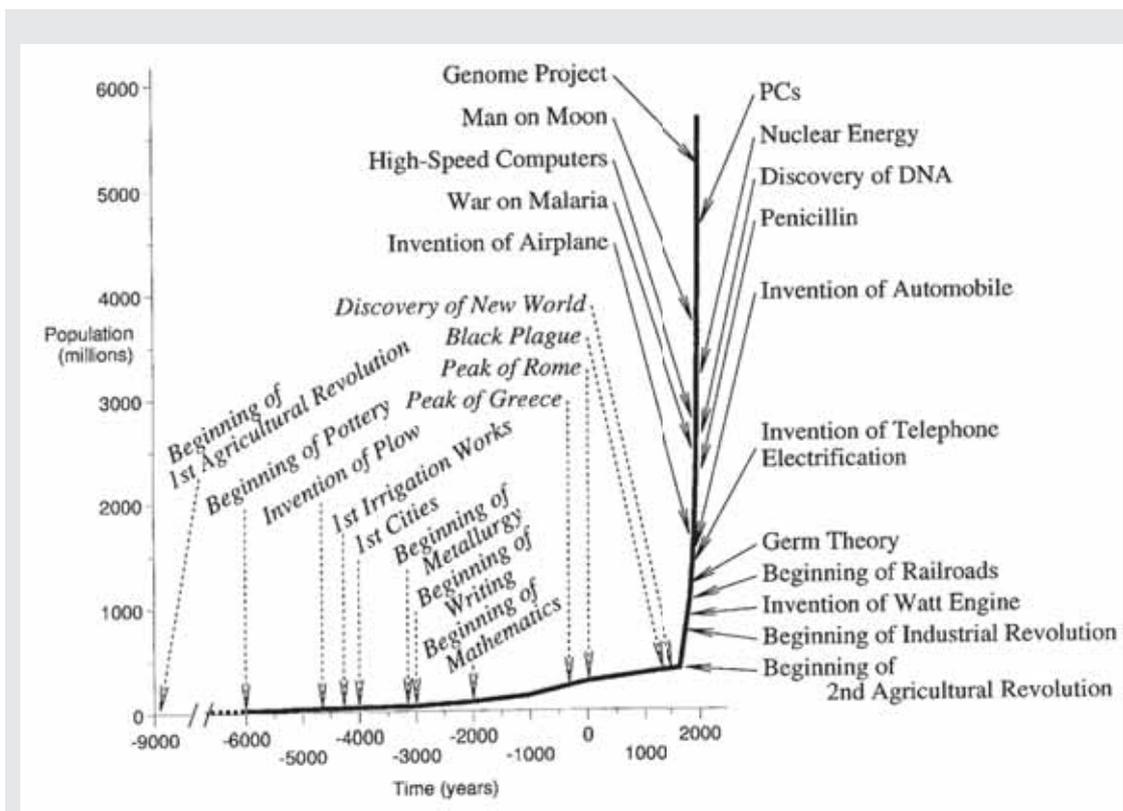
Figure 5.1   The growth of world population and the speed of technological change

Source: Fogel, Robert, "Catching Up with the Economy", American Economic Review, Vol. 89(1), pp. 1–21 (p. 2).

only served basic English food, and rural families accepted shared telephone lines, where anyone could hear a conversation. Fifty years on, most young people stay in jobs for only two to five years, Treaty of Waitangi issues are an accepted part of the political landscape, Auckland now has the biggest Polynesian population of any city in the world, the Asian population is 19% and growing, it is normal for some Kiwis to fly to Sydney for the weekend or Fiji for a week, laptops and broadband are commonplace, hybrid cars are on the road, and almost everyone has a cellphone.

5.12   The rate of change is exponential (see Figure 5.1). Technology developed in the past two decades has significantly altered our lives. It is not yet known which technologies will be developed in the next 10, let alone 50, years, or the jobs they will create and the skills needed to service them. These changes are predicted to happen faster than before, with more significant changes to our lives.[7]

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7   Glenn, Jerome and Gordon, Theodore, *2007 State of the Future*, American Council for the United Nations University, Washington, 2007, executive summary (available at www.millennium-project.org, accessed February 2009).

5.13   MIT Media Labs estimates that

> Eighty percent of the systems, processes, services and products that today's five year olds will experience and use as adults have not yet been thought of.[8]

5.14   Robert Fogel, co-winner of the 1993 Nobel Memorial Prize in Economic Sciences, believes that there is "inadequate attention to the accelerating rate of technological change".[9] He refers to the synergy between technological and physiological improvements particularly over the past century (such as medical advances that increase longevity) as a "technophysio evolution". He sees this evolution as relevant to

> forecasting likely trends over the next century or so in longevity, the age of onset of chronic diseases, body size, and the efficiency and durability of vital organ systems. It also has a bearing on such pressing issues of public policy as the growth in population, in pension costs, and in health-care costs.[10]

5.15   So any future scenario must have a disclaimer, for failing to predict the "disconnects", the inevitable jumps in technology, medicine, and inventions that dramatically change our society and economy.

Auckland's population

5.16   There are some reasonable statistical expectations for a future Auckland. In just over 50 years the population of Auckland is expected to be nearly 2.1 million people, depending on rates of fertility, mortality, and migration.[11] Up to 50% of the country's population may live in the Auckland region, although migration out of Auckland to other parts of the country is expected to increase.[12]

5.17   The world population has more than doubled since 1950, and is set to increase by another 40% by 2050.[13] Some commentators believe that as the world population increases, and issues such as water and food shortages become more intense, there will be an increasing pressure for New Zealand to accept migrants, especially from countries such as India and China,[14] and even possibly, Australia, which are all predicted to suffer

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8   MIT Media Labs, USA, quoted in "Scenarios for Local Government to 2010", Department of Internal Affairs.

9   Fogel, Robert, "Catching Up with the Economy", presidential address to the American Economic Association, January 4, 1999, New York, pp. 1–2 (available at www.csub.edu/~dberri/FogelAER1999.pdf, accessed February 2009; originally in *American Economic Review*, Vol. 89(1), pp. 1–21).

10   Ibid., p. 2.

11   McDermott, Philip, "Auckland's Population", *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, pp. 39–66 (p. 45), Table 1, based on population forecasting for the Auckland Sustainability Framework.

12   Ibid., p 48.

13   Shell, *Shell energy scenarios to 2050*, Shell International, The Hague, 2008, p. 9 (available at www.shell.com, accessed February 2009).

14   ARC, "Forces Shaping the 21st Century: Climate Change/Natural Hazards", 2006.

from water shortages.[15] The Millennium Project expects that environmental refugees throughout the world will number 200 million by 2050.[16] In that scenario, it seems likely New Zealand will accept some environmental refugees from the Pacific.

5.18   The cultural face of Auckland is expected to be even more diverse, with increasing numbers of people arriving from the Middle East, Africa, and South America.[17] The trend for certain suburbs to become increasingly identified with different cultures, as people live in communities of fellow nationals, is expected to intensify: South Auckland will be strongly Polynesian; the North Shore will be strongly Asian.[18] The population will age as the population bulge of baby boomers reaches retirement. This changing social face of Auckland, with increasing numbers of immigrants, is expected to make it more conservative.[19] As the Commission elaborates in a number of later chapters, welcoming and integrating the large numbers of immigrants who arrive into the region is critical for social cohesion and economic development.

5.19   Treaty settlements, and the subsequent investment and financial management of these resources, over the past 20 years have provided Māori authorities with significant economic power.[20] By 2060, iwi organisations are expected to be a major player in education, health and business in the region. An increasing number of Māori will be middle-class.

5.20   Some of New Zealand's highly qualified expatriate community may return from overseas as the combination of increased population growth, pollution, and crime creates pressure on infrastructure systems and societies in most developed countries.

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15   "Water Shortage endangers Australia's cities", *China View News*, 15 August 2007 (available at www. chinaview.cn, accessed February 2009). Compounding this problem is the expected increase in temperatures in Australia. See "Hot enough? Get used to it, say weather watchers", *New Zealand Herald*, 5 February 2009 (available at www.nzherald.co.nz, accessed February 2009).

16   Glenn and Gordon, *2007 State of the Future*, p. 8.

17   In 2006 a new ethnic category was introduced into the census: MELAA, Middle Eastern/Latin American/ African. Of the 34,700 people who identified in that category, more than half live in the Auckland region.

18   Statistics New Zealand projects that the Asian population in Auckland will double between 2001 and 2016; the European population is projected to increase by 37% and 26% respectively in Rodney and Franklin Districts, and the Pacific population will grow by 24% in Auckland City and 66% in Waitakere City. Already there are settlement patterns among Asians, which are described in McDermott, "Auckland's population", *Report, Volume 4: Research Papers*, p. 54.

19   The ARC postulated that Auckland could be the recipient of "aggressive migration" from Asia and the Pacific because of climate change, worsening food shortages, poor economic conditions, and conflicts over resources ("Forces Shaping the 21st Century: Climate Change/Natural Hazards", 2006, p. 2-4). Other commentators note that migration from countries such as Samoa, the Philippines, Vietnam, and so on, is seen as one factor for the rise in Catholicism in New Zealand. Asian migrants also increase the number of Buddhists, Hindus, and Muslims. Commentators suggest that religious people tend to have more conservative beliefs.

20   A *New Zealand Herald* article in January 2009 outlined iwi plans for investing in and developing infrastructure such as toll roads, airports, and utilities (such as power stations) as part of a public-private partnership (www.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=10554056, accessed February 2009).

Housing and transport

5.21   The continued population growth has inevitable consequences in terms of housing and infrastructure needs for the Auckland region. The city will undoubtedly have a denser population, with more and higher apartment blocks, as well as more terraced and attached houses. Housing stock is predicted to double over the next 50 years.[21] Houses and property sections will be smaller, and it is predicted that more people will live on their own (as the population ages and families break down into smaller and more separate units). The inner city will become more gentrified and more expensive, as population pressure increases. The urban densification also means that rural land becomes more valuable. Denser housing will cluster around transport nodes and corridors, to take advantage of transport networks, and to keep the urban area compact. Town planning could help develop these neighbourhoods into vibrant villages.

5.22   The ongoing development of better transport links to neighbouring cities such as Whangarei, Hamilton, Tauranga, and Taupo will allow more people to commute longer distances into Auckland for work. Several scenarios predict Hamilton will be seen as a satellite city for Auckland. It is expected that townships and villages close to the bush and beach along these transport routes will also be further developed to accommodate growth.[22] One commentator believes that advances in shipping and communications means the economy of the Auckland region will eventually encompass the whole of the North Island.[23]

5.23   The present development of public transport networks of electric rail, buses, trams, and ferries will increase, and be used more frequently. Generally, cars will be smaller and will use different energy sources than at present. (Shell projects that one-third of passenger travel – excluding trains – will be electric by 2050, up from nearly zero today.)[24] Shared transport, such as hire-and-drop-off cars and bikes are expected to become a normal part of the transport sector.

5.24   Ideally, many car routes around Auckland, such as along the waterfront, will be set underground or lifted high above ground level, allowing the city centre to become more walkable.

Work and health

5.25   In the coming decades, it is predicted that more people will work from home for at least some of the week, and travel to offices mainly for meetings. Video and web conferencing are expected to be a normal part of daily work life. In 20 years' time, it is

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21   Interview with Brian Easton, 12 December 2008.

22   Rod Oram, "Auckland 2060", *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 579.

23   Interview with Brian Easton, 12 December 2008.

24   Shell, *Shell energy scenarios to 2050*, p. 31.

predicted that computers will have the power of the human brain,[25] and robots will be in widespread use.

5.26   Dramatic leaps in health technology will occur, with major breakthroughs expected in knowledge about genes, cells, and the behaviour of viruses.[26] On the other hand, in the shorter term, Statistics New Zealand expects that by 2015 diabetes and cardiovascular disease will become major health costs.[27]

Infrastructure

5.27   Ideally, the first 50 years of the 21st century will see a major investment in infrastructure development in the Auckland region, from water supply and drainage to transport routes and power grids, in order to support the growing population.

5.28   Energy and transport costs are predicted to rise. However, it is also expected that new technologies for micro-power generation (from solar and wind energy) and for local collection and processing of water will be developed and integrated into housing design.

The urban face of Auckland

5.29   In an ideal future, in the next few years Auckland will finally prioritise quality urban design as a leading feature of all city planning, and begin to change its urban landscape. After developing the waterfront and encouraging aesthetic design in its urban areas, in 50 years' time Auckland could have a reputation as one of the most beautiful harbour cities in the world.

5.30   In this scenario, many of the worst examples of "rabbit hutch" apartment buildings in the centre of the city would ideally be demolished as they deteriorate, and be replaced by higher-quality, better designed buildings.

5.31   Accompanying the change in building aesthetics would be a focus on spatial design and liveability for the urban centres in the Auckland region. Pedestrian, bicycle, and public transport routes would be a priority of this design.

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25   Glenn and Gordon, *2007 State of the Future*, p. 7.

26   Glenn, Jerome C, Gordon, Theodore and Florescu, Elizabeth, *2008 State of the Future*, Millennium Project/ World Federation of United Nations Associations, Washington, 2008, executive summary, p. 5 (available at www.millennium-project.org, accessed February 2009).

27   Cited by Oram, "Auckland 2060", *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 561.

Climate

5.32   The Ministry for the Environment projects a rise in sea level by 40 cm nationally over the next few decades, as well as a gradual increase in temperature (0.9 °C by 2040) and a change in weather patterns, such as higher rainfall in the western parts of the country, and less in the eastern. For Auckland, the specific predictions include slightly lower mean average annual rainfalls, and an additional 25 days a year with temperatures above 25 °C. Flooding will become more frequent.[28]

Water and food

5.33   Increasing population and industry growth will inevitably lead to a growing global demand for water and land. Globally, agriculture accounts for 70% of freshwater use, and to feed another 2 billion people by 2030 the volume needs to increase to 84%.[29] Because growing 1 kilogram of beef requires an estimated 10,000 litres of water, a lot of New Zealand's present farming is seen as unsustainable in the long term.[30] The Millennium Ecosystem Assessment programme has said that 60% of ecosystem services globally are exhausted or being used unsustainably and this is expected to drive change in farming methods.[31] It is expected that in the near future there will be massive investment in genetically modified food, in aquaculture, and in growing meat from stem cells. This innovation in modified proteins and designer food, and a decline in the resource-expensive commodity protein exports, mean the face of New Zealand agriculture has to change. However, it is expected that there will remain a market for animal protein. Demand is projected to rise by 50% by 2020[32] which can be extrapolated at least to double by 2060.

5.34   The growth in global population and the worldwide demand for food means New Zealand's agricultural sector will continue to be important to the country's economy as long it responds with flexibility. The trend to consume more local and home-grown food is expected to continue.

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

29   Black, Richard, "Water – another global crisis", BBC News, 2 February 2009; and "FAO urges action to cope with increasing water scarcity", FAO Newsroom, 22 March 2007.

30   Oram, "Auckland 2060", citing Landcare Research studies, *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 564.

31   Millennium Ecosystem Assessment, *Ecosystems and Human Well-being: Synthesis*, Island Press, Washington, 2005, p. 1.

32   Millennium Project, "Global Challenges Facing Humanity: 3. Population and resources" (www.millennium-project.org/millennium/Global_Challenges/chall-03.html, accessd February 2009).

Regional economy

5.35   The sheer growth in regional population alone will drive economic development as more people need housing, work, recreation, education, and entertainment. Economically, it is predicted there will be more emphasis in service industries, less in primary production, more in manufacturing.[33] The shift to new technologies will require flexibility and adaptation in the sector. Economic possibilities could lie in biotechnology or in development of sophisticated products based on electronics, software, and engineering solutions. Carbon and biodiversity markets may generate economic value for New Zealand as it moves toward sustainability. The retail sector may change as the trend for long-life products and less consumerism grows over the coming decades.

5.36   As the cost of shipping goods becomes higher, regional trade arrangements are expected to increase, and it seems likely that primary produce exporters will concentrate on the Australasian domestic market. Niche industries and exporters will continue to focus on high-value boutique markets abroad.

5.37   New Zealand's trade agreement with China provides opportunities in the coming decades. Economist Robert Fogel predicts that in 2040, the Chinese economy will reach $123 trillion, or three times the output of the globe in 2000.[34]

Tourism and parks

5.38   Tourism is expected to change as people become aware of the carbon footprint impact of travel. They may come less often but stay for longer. There will probably be more visitors from the Asia-Pacific region, as those populations increase, as do cultural communities of Asian-Pacific migrants in Auckland.

5.39   Parks, reserves, and marine parks are expected to remain an outstanding feature of the region. Undeveloped areas such as the uninhabited islands of the Hauraki Gulf and the parks of the Waitakere Ranges will be increasingly prized.

Society and social issues

5.40   Commentators are divided on whether economic development will result in a more unified or conflicted society.

5.41   A focus on education would ensure that the poverty gap between socio-economic groups in Auckland does not grow too wide. Ideally, the region's government will work to weaken the link between disadvantage and antisocial behaviour such as violence and addiction.

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33   Landcare Research, *Four Future Scenarios for New Zealand*, 2nd edn, 2007.

34   Robert Fogel, quoted in Wikipedia: http://en.wikipedia.org/wiki/Robert_Fogel (accessed on 10 February 2008).

Future governance

5.42   Ubiquitous computing and online systems for decision making have the potential to make democracy far more participatory, both nationally and locally. The beginnings of this can be seen in cities such as Seattle where their website encourages email contact with councillors, provides tips for making e-requests, has council blogs and online public records disclosure.[35] In the United States, an interactive internet system called the "Citizens' Briefing Book" was set up for 12 months by the 2008 transition team for the new Democratic administration. American citizens were urged to

> log onto Change.gov and give us your idea. It can be about energy, healthcare, or reduction of our dependence on foreign oil. You decide what is important to you. Other citizens will then be able to read your ideas and make comments and suggestions.[36]

5.43   In a similar way, monthly internet referenda could involve residents in key decisions about their city and region. The Millennium Project expects that there will be a global move to "ubiquitous computing with collective intelligence for just-in-time knowledge to inform decisions".[37] Landcare Research sees a future move to participatory and devolved democracy, which is complicated but nonetheless productive.[38]

Preparing for the future

5.44   The Commission acknowledges that notwithstanding any forecasting or scenario writing, the exact future of Auckland cannot be predicted. However, two things that seem reasonably certain are that increasing population will create further pressure on resources and infrastructure, and that developments in future technology will change how we work, live, communicate, and move around the region.

5.45   Recommendations on changes necessary to accommodate future growth are detailed in other chapters. Concepts embodied in them include

- the desirability of achieving a more compact and efficient urban form, and the need to plan for growth

- development of infrastructure (water, sewage, roads, electricity) to cope with future needs of an increasing population

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35   See www.cityofseattle.net.

36   The website citizensbriefingbook.change.gov, which wrapped up after President Obama's inauguration in January 2009, described how the system worked: "Users can easily post their ideas in a variety of categories, such as Economy, Education, Energy and Environment, Healthcare, and Homeland Security. In addition, users can read ideas from other citizens and promote the ones they like best. The best ideas will bubble to the top of the list as more community members participate and promote what is important to them. The top ideas will be presented directly to President-Elect Obama and his cabinet following the inauguration in the form of a briefing book entitled The Citizen's Briefing Book." (accessed December 2008)

37   Glenn, Gordon and Florescu, *2008 State of the Future*, p. 2.

38   Oram, "Auckland 2060", citing Landcare Research studies, *in* Royal Commission on Auckland Governance, *Report, Volume 4: Research Papers*, p. 562.

- development of fast, efficient public transport networks to facilitate the movement of an increased population around a large region, as well as comprehensive walking and cycle routes, particularly in urban centres

- strong management of visionary urban design, so that the need to house more people occurs in a planned, aesthetic, compact, sustainable way throughout the region

- planning for increasing diversity of population, and encouraging the integration of migrants into the work and social environment

- ensuring social, economic, and environmental goals are compatible, so that growth is sustainable and planned

- integrating the civil defence emergency organisations into one clear body with regional oversight, so that expected future consequences of climate change (such as increased flooding) can be dealt with effectively.

This is a selective list. There are many permutations on a future scenario, so the Commission has restricted its recommendations to areas where there is wide agreement amongst commentators.

5.46   The Commission has also considered what sort of governance arrangements might be required to respond effectively to the changes ahead. The principles that have guided it in recommending governance arrangements are future-focused. (These are discussed in Chapter 12, "Guiding Principles for Shaping Auckland Governance").

5.47   The principles centre on first, the need for common identity and purpose – a governance structure that is able to coordinate a number of key functions region-wide, while allowing services to be delivered locally. Second, they emphasise the importance of effectiveness of governance structures and their ability to deliver maximum value. Third, the principles recognise the need for transparency and accountability in governance arrangements, including clear communication. Finally, the Commission has identified responsiveness as a core characteristic – the ability to be nimble in responding to altered situations, as Auckland will undoubtedly be subject to numerous changes over the next 100 years, which can barely be predicted now. It is with all this in mind that the Commission has developed its recommendations about structures of government for the region.

5.48   It is up to Auckland to ensure it utilises the potential that technology and a changing world offer. It is the Commission's hope that Auckland chooses not to "muddle along" but rather to grasp the nettle of opportunity, and make decisions with vision and bold intent.