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The Auckland Debate: Is Big City Governance Always This Difficult?

Governing fast-growing metropolitan areas is always difficult, and the history of Auckland governance is no exception. This is so for no other reason than the fact that they keep growing: as population increases the alignment of urban and jurisdictional boundaries breaks down, creating problems of coordination and fragmenting decision making. In addition, the increasingly complex pattern of councils results in tax exporting and what economists describe as spillovers, where peri-urban councils benefit from the expenditure of their larger neighbours while areas further out question the local benefits of centrally-based facilities. Consider, for example, the debate over the Auckland Regional Amenities Funding Act 2008.

Past reform to increase coordination of regional activities while retaining representation of the interests of local ratepayers has often had the appearance of closing the barn door after the horse has bolted.¹ Will it be any different this time?

The struggle for regional government in Auckland

The 1966 *Encyclopaedia of New Zealand* had some quite interesting things to say about the future of local government. In a brief article it noted the disjunction between rapidly growing urban areas, like Auckland, and their fragmented

local government systems, resulting in problems of planning, coordination and the execution of regional works and services.

The writers of this particular article spoke with optimism about the recent passage of a local bill to establish a regional local authority in the Auckland urban area and suggested that this might signal the future direction of local government reform, namely a regional council exercising 'powers and functions of a regional nature, including the functions performed by special-purpose authorities, while the territorial authorities remain in existence to perform purely local functions' (Crompton and Williamson, 1966). Graham Bush's excellent history of the Auckland local authorities, prepared for the 2009 Royal Commission on Auckland Governance, notes that the passage of this bill was not smooth and that while the new authority was given nine distinct regional functions, this was less than what the originators of the bill, such as mayor Dove-Myer Robinson,

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were looking for. Nevertheless, it was a radical measure and a vast improvement on what went before. There were 31 territorial authorities within the new Auckland region, a number that did not change significantly until the reforms of 1988–89.

A range of models exists for governing large metropolitan areas. The formation of the Auckland Regional Authority represented a ‘two-tier’ approach. In this model, local councils tend to be responsible for truly local services, such as parks, libraries, neighbourhood improvements and local streets, while matters that cross local boundaries, such as the network infrastructures and planning, are undertaken by some form of regional authority, which might be directly elected or might have its membership appointed by the local councils.

The reforms of the fourth Labour government in 1989, which strengthened the regional authority and rationalised the 31 local councils – replacing them with eight – probably gave Auckland its best chance to get its governance structure in line with the demands of a fast-growing city. The new model, however, had a very short life span. In his column in the *New Zealand Herald* of 15 April 2009 Brian Rudman sought to identify those responsible for disabling Auckland’s nascent regional governance model and creating the complex, fragmented governing arrangement that is Auckland today. As Rudman notes:

It’s forgotten now, but if we’d stuck with the model the Local Government Commission proposed in 1989 we mightn’t be going through the current upheavals. ... National’s Local Government Minister Warren Cooper feared a strong Auckland, and emasculated the proposed strong regional council.

So it is probably appropriate that the current National government has the job of putting right the problems that have resulted from the actions of one of its party’s ministers 16 years ago. The Local Government Amendment Act 1992 limited the role of regional councils to environmental management and regulation, with few exceptions, and continued a policy that tended to treat all regions much the same, whether they were large and sparsely settled like the West Coast of the South Island or a large urban conglomeration.²

The background to the royal commission

The suggestion that the governance of Auckland represented a ‘problem’ that warranted some form of national intervention (rather than simply a change of personnel) became a driving narrative through the early part of this decade. Against a background of infrastructure crises – such as power blackouts and the fragility of supply, congestion and the failure to complete the national and local highway system, chronic

under-investment in sewage and storm water infrastructure in the older parts of the city, and the apparent ever-increasing cost of dealing with these problems – many interested parties were calling for change. During this period there were a number of ‘game-breaking’ events, such as the first regional council rates revolt, which resulted in a regional council reluctant to move beyond a fairly narrow conception of its role.³ However, the turning point was probably the failure of Auckland authorities to respond to the government’s offer to fund a waterfront stadium. While the stadium debate ended up as something of a debacle, for both parties the recognition that Auckland would not advance without the ability to speak with a unified voice gained traction.

The Royal Commission on Auckland Governance was established by the Labour government in 2007. Its task was to examine Auckland’s governance structure and report back after the 2008 general election. The three commissioners were Peter Salmond, a retired High Court judge; Dame Margaret Bazley, former chief executive of the Ministry of Social Policy; and David Shand, who brought an extensive public finance background and had previously chaired the Local Government Rates Inquiry.

The report

The commissioners reported to the governor-general nearly a week earlier than their extended deadline of 31 March. Their recommendations appear to have been a tightly guarded secret and both the prime minister and the minister of local government publicly denied any advance knowledge. Despite widespread speculation about the content of the report, the royal commission came up with a governance model that was relatively unique: a unitary authority focused on regional and strategic matters, with six subsidiary councils responsible for local service delivery. Key recommendations were:

- the creation of a unitary authority, to be called the Auckland Council, to assume all local government responsibilities for the Auckland region and include Rodney District Council, North Shore City Council, Waitakere City Council, Auckland City Council, Manukau City Council, Papakura District Council, Franklin District Council and Auckland Regional Council;
- the Auckland Council should operate and have representation at two levels: the elected Auckland Council and six local councils;
- the staff from the eight abolished councils should be transferred to the Auckland Council, at least initially;
- the Auckland Council should include a vision for the region in its spatial plan and the mayor of Auckland’s annual ‘State of the region’ address should describe progress towards the attainment of the vision;

- the Auckland Council should adopt a comprehensive regional economic development plan and ... a high-level, regional cross-sectoral board, comprising representatives of central government, local councils, business, education and not-for-profit organisations;
- a Social Issues Board should be established as the main governance body for social issues, with central government membership. This board should develop a social well-being strategy and an implementation/funding plan;
- the Social Issues Board should be supported by a social issues advisory group of officials, co-funded by central and local government;
- the government should give consideration to aligning geographic boundaries of local government and central government agencies responsible for the delivery of social well-being services;
- the Auckland Council should comprise 23 councillors, including 10 councillors elected at large, 10 elected from wards, two councillors elected at large by voters on the Māori elected roll and one councillor appointed by the Mana Whenua Forum; and
- the government should enter into a partnership agreement with the Auckland Council and appoint a senior Cabinet minister as minister for Auckland; in addition it should appoint a Cabinet committee for Auckland comprising ministers with portfolios of significance to Auckland. The Cabinet committee should be supported by an officials' committee.

The royal commission's task was to design a governance structure that would make Auckland an internationally competitive city. In doing this it has offered an entirely new model of local government, one that shifts the locus of decision making from our traditional top-down centralised model to more of a partnership approach. If adopted by the government it would represent a significant change in the manner in which public policy decisions about localities are made. As the commission notes: '[we have] concluded that a fundamental rebalancing of the relationship is required. First, [the report] proposes a new, stronger relationship between central and Auckland government' (Royal Commission on Auckland Governance, 2009, p.46).

Throughout their recommendations one of the dominant themes is the need for a more integrated approach across the four well-being areas: social, economic, environmental and cultural.

A critical part of the commission's plan for Auckland is the establishment of six local councils. These councils, which would have no ability to employ staff or set rates and charges, are intended to focus on local engagement and the delivery of 'quality' local services. These are services which are

important locally but have limited or no regional significance, such as local roads: local regulatory responsibilities, including dogs, gaming and liquor; building consents; recreation centres; crime prevention; local art galleries; and delegated responsibilities which may include libraries, swimming pools and housing. In fact, this list includes the majority of activities that territorial councils currently undertake.

By defining the local councils' operational role the commission has sought to ensure that the Auckland Council will be able to focus on the strategic challenges facing the region as a whole, without the distractions that councils currently face (think policy on dog control). The Auckland Council's proposed roles are: regional and district planning; infrastructure planning and investment (public transport, roads, water and waste water); economic and social development; and environmental protection. It is important to note that some of these functions, such as the water and waste water functions, are to be carried out by council-controlled organisations. Placing them at arms' length is meant to enable them to focus solely on their key objective and further free the council to focus on its strategic planning and engagement roles; however, it also removes some of the key 'shaping' levers from direct political control and potentially creates another form of fragmented governance.

The thinking behind the commission's recommendations

The commission itself identified a number of problems with the existing governance of Auckland:

- Public transport is poor.
- Roads are congested.
- Planning applications are slow and expensive.
- Rates are high.
- Councils fail to agree on issues important to the region.
- Councils do not listen to the people.
- The city and waterfront are run down and unattractive.

Underpinning these practical problems, the commission identified two systemic issues: that regional governance is weak and fragmented, and community engagement is poor. A sceptic might suggest that other than the fragmented and weak regional leadership, the issues identified have little relevance to the question of whether Auckland is a single city or not – solutions are unlikely to be found in structural change alone. In fact, all the international evidence suggests that one large city will be less attentive to citizen concerns, have fewer incentives to provide responsive and speedy services, and will be more expensive to run (McKinley, 2006). At least with multiple cities citizens have the opportunity to compare service standards.⁴

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has become accustomed to. In thinking about the role of the local councils, the commission is indebted to Michael Lyons' major report on local government (Lyons, 2007) and his depiction of 'place shaping' as the primary local government role. Examples of place shaping include:

- building and shaping local identity;
- representing the community;
- regulating harmful and disruptive behaviours;
- maintaining the cohesiveness of the community and ensuring smaller voices are heard;
- understanding the local needs and preferences and making sure that the right services are provided to local people;
- working with other bodies in response to complex challenges such as natural disasters;
- promoting acceptance of diversity and encouraging celebration of that diversity.

Lyons' work presages a wider debate that tends to focus more on local governance as a process than on local government as a set of institutions. Councils as arbiters of local governance are more concerned with steering the multiplicity of local organisations towards common, citizen-identified goals. With this democratic mandate councils have a crucial role in bringing together the various sectors which contribute to the achievement of city-wide outcomes. Robin Hambleton, who wrote an influential background paper for the commission (Hambleton, 2009), described this in terms of civic leadership. Civic leadership brings together political, managerial and community leaders. As exemplars, Hambleton pointed to the example of local government leaders like the present mayor of Chicago, who is widely credited with changing the fortunes of that city through strong and facilitative leadership.

As noted earlier, the commission's model aims for more integration across all levels of government. The Social Issues Board, for example, would be responsible for overseeing the expenditure of government funding in Auckland city. In other words, it would challenge the current top-down approach to the allocation of government resources by providing a mechanism for local voices to influence prioritisation of central government activity as well as local government input. In this it resembles recent legislation in the United Kingdom, the Sustainable Communities Act 2007, which requires the secretary of state to prepare 'local spending reports' that detail what certain departments spend in council areas. In addition, councils and their communities are able to submit (via the Local Government Association) proposals that would improve the sustainability of their community. The British government described this as 'the principle that local people know best what needs to be done to promote sustainability in an area' (Communities and Local Government, 2009, p.4)

The government's response

The report was released to the public within days and early commentary tended to focus on the electoral structure of the Auckland Council (only the very rich would be able to stand) and the loss of local representation with the removal of the community boards. North Shore city councillor Ken McKay captured many of the sentiments when he stated that 'the Auckland Council would be too big and too easily controlled by a small group with hidden agendas' (*North Shore Times*, 14 April 2009). Within days grass roots organisations were organising to oppose what they saw as a loss of local representation, a concern the government appeared to be very responsive to – it is probably no coincidence that before the week was out the minister of local government was photographed mixing with local residents in Devonport and meeting with the chair of the local community board.

The government's response was rapid. Within two weeks, under the title *Making Auckland Greater: greater communities; greater connections; greater value* (New Zealand Government, 2009), it provided the new blueprint of Auckland governance. Noting the importance of having the new governance structure in place in time for the 2010 elections and the Rugby World Cup the following year, haste seemed the order of the day. Further consultation, other than the select committee process, was not an option, and debate continues about the degree to which the government has acted in accordance with the royal commission or has substantially departed. Key differences include:

- removal of the commission's recommendation for three Māori seats and a reduction in the number of members elected on an at large basis: only eight members are to be elected from at large, plus the mayor;
- instead of the six local councils, between 20 and 30 local boards; while the functions of these boards have yet to be defined, the actual number and boundaries will be left to the Local Government Commission to determine;
- rejection of the call for a four-year term;
- rejection of the proposed Social Issues Board, minister for Auckland and Cabinet committee on Auckland; and
- adoption of a much faster transition process.

Much of the detail will not be known until the legislation has been drafted. The first decision will be forming the establishment board, and legislation putting this into effect is expected under urgency in May.

Implications

Given that the government's proposals represent the biggest change to Auckland's governance since the removal of the provinces in the mid-1870s, it is not surprising that it has become controversial. While the royal commission took 18 months to develop its proposal, the government essentially

took a week and has presented a model which is extremely underdone.⁵ Questions about the feasibility of the new structure are unlikely to die down until more detail emerges in a draft bill later this year.

Much of the local dissent is fueled by the perception that the plan represents a major diminution of citizens' democratic rights. Critics point to changes in representation ratios. For example, Tony Holman, a North Shore city councillor, notes that the proposed representation ratio will be 1:63,636, compared to Dunedin, for example, which has a representation ratio of 1:8,750 (*New Zealand Herald*, 6 April 2009, p.11). Representation ratios are important as they signify the degree to which an elected member or politician is able to adequately represent and take note of the concerns and issues of citizens. Citizens look to their local or ward councillor to address issues with council performance and act as their voice around the council table. Likewise, an effective councillor will hold regular meetings in their ward to keep up to date with local issues. As ratios increase, physical limits restrict individual councillors' ability to meet community expectations and decrease their ability to understand and monitor what management does. There is also some international evidence that as representation ratios increase voter turnout decreases (Drage, 2008).

The government's answer to these criticisms is to point to the planned 20–30 local boards and to assure critics that they will have greater decision-making power than existing community boards (although less than the existing councils). Getting the design right will not be easy. The local boards are expected to provide 'representation at a grassroots level and [ensure] that individuals have a voice' (New Zealand Government, 2009, p.14). The government suggests that these boards will advocate, develop local operational policies such as on dog control and liquor licensing, and will have the ability to petition the Auckland Council for extra services which might be paid for by some form of local targeted rate. It is unfortunate that the government has not been more specific about the likely functions of these boards, as more information could have gone a long way towards answering the fears of the critics. As it is, suggesting that graffiti control and dog policy could be examples of local decision making will have the opposite effect. Both services are operated by staff under delegation and it is unlikely that the government envisages Auckland having up to 30 different dog control policies.⁶

To get an idea of what the local boards might do and whether they will ensure that residents continue to have a say on local matters, it might be useful to look at the way community boards currently operate elsewhere. Approximately 45 councils have community boards, and while

the Local Government Amendment Act 2002 establishes a minimalist role, many councils have provided them with additional delegated powers. Arguably the most relevant model is Christchurch city, which has six urban community boards covering the whole of the urban area. A brief scan of their monthly order papers shows that the boards are actively involved in making decisions about local roads, on issues like traffic calming and the location of pedestrian crossings. In fact, they generally manage or have an input into most neighbourhood issues, including community centres, local parks and community development. Each board is provided with an annual budget, 90% of which is for 'internal purchasing' – often used to bring forward planned investment by a council department. While Christchurch has developed an effective governance model with six (now eight following the absorption of Banks Peninsula) community boards, it will be a much more complex challenge attempting to coordinate up to 30 boards, which might be the outcome in Auckland. This detail won't emerge until well into the legislative drafting stage.

So far little has been said publicly about the decision to set up arms'-length organisations to manage some of the city's major activities, a decision which on first reading appears to negate the goal to provide for a more integrated approach. For example, there is to be a stand-alone regional economic development agency, a stand-alone regional transport authority and a stand-alone water and waste water agency. These might be sensible ideas, but generally we leave decisions of this sort up to councils themselves to determine, and if these strategic decisions are being managed by stand-alone agencies this calls into question the need to also change other governance arrangements. Parliament is not well placed to make these decisions and by putting them into statute flexibility is lost and it is almost inevitable that the question of how these organisations operate and work together will be back before Parliament at some point in the future. Our experience with local government legislation suggests that less prescription is better than more.

Conclusion

Until the detail of the government's new plan emerges it will find itself on the defensive, as it cannot provide the detail critics are looking for. Wisely, it has already begun to back off from any suggestion that the new council will cost Auckland ratepayers less. International research suggests that these consolidations seldom achieve the savings reformers expect, and of course the royal commission had considered the government's plan and judged it impractical. The commission's primary concern with the idea of 20–30 local boards was that they 'would be too small to have the

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capacity to deliver the necessary services' (Royal Commission on Auckland Governance, 2009, p.319). However, reading between the lines, they were mostly concerned that the Auckland Council might be distracted by the minutiae of operational policy and thus fail to focus on the strategic issues facing the city.

Change itself is not costless.⁷ The cost of the reorganisation has been suggested as at least \$113 million, the majority of which will be funded by the ratepayers, and nothing has so far been said about the loss of managerial and political capital. While other councils in New Zealand are already doing their best to entice Auckland staff to experience the pleasures of, for example, the Southern Alps, what about political capital? Auckland has a very competent and experienced cadre of politicians. Over two, three or more terms these are people who have not only learned how Auckland as a city works but have also learnt their political trade inside local authorities. They know how to develop policy, manage management and engage with citizens. While the royal commission's model continued to offer them a future, it is unlikely that the government's new proposal will be as attractive. Their loss will be Auckland's loss and maybe New Zealand's. It is likely that the local boards will be seen as a demotion to a low-level figurehead role; however, this will ultimately depend on the boards' level of decision making and the degree to which they are adequately supported and advised by staff.

The short answer to the question posed at the start of this article is 'yes': solving the governance problems of large cities has always been difficult and this is unlikely to change. Ultimately it involves a trade-off between our values of democracy and efficiency, between smaller organisations that are responsive to their citizen ratepayers and large organisations that can think and act strategically. The new Auckland governance model will work in some respects. It

may not be cheaper and it is unlikely to be as responsive, but it will have the capacity to speak with one voice and this appears to be the government's overriding objective, one that is seen to be of national significance. The challenge facing the legislators is to find the balance between giving the proposed local boards sufficient decision-making powers to satisfy local cities and attract talented politicians while allowing the Auckland Council to focus on the issues that count. However, I can't help feeling that they might have missed an opportunity to have achieved something a bit better. The royal commission's plan for Auckland may not have been the right plan, but at least it was a coherent and logical one. It probably deserved a more thorough investigation than it received.

- 1 The Royal Commission on Auckland Governance has attempted to solve this by pushing the city's boundaries well into the rural hinterlands of Rodney and Franklin. If Auckland city managed to use up this proposed envelop I suspect we would all have concern to worry.
- 2 For example, Auckland Regional Council and the Greater Wellington Regional Council were allowed to run regional parks, and Greater Wellington remained the region's bulk water provider.
- 3 For example, the Auckland Regional Amenities Funding Act 2008 required the territorial councils to fund 12 different regional organisations, such as surf life saving and the regional orchestra. The logic suggests that the regional council should have this responsibility, as it can rate regionally. Its reluctance forced Parliament to impose a levy on all territorial councils and provided legislators with further evidence of governance failure.
- 4 While the average rate varies considerably between the Auckland councils, most Aucklanders face average rates bills little different from residents in most other cities and districts. An equally convincing argument can be mounted that Auckland rates have been too low to enable councils to properly maintain their infrastructure and invest in growth, leading to the current infrastructural deficit.
- 5 The government has argued (Wayne Mapp, *New Zealand Herald*, 7 April 2009, p.2) that the royal commission undertook an extensive consultation process. Therefore, it is under no obligation to consult further or hold a referendum (the norm when local governance arrangements are changed). However, Rod Oram writing in the *Sunday Star Times* on 12 April 2009 argues that the government's approach has changed the commission's proposals to such a degree that it is essentially a different model.
- 6 In what is probably an unwelcome contribution, the former minister of local government Michael Bassett, who was responsible for the establishment of community boards in 1989, informed the *Sunday Star Times* that they were 'a waste of time' and tended to create work for themselves (*Sunday Star Times*, 12 April 2009, p.4).
- 7 See Owen McShane (*National Business Review*, 17 April 2009) for a discussion on the disruption costs.

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