

PART ONE: INTRODUCTION

Background to the establishment of the Royal Commission

The terms of reference for the Royal Commission on Auckland Governance (“the Commission”) were announced on 1 November 2007 and are contained in Appendix A. The objectives of the inquiry to be undertaken by the Commission are set out in the order of reference, and are to

receive representations on, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner,—

- (a) the current and future well-being of the region and its communities; and
- (b) the region’s contribution to wider national objectives and outcomes.

The Commission was established by the Government in response to growing concerns about the workability of local government arrangements. Problems were perceived to centre on Auckland’s fragmented governance arrangements, and the consequent inability of local government in Auckland to make and implement timely decisions for the good of the region. This is particularly the case in relation to investment in infrastructure and management of growth, with traffic congestion and poor public transport being obvious manifestations of the inability of councils to act cooperatively to address key regional issues.

There is concern that this dysfunction has a detrimental effect on Auckland’s ability to make the most of its considerable assets, ensure the well-being of its communities, achieve greater productivity and competitiveness, and improve its contribution to the New Zealand economy as a whole.

These problems are not new, and in recent years Auckland councils have sought to address them, with mixed success.¹ The fact that there are many interested parties with differing viewpoints led the previous Government, with the support of other political parties, to establish the Commission. In this way, the Government could be satisfied that the inquiry undertaken and the advice now delivered in this report, is independent, thorough, and credible in the eyes of the Auckland public.

As stated by the then Minister of Local Government in October 2007,

The issues about Auckland’s future governance are complex, and the Royal Commission will provide for careful and thorough investigation and consultation to

¹ For example, in June 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”. The resulting “One Plan”, setting out a blueprint for regional investment in projects covering both infrastructure and social issues, is a useful strategic document, but implementation is primarily dependent on the voluntary cooperation of individual territorial authorities (both documents available at www.oneplan.org.nz).

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identify the most appropriate long-term governance arrangements for Auckland, to secure its future as an internationally competitive city and region.

The Royal Commission provides an opportunity for a broad and independent assessment of what local and regional governance arrangements are needed to ensure that Auckland is a successful, sustainable city in the Asia Pacific region.²

The Commission has been rigorous in executing its terms of reference, drawing information and data on which to base its recommendations from a wide range of sources. As outlined in the Preface, this involved an extensive formal public consultation process; the commissioning of research on various topics related to Auckland's local government; meetings, hui, and workshops with interested groups; and an international study tour to investigate governance arrangements in other large cities. The summary of submissions to the Commission is contained in Volume 3 and the research papers commissioned by it are in Volume 4.

The Commission's approach

The terms of reference confirm that the Government intends the Commission should take a long-term view in developing recommendations that will enable local government to work better with central government to address change, growth management, and competitive pressures, all with an aim of ensuring Auckland is a successful, sustainable city in the Asia-Pacific region. Matters that the Commission considered necessary to investigate early in its inquiry included the following:

- the long-term drivers of change and their impact on Auckland, and assessment of what the future might realistically hold
- the contribution of the Auckland region to national objectives and its global gateway function for the New Zealand economy
- the competitive pressures upon Auckland for the future, and the opportunities available to it to establish a clear international identity
- linked to this, the desired future for Auckland
- the current constraints on Auckland's performance relevant to the Commission's inquiry, for example, the need for visible and capable regional leadership
- Auckland's communities and the social and economic pressures they face.

² Hon Mark Burton, Minister of Local Government, "Royal Commission of Inquiry into Auckland Governance – Terms of Reference and Membership Announced", media statement, 30 October 2007.

From government to governance

The Commission’s terms of reference also require it to consider both local government and local governance. It is asked to recommend local government arrangements for the Auckland region and, in doing so, to consider (amongst other things) which governance and representation arrangements will best promote engagement and provide leadership.

Although government and governance are often used interchangeably, they refer to different things. Local government refers to institutional structures, “the democratically accountable formal institutions of the state operating in the locality—providing services, acting as channels for the representation of local interests, and generating a secure environment for residents, businesses and visitors alike”, as defined by leading British academics Robin Hambleton and Jill Gross.³

Governance has a broader meaning, focusing more on the wider collaboration between government and interested parties in the public, private and non-profit sectors. Governance has been defined by the United Nations as “the process of decision-making and the process by which decisions are implemented (or not implemented)”.⁴ Hambleton and Gross define it as “government *plus* the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes”.⁵ British political scientist Ronald Oakerson defines governance broadly and simply as “the joint work of government and civil society. It cannot be done by government alone; all governance is in some sense co-governance.”⁶

In short, governance is about how decisions are made; government describes the structures within which decisions are made.

The Commission has considered local government in Auckland in the wider governance context. It has not confined itself to commenting on Auckland local government structures, but has, as the terms of reference contemplate, considered more broadly the relationship between central, regional, and local tiers of government, and the relationship between local government and citizens.

Direction for reform

Two broad themes came through from the Commission’s submission and consultation processes: the need for a strong regional entity, coupled with the importance of maintaining community input. The Commission has provided for both in its

3 Hambleton, Robin and Gross, Jill, eds, *Governing Cities in a Global Era*, Palgrave Macmillan, New York, 2007, p. 215.

4 United Nations Economic and Social Commission for Asia and the Pacific, “What is Good Governance” (available at www.unescap.org/pdd).

5 Hambleton and Gross, eds, *Governing Cities in a Global Era*, p. 215.

6 Oakerson, R.J., *The Governance Effects of Metropolitan Reform: A Theoretical Inquiry*, Florida State University Symposium, October 2002, p. 2 (available at www.fsu.edu).

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recommendations, through the establishment of a unitary Auckland Council, a single organisation, which will operate and have representation at both regional and local levels.

Following the terms of reference, the report addresses in detail

- the number and configuration of local government bodies
- boundaries
- functions of local government bodies, including
 - the allocation of regional and local responsibilities
 - responsibilities for service delivery, and holding and managing infrastructure assets
- processes (including planning and consultation requirements)
- governance and representation arrangements including those for Māori
- changes to legislation
- transition processes.

The Commission's report also describes how a stronger relationship might be developed between central and local government in Auckland, founded in a shared interest in the prosperity and well-being of New Zealand. Here, it has concluded that a fundamental rebalancing of the relationship is required. First, it proposes a new, stronger relationship between central and Auckland government. Secondly, it proposes a major realignment of responsibilities between regional and local levels of government to be achieved within the overarching framework of a new Auckland Council. The Commission's report seeks clarity of responsibility and greater alignment of purpose amongst tiers of government operating in Auckland.

The Commission emphasises, however, that the recommended changes to structures and powers will not, by themselves, secure the revitalisation of Auckland's local government and the prosperity of the city. It stresses the importance of changed behaviours in all three tiers of government, the need for leadership, and the need for organisational culture change. The sustained effort to achieve a real shift in how local government operates and what it achieves in Auckland should not be underestimated. The key issue will be ensuring that Auckland's elected leaders learn how to think both regionally and locally.

Structure of report

The Commission's report is structured to establish, first, a thorough understanding of Auckland and its challenges; second, to define a desired future; third, to identify the reforms necessary to achieve that future; and finally, to describe the means by which reforms are to be achieved.

First **Setting the Context** (Chapters 1–5) outlines the role that large cities such as Auckland play, and the contributions such cities can make nationally and globally. The report then assesses the current position of Auckland and describes existing local government arrangements and their evolution. This section of the report concludes with lessons from the past and challenges to be faced in future.

The next part of the report expands on the Commission’s **Vision for Auckland** (Chapters 6–10). It explores the ability of Auckland’s current local governance to achieve that vision, and outlines how an integrated and sustainable approach to economic development, environmental management, social well-being, and culture and diversity will ensure the region’s long-term prosperity.

A large part of the report, **Structural reform** (Chapters 11–23), analyses the strengths and weaknesses of current local governance arrangements and outlines the reforms proposed by the Commission to better achieve the objectives identified by the Commission.

Then **Practical solutions to pressing problems** (Chapters 24–30) sets out in detail how it is proposed that planning will be undertaken, and core infrastructure provided and managed by the Auckland Council.

The final part, **Making the changes** (Chapters 31–33), sets out the statutory reforms the Commission anticipates will be required, summarises a financial cost-benefit analysis prepared for the Commission, and outlines proposed transition arrangements.

Appendices A–E provide the Commission’s terms of reference, followed by the Taylor Duignan Barry report (financial cost-benefit analysis) and three glossaries – local government terms, Māori terms, and abbreviations used in the report.

The opportunity

The Commission believes that adopting its recommendations will assist in restoring confidence in Auckland’s governance arrangements and will provide new impetus to New Zealand’s largest city-region.

The Commission envisages a city-region that is able to take an integrated approach to its development, an inclusive society that maximises the potential of its diverse and growing population, a city that utilises its resources in a responsible way, supports the growth of the local economy, and makes a stronger contribution to the national economy.

In the short term, improved governance for Auckland should enable it to make a constructive contribution to recent central government initiatives including the development of a 20-year infrastructure plan, streamlining the Resource Management

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Act, and the initiatives arising from the February 2009 Job Summit.⁷ More generally, the Commission is very aware of the difficult fiscal environment and the need now, more than ever, for a focused, efficient, and productive local government sector that delivers value for money.

The proposals made by the Commission will involve significant change. While the Commission has sought to design its transition arrangements to minimise disruption, there inevitably will be some. There may be a temptation to defer changes, particularly as Auckland will be preparing over the next few years for the Rugby World Cup. To do so would, however, risk losing the positive momentum for change amongst Aucklanders, plainly evident to the Commission over the past year.

The Commission urges the Government to view its recommendations as an integrated package, which needs to be adopted with urgency, so changes can be implemented in readiness for the October 2010 local body elections. Any change comes with adjustment costs, but the Commission's analysis suggests that the benefits over time will far outweigh those. The Commission has consulted widely and has found, overwhelmingly, that Auckland is ready for positive change.

7 The following recent political developments indicate areas where Auckland local government can contribute to national objectives:

- The Resource Management (Simplifying and Streamlining) Amendment Bill was introduced to Parliament on 19 February 2009.
- The Minister for Infrastructure will develop a 20-year National Infrastructure Plan by the end of 2009. The Minister will be advised by a National Infrastructure Board, including representatives from the private sector and local government.
- A stepped-up programme of Crown infrastructure investment across New Zealand was outlined in the Speech from the Throne on 9 December 2008. The first tranche of projects was announced in February 2009.
- The Prime Minister's Summit on Employment, held 27 February 2009 in South Auckland, identified several near-term priority initiatives for local and regional government: rolling out good practice in regulatory administration and streamlining consents, bringing forward infrastructure development and broadening work on employment through the Mayors' Taskforce for Jobs. (All information available from www.beehive.govt.nz.)