

Executive Summary

1. The Royal Commission on Auckland Governance (“the Commission”) was established by the Government in October 2007 to respond to growing concerns about the workability of local government arrangements in Auckland.
2. The objectives of the Commission’s inquiry, as set out in its terms of reference, were 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.¹
3. The Commission has listened carefully and with an open mind to all it has been told. It has no doubt about what is needed to revitalise local government and to help steer Auckland towards a secure, prosperous, and sustainable future. Maintaining the status quo, or tinkering around the edges, is not the answer. Bold change is required, and that is what the Commission is recommending.
4. In doing so, the Commission has recognised that there is much in Auckland local government that works, and should be retained. There is much to be commended in the way territorial authorities deliver core services and represent their communities, and these strengths will remain at the heart of local government in Auckland. Across the board in Auckland’s councils, the Commission saw people with flair, enthusiasm, and commitment working for their communities, their city, and their region. It is the strengths in existing organisations and their people that provide the foundation for the reorganisation the Commission now proposes.
5. This summary of the Commission’s full report sets out in brief the case for change and the challenges for Auckland in becoming a leading, and well-governed, metropolitan region. It explores the changes needed in Auckland local government, and describes the key elements of the local government model proposed by the Commission. The summary concludes with an outline of the cost savings and efficiency improvements, and the proposed transitional arrangements for the Commission’s model, followed by a full list of the Commission’s recommendations.

Why Auckland matters for New Zealand

6. Throughout the inquiry process, the Commission has been concerned to ensure that its recommendations are directed not only to problem solving – identifying and addressing current inadequacies in Auckland’s governance arrangements – but also to

¹ See Appendix A: Terms of Reference.

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focus beyond this on a common desired future, and the changes needed to close the gap between where Auckland is now, and where it needs to be.

7. For the future, the Commission sees Auckland as a unique world city in the Pacific, one that is able to compete successfully with Melbourne, Sydney, and Brisbane for people and investment, and to achieve world-class standards in quality of life. The Commission anticipates that high liveability factors will remain Auckland's most valued assets, as it is quality of life that differentiates Auckland from other major cities and is central to Auckland's ability to attract and retain talented people and to deliver significant investment and prosperity to New Zealand.

8. In advancing this future, three things should be noted. First, the Commission considers it important that Auckland define itself, and its distinguishing characteristics, in relation to the rest of the world. Given Auckland's geographic location and small size relative to many international cities, being noticed on the global stage will always be a challenge. Defining a clear, positive identity and conveying it consistently and effectively is the best way to differentiate Auckland and to compete.

9. And there can be no doubt that Auckland is in direct competition with other international cities for talent and investment. The world is becoming more urbanised and, as a consequence of globalisation, smaller and more connected. As this happens, place, and the attributes of place, matter more than ever in attracting talented and productive people and capital. The difference is that Melbourne, Sydney, Brisbane, Singapore, and others are all investing more aggressively and more effectively in their future than Auckland is to secure their position as leading cities.

10. Second, it is necessary to understand the connections between the urban challenges that Auckland faces. Environmental and social goals can no longer be seen as being in competition with economic goals, but must all be viewed as part of an integrated strategy essential to Auckland's prosperity. The four strands of well-being identified in the Local Government Act 2002 – social, environmental, cultural, and economic well-being – are inextricably linked and highly interdependent. Outcomes in each of these domains will impact on outcomes in the others. For example, a growing economy creates employment, but it also depends upon a healthy, skilled workforce. In turn, a healthy, skilled workforce depends upon a range of factors that are boosted by a growing economy, such as stable and affordable housing, efficient and accessible transport options, a safe environment, access to health care and education, recreation opportunities, and a sense of connection. The challenge for local government is to take a systemic approach, and manage the inevitable tensions, so that balanced and positive outcomes can be achieved.

11. Third, the disconnect between Auckland and the rest of the country needs to be recognised and addressed. The Commission's report makes the clear and unequivocal case for why Auckland matters to New Zealand. Auckland is New Zealand's only city of scale and is New Zealand's main gateway to the world. The region is now home to more than a third of New Zealand's population and is forecast to have a population of two million people by 2050. Because of its scale, Auckland's success and New Zealand's success go hand in hand. As a large, outward-looking city, Auckland can and should

contribute more to national prosperity and productivity than it does now. Commenting on current financial circumstances, the Committee for Auckland observed recently, “It is difficult to imagine how New Zealand can recover, and succeed economically, unless Auckland does”.²

The opportunity

12. There is opportunity for Auckland. Auckland combines many of the ingredients for social and economic success. It is well linked to other parts of the world. Aucklanders are culturally diverse and cosmopolitan. The region offers a high quality of life, a skilled labour force, and a concentration of education and research facilities. It has a specialised economy and the scale, density, and agglomeration potential (from the clustering of similar industries) for greater productivity. It has an amazing location, with two harbours and significant park reserves, offering top-class recreation and leisure activities. All this is reflected in the influential Mercer Worldwide Quality of Living Survey, which ranked Auckland fifth for liveability out of 215 cities.

13. But change is needed on a number of fronts in order to fuel growth in Auckland’s economy, to improve the health and vitality of its communities, and to ensure that the amenities necessary to attract a talented work force from around the world are in place. Messy and inefficient urban growth, infrastructure constraints, social disparity, and poor urban design are all areas highlighted by the Commission for urgent attention. Auckland needs to become much smarter about managing urban growth, and the social challenges that attend it, in order to retain high liveability and achieve sustainability for the long term. The cost of not substantially improving Auckland’s response to the challenge of urban growth will be too high for Auckland and for New Zealand.

The case for change in Auckland local governance

14. What, then, is the role of local government in effecting change, and in helping Auckland realise its potential?

15. While growth and prosperity are not created in local or central government offices, the settings provided by both, working together, are important. Lowering regulatory and delivery costs for businesses and individuals, improving infrastructure, and promoting innovation will help make Aucklanders more productive. Protecting Auckland’s natural environment and adopting measures to improve the built environment and public realm makes Auckland more attractive to residents and visitors, and better able to compete as an international city.

16. How local government is structured is important in determining what gets done – and what does not – in Auckland. Governance arrangements affect the capacity to plan

² Committee for Auckland, *Growing Auckland, Growing New Zealand*, November 2008, p. 36.

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and make strategic investments on an integrated, region-wide basis, and the ability to solve the larger and longer-term challenges effectively. Governance arrangements affect how much access people and communities have to the system and their ability to influence decisions about what services and initiatives they value. How local government is structured affects the cost of services and whether good value for money is delivered, the resources made available for investment, and service provision.

17. The Commission learned of many examples of what is not working in Auckland through its submission and hearing processes, and arising from its own research. After considering a wide range of practical issues, the Commission identified two broad, systemic problems evident in current Auckland local government arrangements:

- Regional governance is weak and fragmented.
- Community engagement is poor.

18. Auckland's regional council and seven territorial authorities lack the collective sense of purpose, constitutional ability, and momentum to address issues effectively for the overall good of Auckland. Disputes are regular among councils over urban growth and the development and sharing of key infrastructure, including roads, water and waste facilities, and cultural and sporting amenities. Councils cannot agree on, or apply, consistent standards and plans. Sharing of services among councils is limited, yet there is scope for so much more activity in this area.

19. The end result is delayed and sometimes suboptimal decisions for the region. In its funding decisions, central government has to deal with multiple parties, with Auckland councils and agencies failing to articulate clear regional priorities. Citizens and businesses get poorer services than they hope for, at a higher cost than necessary. There is waste.

20. Formal consultation by Auckland councils has become a poor proxy for true connection with their communities. Consultation and decision-making processes are prolonged and duplicative, and often fail to provide a true measure of what citizens want, and what is in their best interests. These are not necessarily the same thing, and leadership is needed to draw people into well-informed debates about choices. The result of poor engagement is poor or delayed decision making, with elected leaders and officials finding it hard to do their jobs effectively.

21. There is no lack of good intent. The Commission acknowledges the work done by Auckland's councils over the past 18 months to advance the One Plan – a single strategic framework and action plan, which sets a clear direction for how the region plans to achieve sustainable development, with a focus on the region's infrastructure. The first version of the One Plan was adopted by the Auckland Regional Council in October 2008.³ This is a positive step towards collaborative regional strategy and action. The Commission observes, however, as others have previously, that Auckland does not lack plans; it

³ The One Plan has been developed by the Regional Sustainable Development Forum, which consists of the eight Auckland councils, four central government agencies, the Mana Whenua Forum, Environment Waikato, and the Northland Regional Council.

lacks the will and ability to implement them. It is the Commission's view that the work undertaken on the One Plan needs to be put on a much sounder footing, by designing a governance model that concentrates responsibility for regional decision making in a single entity. The Commission recommends structural change to advance the priorities of the region. Otherwise there will be more plans that are not implemented and the cycle of missed opportunities will continue.

Principles for restructuring governance

22. In designing the most appropriate system of governance for Auckland, the Commission sought to be forward-looking and to produce a structure capable of meeting not just immediate needs but those of the region as it evolves over the next 20–50 years. The Commission was guided by the following four principles:

- **Common identity and purpose**

Auckland's governance arrangements should encompass the interests of the entire Auckland city-region and foster a common regional identity and purpose, which supports integrated planning and decision making.

- **Effectiveness**

The governance structure should deliver maximum value within available resources, in terms of cost, quality of service delivery, local democracy and community engagement.

- **Transparency and accountability**

Roles must be clear, including where decision making should be regional and where local.

- **Responsiveness**

The structure should respect and accommodate diversity and be responsive to the needs and preferences of different groups and local communities.

23. It is important to acknowledge that there are inherent tensions among these principles, and that no single structure will satisfy them all perfectly. The Commission has sought a reasonable and workable balance.

Alternatives considered

24. Over 3,500 written and 550 oral submissions were made to the Commission, most proposing change of some form or another to existing local government arrangements. Suggestions were wide ranging, relating, variously, to the number and sizes of councils, mayoral powers, representation and participation arrangements, council administration, urban design, social and environmental responsibilities, and the role of council entities

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such as Watercare Services Ltd (“Watercare”) or the Auckland Regional Transport Authority (“ARTA”). When all the combinations of views on these elements are considered, the evidence presented almost every conceivable shade of opinion for the Commission’s consideration.

25. The Commission considered a range of options, from retaining the status quo to establishing a single local authority with a two-tier structure (such as a large regional governing body or a unitary council with representation at a more local level) through to a larger number of empowered community boards or smaller ward-based councils.

26. The Commission concluded that the establishment of a single, region-wide unitary authority would help achieve strong and effective Auckland governance and overcome current fragmentation and coordination problems.⁴ It would allow for much more decisive and visible leadership. Other benefits include advantages of scale in relation to service delivery, infrastructure, investment, and coordination of logistics.

27. At the same time, the Commission was concerned not to create an organisational monolith, unconnected to the people it serves. With this in mind, the Commission considered carefully a number of variations of a two-tier model comprising a unitary authority with additional representation at a local level. The Commission concluded that having up to 20 community councils, as a number of submitters proposed, would be costly to establish and run, and disruptive to existing staff and services. The conclusion was borne out by independent financial analysis undertaken for the Commission by experts Taylor Duignan Barry.⁵

28. After careful consideration, the Commission opted for a smaller number of local councils, based in most respects on the existing council boundaries – following the principle of building on existing institutional arrangements where possible.

Proposed model

29. The Commission proposes the dissolution of the Auckland Regional Council and all seven territorial authorities existing in Auckland, and the creation of a new single unitary authority called the Auckland Council. The Auckland Council will have all the powers and responsibilities of a regional council and territorial authority across the region. Staff and all assets and liabilities from existing Auckland councils will be transferred to it. The Auckland Council will hold all council assets and employ all staff. There will be one long-term council community plan, one spatial plan, one district plan, one rating system, one rates bill, one voice for Auckland.

4 A unitary council is a single territorial authority (that is, a district or city council) that has the responsibilities, duties, and powers of a regional council conferred on it.

5 Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region* (see Appendix B, pp. 746–776).

30. The boundaries of the Auckland region will be unchanged to the north and for the Hauraki Gulf. In the south, the boundary between the Auckland and Waikato regions will be changed in two ways:

- The area currently in the Waikato region north of the Waikato River, including Tuakau, Pokeno, and Mercer, is to be included in the Auckland region.
- The area currently in Auckland region and Franklin District, bordering the Firth of Thames from Matingarahi Point to Whakatiwai, is to be included in the Waikato region.

Adjustments to territorial authority boundaries are proposed to reflect the new regional boundary. The parts of Franklin District that will be outside the new Auckland region, including Onewhero and Kaiaua, will be transferred to Waikato District.

31. In addition to the elected governing body of the Auckland Council, local democracy will be maintained through six elected local councils operating within the unitary Auckland Council. Local councils will oversee the delivery of services by Auckland Council staff and will undertake local engagement in four urban and two rural districts. The boundaries of the new local councils will be centred (with some important boundary adjustments) on the existing council territories of Rodney District, North Shore, Waitakere, Auckland, and Manukau Cities, and Franklin District, thus enabling new local councils to utilise existing infrastructure and service centres.

32. The functions of local councils will be set out in statute, with provision for the Auckland Council to delegate further functions. While local councils will have specified governance responsibilities within their districts, they will be part of the Auckland Council, and will be subsidiary and accountable to the governing body of the Auckland Council. They will not be local authorities in the legal sense (that is, with their own power of general competence), nor will they be community boards. They will be a new type of body – a local representative body, which operates within a larger local authority and which provides services and acts as an advocate for the residents, ratepayers, and communities of their areas.

33. Generally, community boards will no longer be required in the model the Commission proposes. The Commission recommends that an exception be made for the Great Barrier and Waiheke Island Community Boards, which should be retained, with wider delegated powers. It also recommends the establishment of a community board for the central city and waterfront, with powers delegated to it from the Auckland Council. This area will not be within a local council area. This is discussed in paragraphs 49–51 below.

34. The Commission’s recommendations will achieve significant streamlining in Auckland’s local government arrangements and are intended to simplify roles, clarify mandates, and eliminate unnecessary duplication. On one hand, they will devolve local delivery and engagement to local councils. On the other, they will concentrate strategic planning and investment and the management of key resources and assets at the regional

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level, under the direct control of the Auckland Council. Reforms are intended to make local government in Auckland more efficient and less fragmented.

Governance of the Auckland Council

35. Auckland needs an inspirational leader, inclusive in approach and decisive in action. Auckland needs a person who is able to articulate and deliver on a shared vision, and who can speak for the region, and deliver regional priorities decisively.

36. The Auckland Council will be led by a mayor who is elected by all Aucklanders. The Mayor of Auckland will have greater executive powers than currently provided under the Local Government Act 2002, although these additional powers will still be more modest than in many international models of mayoralty. The additional powers will be limited to three key abilities:

- appointment of the deputy mayor and committee chairpersons
- proposal of the Auckland Council budget and initiation of policy
- establishment and maintenance of an appropriately staffed Mayoral Office.

37. The Mayor will be expected to chart and lead an agenda for Auckland. To ensure the Mayor remains fully accountable, all policy will need to be approved by the full Auckland Council. There will also be additional obligations on the Mayor to engage with the people of Auckland through regular “Mayor’s Days” and an annual “State of the Region” address.

38. The Auckland Council will comprise 23 councillors, 10 of whom will be elected regionally by all Aucklanders. Eight councillors will be elected in four urban wards. Two will be elected in two rural wards. This mix of city-wide and ward-based councillors is intended to ensure that the right balance of regional and more local perspectives is brought before the council.

39. Provision has also been made for the election to the Auckland Council of two councillors by voters on the Māori electoral roll; and one councillor appointed by mana whenua through a mechanism specified by the Commission in its report.

40. The Commission considers that the provision of three safeguarded seats for Māori is consistent with the spirit and intent of the Local Government Act 2002, which requires local authorities to establish processes for Māori to contribute to decision making. It will ensure that there is an effective Māori voice at the decision-making table, and that the special status of mana whenua, and their obligations of kaitiakitanga and manākitanga, are recognised.⁶

⁶ Mana whenua are local Māori with ancestral ties to the land. Kaitiakitanga refers to guardianship. Manākitanga is a sacred obligation to care for all people within your rohe or area, including taura here (Māori with ancestral ties outside the area) and non-Māori.

41. The Commission expects that the Auckland Council functions will centre on regional policy, investment, and planning, regional infrastructure and networks, and service delivery. Three particular aspects deserve mention:

- First, the Auckland Council will set policy for all aspects of local government in Auckland, although local councils will have a contributing role in a number of areas. For the first time in the Auckland region, related functions will be brought together through the unitary authority model. For example, the Auckland Council will be able to develop transport and land use strategies in a single agency. There will be a single long-term council community plan for all activities of the Auckland Council and local councils, and a spatial plan for the region which coordinates plans for growth, economic, and social development.
- Second, Auckland-wide infrastructure that can most efficiently and effectively be provided at a regional level will be delivered directly by the Auckland Council or its council-controlled organisations. The Auckland Council will be responsible for region-wide network services, including the arterial road network, water collection and supply, wastewater treatment, and solid waste management. Where networks are managed by council-controlled organisations, the Auckland Council will remain responsible for providing strategic direction.
- Third, Auckland Council will have a leadership function for Auckland that extends beyond issues where it has direct powers, for example, in relation to issues of concern to Auckland including social well-being, security of electricity supply, and installation of broadband infrastructure.

42. The Auckland Council will also provide administrative services for itself and local councils for all back-office functions, including setting and collecting rates, accounting, treasury, asset management and other financial functions, human resources, payroll, and computer systems.

43. More broadly, the Auckland Council will have an important role in developing joint action and investment with business and other stakeholders and building wider regional coalitions. This role is of particular relevance in the context of infrastructure and economic development.

Local councils

44. There will be four urban councils and two rural councils. The four urban councils will have the following features:

- **Waitemata Local Council** will serve most of the area currently in North Shore City, together with the Hibiscus Coast ward of the Rodney District. It will service a total population of approximately 260,000 people. The Waitemata Local Council will have 15 councillors, two for each of the seven wards, and in addition, a local council chair appointed by councillors. The local council chair will have

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been elected from a ward, but on appointment, his or her place will have been taken by the next highest polling candidate in the ward.

- **Waitakere Local Council** will serve substantially the same area as the existing Waitakere City. As is currently the case, the estimated population served by the council will be 198,000. Waitakere Local Council will have 11 councillors, two elected from each of five wards, and a local council chair.
- **Tāmaki-makau-rau Local Council** will serve the area that currently makes up Auckland City, but excluding the city centre and waterfront. The estimated population served by the council will be 397,000. The council will have 22 councillors, two elected from each of 10 wards, one elected from a Hauraki Gulf ward, and a local council chair.
- **Manukau Local Council** will serve the area of the current Manukau City, together with the urban areas of Papakura District, excluding the rural areas of both former councils (which are to be included in Hunua Local Council). Manukau Local Council will have an estimated population of 387,000. It will be served by a council of 21 councillors, 20 councillors from 10 wards, and a local council chair.

45. The two rural local councils will be constituted as follows:

- **Rodney Local Council** will serve the area currently included in Rodney District, excluding the Hibiscus Coast but including small areas outside the metropolitan urban limits presently within North Shore and Waitakere Cities. The estimated population will be 54,000. It will be served by a council of seven councillors, six elected from three wards, and a local council chair. (The Commission has been unable in the time available to identify a suitable Māori name for Rodney Local Council, but recommends that one be identified after consultation with mana whenua.)
- **Hunua Local Council** will serve the area currently forming Franklin District, with the exception of Onewhero and Kaiaua, which will be transferred to Waikato District. The Hunua Local Council will also include the rural areas of Clevedon, Ardmore, and Drury, which are currently part of Manukau City and Papakura District. The estimated population of Hunua will be 73,000. It will be served by a council of seven councillors, six elected from three wards, and a local council chair.

46. The boundary alignments for the six local councils are intended to separate rural land from urban land along the metropolitan urban limit. This approach is intended to achieve greater rural and urban definition and identity across the region, which was considered desirable by a number of submitters and by the Commission. It is also intended that the Auckland Council should have close planning oversight of rural areas, to ensure urban growth is appropriately managed across the region.

47. A primary objective of local councils will be to achieve better engagement with communities, using new ways to connect with people, simplifying consultation and making it more purposeful. It is also expected that there will be improved community

access to councils, including better online information using self-service and information technologies.

48. In their local service delivery role, local councils will benefit from the unified service delivery model proposed for the Auckland Council, which will provide for consolidation and sharing of back-office functions, more efficient purchase and supply management, and stronger financial, human resource, and information management systems.

Central city and waterfront

49. The Commission has recommended a distinctive approach to Auckland's central city district and waterfront. The fact that Auckland's city centre has developed around a beautiful harbour gives it an immediate advantage, but the potential to showcase and enhance the harbour's natural beauty and the functional and amenity values it offers has not yet been realised fully. The city centre is shabby and easy public access to the waterfront is sorely lacking. Urgent action is required to address urban design issues and to improve the public realm, and implement much better urban management of the city centre.

50. The management of Auckland's city centre and waterfront area is not just a local issue but one of regional and national importance. The centre is the hub of New Zealand's leading firms, the focus of Auckland's education and science sectors, and of its professional, financial, business, entertainment, and creative activities. Many of the region's key institutions, such as libraries, universities, galleries, courts, theatres, hospitals, and large businesses are concentrated in this area. Increasingly, it is also being recognised as a desirable place in which to live. It is Auckland's "shop window" to the world, and a focus for visitors to the region.

51. The Commission has recommended
- that the Auckland Council establish a City Centre and Waterfront Committee to make policy regarding the city centre and waterfront area, particularly in relation to urban design, urban management, and planning
 - that any future development of the waterfront and its interface with the city centre be carried out by a city centre and waterfront development agency with the capacity to design and implement a "master plan" for the area, as opposed to the piecemeal approach taken to date
 - that a community board for the city centre and waterfront area be established to deliver local services under delegated authority from the Auckland Council, with planning and consenting to be undertaken under the direct oversight of the Auckland Council.

Relationship with central government

52. A key measure of the success of the Auckland Council will be how it works with central government. Central government needs to have Auckland's priorities presented to it in an accurate and consistent way. It also needs to have confidence in the ability of the Auckland Council to make good decisions and to deliver in an effective and efficient way. Having created an effective Auckland Council as the Commission proposes, central government should then allow it to influence its decision making, working in partnership for the greater good of Auckland and New Zealand. The Commission also expects that the Auckland Council will have much closer, and more productive, relationships with other regions and cities in New Zealand.

53. The Commission's report describes how a stronger relationship might be developed between central and local government in Auckland, including through the appointment of a Minister for Auckland and the establishment of a Cabinet Committee for Auckland. The Minister and Cabinet committee will oversee the transition to the Auckland Council over the next 18 months, and will work with the Auckland Council once it is established. The Cabinet committee will also keep oversight of events of international significance affecting Auckland, such as the Rugby World Cup in 2011. Over time, it is expected that a key role of this committee will be to set priorities for government spending in Auckland and to decide and coordinate the allocation of discretionary funding. The Commission has also proposed a number of shared decision-making structures involving relevant Government entities, particularly in the social well-being and transport areas.

Other key elements of the Commission's proposals

Economic development

54. In partnership with central government and the region's businesses, Auckland's local government must do what it can to address the impact of the economic challenges currently facing the nation as well as the region. This should include making a constructive contribution to recent central government initiatives including the development of a 20-year infrastructure plan, streamlining the Resource Management Act, and the initiatives arising from the February 2009 Job Summit.

55. However, it is important also to maintain a clear focus on what must be done over the medium to long term to enhance the productivity and competitiveness of Auckland's businesses. It is this work that will set the region on the path of long-term prosperity. Improving Auckland's infrastructure, particularly the development of an ultra-fast broadband network, has the potential to do this, as does a carefully planned and successfully executed Rugby World Cup event in 2011.

56. Auckland's local governance structures must be capable of supporting and enhancing the local businesses and communities, which provide the foundation of Auckland's prosperity. At the same time they must also be capable of addressing pan-Auckland economic development issues, including regional tourist promotion,

implementation of an Auckland brand, improvements to key infrastructure networks, and rationalising duplicative and sometimes conflicting regulatory requirements. Currently, fragmented responsibility between regional and local government undercuts the ability of Auckland to perform nationally and internationally as an effective city-region.

57. The Commission also expects Auckland’s local government to set high standards for itself. It envisages focused, efficient, and productive local government, which ensures public spending is directed to the best possible use, funding high-quality services, achieving value for money, and measuring and monitoring performance in a transparent way. In the current economic environment, businesses and individual ratepayers cannot afford unjustified rates increases or overly onerous and costly regulatory compliance costs.

Planning

58. The Commission notes that the Government intends to amend the Resource Management Act 1991, in particular to make decision making on infrastructure more efficient, to reduce the costs and delays of consenting and speed up plan-making processes.

59. The Commission’s recommendations on planning address these problems from a different perspective. The reorganisation proposed by the Commission will streamline planning processes in Auckland by creating a unitary authority. Although it will take time to achieve, it is proposed that there will be one district plan for Auckland, thus simplifying planning and consenting processes. A hallmark of the new district plan, and the new regional plans to be developed and delivered by the Auckland Council, will be simplicity of language and controls.

60. The Commission also proposes that the Resource Management Act 1991 should be amended to remove the right of appeal to the Environment Court from regional policy decisions made by the Auckland Council. It is also recommended that the Auckland Regional Policy Statement be subject to a submission process similar to that which applies to national policy statements, that is, those submissions should be heard by independent commissioners. These measures, if adopted, will result in significant savings, and simplify the administration of the Act and planning processes for the Auckland Council and users alike.

Council-controlled organisations

61. In Auckland there are currently over 40 council-controlled organisations (“CCOs”) under the control of the various local authorities, together with a number of council organisations covered by statutory monitoring and reporting provisions. These will be transferred to the Auckland Council on its establishment. The Commission expects that the Auckland Council will wish to rationalise a number of these entities, and introduce measures to ensure that CCOs are able to operate on an independent and professional basis. The Commission expects that, in future, the Auckland Council’s major commercial trading and infrastructure activities will be undertaken through CCOs, to enable the council to access the best commercial and engineering expertise and resources. The

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Commission has also made specific recommendations in relation to the future of ARTA and Watercare, outlined below.

Transport

62. The Commission proposes that a new regional transport authority be established, replacing ARTA. The authority will be a CCO reporting to the Auckland Council and will have a partnership relationship with the New Zealand Transport Agency and ONTRACK. It will have responsibilities for regional transport, including public transport, as well as for strategic planning and for regional arterial roads. It will have an oversight role in respect of local roads, which will be the day-to-day responsibility of local councils.

Water and wastewater

63. The Commission proposes that, subject to certain possible exceptions discussed in the report, all drinking water and wastewater services, both wholesale and retail, will be supplied by one CCO – Watercare – owned by the Auckland Council. The Auckland Council will determine the extent to which responsibility for the delivery of stormwater services should be shared between local councils and Watercare.

64. All water-related assets owned by the existing territorial authorities will be transferred to the Auckland Council and will remain in public ownership. Watercare will be required by legislation to promote demand management to encourage responsible water use. The current obligation on Watercare to maintain prices for water and wastewater services at minimum levels (subject to obligations to be an effective business and maintain its assets in the long term) will continue.

65. An independent services performance auditor will be appointed to oversee Watercare, and will also review CCO performance targets, and the reliability and affordability of council services.

Social well-being

66. The data outlined in the Commission's report makes it clear that Auckland does poorly on many indicators of social well-being. In particular, within the region there are significant clusters of deprivation typically concentrated around geographical and ethnic communities. Auckland carries the costs in three ways: this untapped potential constrains economic growth; it places a significant burden on government resources; and it makes the city more divided and less safe. For Auckland to become a leading city, improved social well-being outcomes are critical. Every citizen must have the opportunity not only to reach their potential and to lead a fulfilling life, but also to contribute to Auckland's growth and prosperity.

67. The Commission observes generally that there is a lack of clarity and consistency about how and to what extent local government should give effect to the obligation to promote social well-being. While central government has primary responsibility for social well-being, local government has an important role to play, and is already inextricably involved. All council activities (such as public transport, urban design, rate-setting, and roads and other infrastructure) have significant social consequences.

- 68.** However, with some notable exceptions, promoting social well-being has not been prioritised as core business by Auckland councils, and the power to improve social well-being outcomes through these council activities has not been realised. These functions can and should be approached with the explicit intention of maximising their contributions to improved social well-being.
- 69.** The annual central and local government social spend in the Auckland region is in the vicinity of \$12 billion, but the results fall short. The challenge is to ensure these resources are spent more effectively, to achieve the best outcomes. To date, collaborative efforts by central and local government to align and integrate approaches have proved inadequate.
- 70.** Accordingly, the key recommendations made by the Commission centre on achieving shared responsibility for decision making between local and central government. This is based on role clarity, clear strategic direction, access to good data and analysis, better engagement with affected communities, and strengthened accountability arrangements.

Adding up the savings

- 71.** The operation of Auckland's local government involves very significant amounts of public money. In 2008/09 the eight Auckland councils have budgeted to spend almost \$2 billion in operating expenses and over \$1.25 billion in capital expenditure. Many of the submissions made to the Commission supporting changes to the structure of Auckland's local government were based on the view that significant cost savings should result.
- 72.** While the Commission considers that there are other equally important issues in designing a new governance structure – primary among them achieving greater regional effectiveness – it fully accepts the importance of these financial issues. Within the time and information sources available to it, it is difficult for the Commission to estimate in detail the financial implications to Auckland local government of its proposed changes. As noted above, the Commission commissioned a report from corporate finance consultants Taylor Duignan Barry to provide a preliminary financial analysis of its preferred option of a unified Auckland Council and six local councils.
- 73.** Preliminary analysis, which will need to be quantified in detail by the Establishment Board, suggests that adopting the Commission's proposals for structural change will result in estimated efficiency savings in the indicative range of 2.5% to 3.5% of the total expenditure of the Auckland councils planned for 2008/09 (of around \$3.2 billion). This represents estimated efficiency gains of between \$76 million to \$113 million per year. It should be noted, however, that securing the anticipated savings will require excellent transition and management arrangements.
- 74.** Efficiency gains are expected from a number of operating and capital expenditure areas including savings from unified services (in areas such as procurement and back-office systems such as finance and administration, information technology, human resource management, and uniform rules and processes for service delivery). On a

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sectoral basis, there are potential efficiencies in water and wastewater, solid waste, transport, community assets and regulation, planning, and governance. Limited efficiency gains are expected in areas that are largely contracted out such as refuse collection, road maintenance, and public transport services.

75. The estimated integration costs have been assessed to range in total between \$120 million and \$240 million over a four-year implementation time frame.

76. It is important to recognise that there are wider costs associated with not taking action. Failure to take action will result in citizens and businesses continuing to incur high transaction costs in dealing with councils, in important decisions either not being made or made too late, and in central government being unable to develop an effective partnership with Auckland local government.

Transition

77. The Commission has worked on the basis that changes should be in place in time for the next local body elections in October 2010. At that time, the Auckland Council will be established, and the Auckland Regional Council and the seven territorial authorities in Auckland will be dissolved formally. Boundaries and wards for the Auckland Council will need to be determined no later than six months before the election date.

78. The anticipated 18 months' time frame for the establishment of the Auckland Council is ambitious but achievable, and it is most important that the deadline is met. The main purpose of achieving reform over this time frame will be to maintain focus and momentum for change. Consultation by the Commission has been extensive, and there is no need to rehearse old arguments. Existing council staff will be concerned about their future. The public will want to know that council services will continue to be provided at usual locations and that democratic processes are to be maintained. For these reasons, it is essential that the whole process is well managed and the transition work gets under way quickly.

79. The Commission recommends that existing councils continue to operate effectively until the 2010 elections, with the mayors and councillors continuing to make the necessary decisions to enable council business and the delivery of services to proceed as normal. Existing councils will also have an important role in managing the impact of the transition, particularly on staff. Existing councils should refrain from making decisions that could materially affect the creation of the Auckland Council or its future activities, or that would pre-empt or constrain future decisions by the Auckland Council.

80. The Commission has recommended the appointment of an Auckland-based Establishment Board comprising a Chair and members with significant experience at chief executive level in implementing major organisational change. Its role will be to prepare for the establishment of the Auckland Council. The Commission is very clear in its report about what needs to be done to achieve this, and it expects that the board will focus on implementation of the design set out in the Commission's report.

81. The Establishment Board will be supported in its work by a Transition Management Group, comprising the chief executives of the existing Auckland councils, Watercare, and ARTA. It will be chaired by an independent chair with significant local government experience and no vested interest in Auckland local government, who will report to the Chair of the Establishment Board. The role of the Transition Management Group will be to ensure that existing councils operate on a “business as usual” basis prior to the October 2010 elections, and to assist the transition process. This will include providing all necessary information to the Establishment Board to assist audit processes, the transfer of all assets and staff to the new organisation, and undertaking integration projects (for example, to establish aspects of the shared services arrangements).

82. The Government will have a critical role in overseeing the transition process. It will also need to undertake parallel policy processes, including securing the passage of legislation, fixing boundaries, and preparing for the 2010 elections. It is proposed that a senior Minister for Auckland and a Cabinet Committee for Auckland be established as a matter of urgency. The Establishment Board will report to the Cabinet Committee for Auckland, through the Minister for Auckland. The Secretary of Local Government will be tasked with monitoring the Establishment Board’s work to ensure deadlines are met. The Secretary will report separately to the Cabinet Committee for Auckland through the Minister for Local Government.

83. The Establishment Board should be supported by an Auckland-based Project Management Office working to the direction of the Establishment Board.

Concluding comment: Government to governance

84. Neither structures, powers, nor funding are by themselves the key to revitalisation of local government in Auckland. It is people – Aucklanders – who will make the difference. The Commission’s interest has not been confined to local government arrangements but has been more broadly focused on the question of local governance – the wider collaboration between central government, local government, and interested parties in the public, private, and non-profit sectors.

85. The Commission has been inspired during its inquiry by the passion Aucklanders have for their region, and their determination, shared by the Government, that Auckland can do more and be more than it is. The sustained effort that will be required to achieve a real shift in local government and in Auckland’s performance should not be underestimated. The Commission is heartened by its understanding that, though there are challenges for Auckland, there are also real solutions.

86. The Commission respectfully urges the Government to view its recommendations as an integrated package, which needs to be adopted with urgency so that changes can be implemented in readiness for the October 2010 local body elections. The Commission has consulted widely and believes that, overwhelmingly, Auckland is ready now for positive change.