

# **THE CALL FOR INTEGRATED PLANNING**

**BRIEFING PAPER PREPARED FOR**

**THE ROYAL COMMISSION ON AUCKLAND GOVERNANCE**

**PHILIP McDERMOTT, CITYSCOPE CONSULTANTS**

**AUCKLAND**

**MARCH 2008**



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## CONTENTS

### Summary

1	Introduction	1
2	Environmental Planning	1
3	Infrastructure Planning	3
3.1	Past Arrangements	4
3.2	Coordinating Transport	5
4	Economic Planning	7
4.1	The Metropolitan Auckland Project	8
4.2	The Regional Sustainable Development Forum	9
5	The Argument for Integrated Planning	11
5.1	Why Reform Metropolitan Governance?	12
5.2	Issues around Integration	13
5.3	Where does Economic Planning Fit?	15
6	Pursuing Efficiencies in Local Government	16
6.1	The Issues	17
6.2	Assessing Infrastructure Options	19
6.3	Overview	23
7	Conclusions	24
	Documents Consulted	26

## Summary

This paper provides information on the call for integrated planning in Auckland. Its purpose is to inform the Royal Commission and others of the recent history and initiatives behind this call. It addresses, in particular, the issue of what planning decisions should be made at the regional level and through what decision-making arrangements.

The paper is introduced through reference to the Regional Sustainable Development Forum recently established by the councils of Auckland. The Forum is intended to prepare One Plan for the region, the aim of which will be to *“provide a detailed infrastructure plan to progress social, economic, environmental and cultural well being, and to strengthen the links between national and regional strategy, planning and action”* (unconfirmed Minutes, Regional Sustainable Development Forum, 22 February 2008).

The Forum has been established as a committee of the ARC and comprises elected representatives from the councils of Auckland, observers from central government and adjoining regions, and Māori representatives. It is the latest and the most comprehensive of a series of initiatives to integrate or coordinate environmental, infrastructure, and economic planning.

The proposal for One Plan arose from concerns about Auckland’s progress as a key driver of the national economy, especially in light of the challenges of globalisation. The Metropolitan Auckland Project, initiated by the Auckland Regional Economic Development Forum and informed by an international team of experts, promoted it as “a single purposeful plan for the region” because city-regions “require far greater integrated planning than previously”.

This review examines the process and rationale behind these developments, outlining the history of collaborative planning for land use, infrastructure, and economic development, over the past 15 years. During this period, there have been several adjustments to governance arrangements to enhance coordination. One result has been a series of high order plans which tend to have stumbled at the point of delivery. On occasion, coordination has necessitated statutory intervention (for example, the Local Government (Auckland) Amendment Act 2004).

Among the consequences of this recent history has been a return of responsibilities in land use, transport, and economic development matters to the regional council, and a move towards using appointees at arm’s length from councils rather than councillors themselves to oversee the governance of infrastructure of regional significance.

One conclusion that can be drawn is that Auckland has a depth of experience of collaboration, but that experience does not yet lead to great confidence that the most recent initiative will deliver the quality of decision making to guarantee “effective and efficient action to transform the Auckland economy”, the first objective of the Metropolitan Auckland Project Action Plan.

One underlying message is the need for clarity and unity of direction. One Plan is a means for delivering this across a wide range of matters, including coordinating and prioritising transport and other infrastructure projects, land use and economic development. The Auckland experience suggests, however, that to a commitment to cooperate on major developmental issues must be added the capacity to deliver in priority areas.

Greg Clark, leader of the international team and proponent of One Plan, points out that a range of governance arrangements need to be tested to determine the appropriate way forward. He notes that planning even for One Plan will be faced with continual change, and that arrangements need to be dynamic.

In the absence of detailed testing of options or evaluation of likely benefits from the chosen model (a Regional Sustainable Development Forum formed as a committee of the Auckland Regional Council to oversee preparation of One Plan on a collaborative and advisory basis), this paper presents an illustrative assessment of the sorts of governance arrangements that might advance the infrastructure and amenity planning issues Auckland faces. The issues considered are intended to reflect the sorts of matters facing the region. The evaluation criteria used are the efficiency of allocation decisions (committing resources to the right activities), technical efficiencies (achieving the desired outcomes at a reasonable cost), and administrative efficiencies (minimising transaction costs and overheads).

While collaborative planning should enhance allocation decisions and reduce transaction costs, especially in terms of long-term land use and infrastructure, technical efficiencies will generally be sustained by ensuring specialist agencies are responsible for implementation. There may be some benefit from selective operational mergers, but at this stage there is no compelling argument that delivery will necessarily be enhanced by bringing a wide range of development activities and infrastructure into a single organisation.

If this conclusion holds, there is a risk that the Regional Sustainable Development Forum and One Plan simply add another layer of deliberation and bureaucracy to regional decision-making. If so, alternative or additional measures might still be required to ensure integrated and consistent environmental, infrastructure, and economic planning.

## 1 Introduction

This paper has been prepared for the Royal Commission on Auckland Governance as an independent review of the need for integrated planning, how this is justified currently and whether, in the author's view, further changes in local government arrangements are required to deliver the outcomes sought. Integrated planning is central to the question:

*What decisions should be made and implemented at a regional level? By what bodies or processes should these decisions be made?* (Royal Commission, *Call for Submissions*, March 2008).

The paper provides an overview of those areas in which there has been an effort to build linkages between centralised decision-making, at the regional level, and decentralised decision-making among local councils.

It considers the call for greater coordination in environmental planning, planning for infrastructure, and economic planning (Sections 2, 3 and 4). It considers the rationale underlying a recent emphasis on what can be termed "coordinated centralisation" (Section 5) and provides a brief assessment of the sorts of benefits that might be achieved (Section 6).

In September 2007 a Regional Sustainable Development Forum was established as a Standing Committee of the Auckland Regional Council. This was the latest in a series of initiatives intended to get alignment across various local government planning and policy in Auckland. It stands out from earlier initiatives because it draws together resource or environmental planning, infrastructure planning, and economic development. Each of these areas has been subject to review and revision over the past two decades, and to a variety of governance arrangements as a result.

Establishing the Regional Sustainable Development Forum reflects the fact that integration is high on the policy and planning agenda. It aims to develop a common philosophy and policy on "sustainability", align infrastructure planning, investment and management, and to encourage councils to speak with one voice on economic development matters.

## 2 Environmental Planning

This section examines why environmental and land use planning has been contentious by reviewing a history of resistance by local councils to the Auckland Regional Council's Regional Policy Statements.

The first Auckland Regional Policy Statement drafted in 1994 under the Resource Management Act 2001 advanced the land use prescription contained in the 1988 Regional Planning Scheme (prepared under the Town and Country Planning Act 1977). This highlighted urban consolidation, protecting and maximising Auckland's primary production, and promoting efficient travel patterns. Local councils and the Ministry for the Environment felt this prescription overshot the regional council's mandate under the new planning statute, the Resource Management Act. Consequently, the Regional Growth Forum was established in 1996 to develop a regional consensus on land use plans.

The Forum published the Auckland Regional Growth Strategy based on a "regional growth concept". This maintained separation of uses along the

Metropolitan Urban Limit and promoted intensification in selected nodes and corridors (Regional Growth Strategy, 1999, 22-28). This time, however, the Forum emphasised that the Strategy was not a blueprint, and called for flexibility in its application (Phil Warren, Chairman of the Auckland Regional Growth Forum in the Foreword to *Draft Auckland Regional Growth Strategy: Commentary*, October 1999).

To maintain a collaborative and flexible approach, the Strategy was implemented through sector agreements negotiated around possible shares of growth in individual local councils. Agreements were prepared for three sub-regional sectors – the northern and western (Rodney, North Shore and Waitakere), central (Auckland City) and southern (Manukau, Papakura and Franklin). As non-statutory documents, these agreements were intended to align policy and funding with the growth concept. Over time, local land use pressures led to some modifications by local councils, and resistance to the constraints imposed by the Metropolitan Urban Limits in some places.

In 2004 the Government stepped in to enforce the regional perspective. The Local Government (Auckland) Amendment Act 2004 required Auckland planning documents to give effect to the 1999 growth concept (s40(1)(a)). The new Act gave the regional council primacy over local councils and the Environment Court in any decisions about extending the Metropolitan Urban Limits (s40(4)).

Schedule 5 of the Local Government (Auckland) Amendment Act includes directives promoting multi-modal transport infrastructure and integrated transport management (clause (b)); compact urban form and land use intensification (clause (c)); and the Auckland Regional Policy Statement. It requires that transport and land use policies reinforce the objectives of the Regional Policy Statement, including “the development of a competitive and efficient economy and a high quality of life, underpinned by a quality environment and amenity” (clause e).

Through these statutory changes, regional policies are both extended in coverage and given priority over local plans. This changes the relationship between the Auckland Regional Council and local authorities in planning, reducing local land use autonomy and accountability. This compulsion has not necessarily removed underlying differences in policy positions, as is evident in the appeals lodged against the decisions of the Panel which heard submissions on the draft reviewed Regional Policy Statement (Policy Change 6).

For example, Manukau City Council in its Notice of Appeal to the Environment Court claims, among other things, that the decisions do not enable people and communities to provide for their social, economic and cultural wellbeing (5.1.3 (a)). The draft Regional Policy Statement elevates the Metropolitan Urban Limit from “a guiding principle” to “*tacit prohibition of development in certain areas*”. It precludes case-by-case assessment of development proposals outside the urban limit, making it effectively the only planning instrument for determining where development might occur (5.1.3(d)). The Notice claims that restrictions on the location of infrastructure are inappropriate.

Even though supportive of the growth concept in principle, Auckland City Council appealed Plan Change 6 on several grounds. One is that it may not be able to meet the requirement that specified growth areas are managed in district plans “so that their ability to accommodate urbanisation and or intensification is not compromised” (4.2(B)). The appeal makes the point that intensification cannot

always be undertaken in a way that “ensures a positive contribution in all receiving environments” (5.18). The inference is that a plan that has some logic at the regional level may fail the test of practicality at the local level.

Waitakere City Council’s appeal deals with specific local land use matters it wanted addressed in the Regional Policy Statement. It, too, calls for flexibility with respect to urban structure. This would enable the potentially adverse impact of existing industrial or similar activities on newly introduced residential development to be dealt with in areas identified for intensification (the sort of matter referred to as creating “reverse sensitivity”). It would enable the appropriate combination of employment and residential uses to be put in place, and reflect “historic local conditions” (p4). Waitakere also calls for greater provision for local planning to fine tune household and employment density targets and wants clear planning criteria for shifting the MUL set out.

Without delving into the relative merits of different approaches, there are clearly differences in perception of the appropriate level for land use planning. There is no agreement on the merits or practicality of planning based on overarching regional principles and implementing outcomes through local plans and targets, compared with relying more on locally developed plans. The latter would provide greater capacity to adapt to local circumstance, and therefore a greater prospect of successful implementation, even if offering less region-wide certainty and leading to local land use patterns that differ from those promulgated in the Regional Policy Statement.

It appears that the Auckland Regional Council has assumed influence over land use to a degree not contemplated in the Resource Management Act or in the local government reforms of 1989. This may reflect the circumstances faced by Auckland – the extent of growth, diversity of land use, and complexity of planning matters. The region is undergoing a transition from an economic base founded on primary processing, manufacturing, and trade in goods, to one increasingly dependent on population growth, consumption and trade in services. The shift from a landscape and land use configured primarily by production needs to one which must accommodate more visible and diverse consumption and employment patterns remains a challenge for planners and politicians.

In the face of this challenge, the strengthening of the regional council’s powers in 2004 reflected a particular view that land use and infrastructure planning had to be more closely aligned regionally, with emphasis on planning for transport. Indeed, through an emphasis on integration of land use and transport an interesting shift seems to have occurred, from an established tradition and discipline of planning transport to support land use to one of shaping land use in support of transport investment.

### **3 Infrastructure Planning**

Concerns over lack of coordinated planning focus on those elements of infrastructure for which demand and supply are best defined at a regional level. They typically include network services like transport, water, wastewater energy and telecommunications. Amenities with specialised demand and management, such as large sports stadiums, regional parks, and museums also fall into this category. While not all of these are local government functions, they are important to servicing population and economic growth, and contribute to the quality of life and therefore the competitiveness of Auckland.

Large capital expenditures and long lead times call for coordination among infrastructure suppliers for effective and efficient investment. This can be difficult to address within a 3-yearly political cycle and with infrastructure provided by different agencies.

Coordination of decisions on major infrastructure investments may influence the rate of development as well as the form it takes. It may also be contentious for its impact on local communities and for the costs that capacity shortfalls, service failures, and over- or under-investment impose on households and businesses. Furthermore, infrastructure issues tend to be highly visible and often highly political. They may polarise communities between for example, advocates of slow growth versus high growth, or those living in impacted areas (households and businesses) versus the region at large.

Nevertheless, there appears to be growing acceptance that major infrastructure services such as arterial roads, public transport, water supply, wastewater collection and disposal, stormwater management and the management of the solid waste stream (recycling and rubbish disposal) will benefit from coordinated planning at a regional level.

### **3.1 Past Arrangements**

Prior to 1992, many of these functions (and others, such as airport operations) were undertaken by the Auckland Regional Council and its predecessor, the Auckland Regional Authority. The 1989 restructuring of local government resulted in some being divested, initially to the Auckland Regional Services Trust. The Trust, a directly elected body, was established with the intention that it would dispose of its assets in order to retire debt.

As a result of prudent management, improved economic conditions and significantly improved earnings, the Auckland Regional Services Trust was able to retire its debt without selling all the assets. The Yellow Bus Company was privatised, but the Trust retained the region's 80% share of Ports of Auckland Ltd and 100% ownership of Watercare.

There was debate over what should be done with the remaining assets. Local authorities and public opinion favoured retaining and managing assets so that funds could be made available for capital spending on transport and stormwater, rather than selling them and distributing the proceeds to ratepayers.

While there was some support for reconstituting Regional Services Trust with a modified role, it was decided to establish a new organisation. Infrastructure Auckland was formed in 1998 as custodian of the remaining investments with a statutory responsibility to use the funds to benefit the region via grants to transport projects and stormwater infrastructure.

Ownership of Watercare was transferred to the local councils at the same time. Watercare is a council owned organisation under the Local Government Act 2002 with six owners (Auckland, Manukau, North Shore, Waitakere, Papakura and Rodney). It is responsible for bulk water supply and wastewater disposal,

The 1992 and 1998 changes shifted accountability for infrastructure planning and decision-making away from regionally elected bodies (Auckland Regional Council and the Regional Services Trust) towards "collective" governance involving local authority representation. The local authority owners appoint a shareholders' representative group which, in turn, appoints directors, agrees an annual

statement of corporate intent, and reviews performance in meeting objectives. With this structure, the regional council has no role in Watercare’s ownership or governance, although it does have an environmental management role relevant to Watercare’s operations.

Infrastructure Auckland was established with a similar governance model, the board being appointed by an electoral college of local authority appointees, which also monitored its performance. Council voting entitlements on the electoral college varied with the size of the council. The regional council had one of the 14 votes.

### 3.2 Coordinating Transport

Prior to 2004, transport planning and decision-making was divided between several organisations, as follows:

Organisation	Function
Auckland Regional Council	Regional land transport strategy (RLTS); Public transport service planning & funding
Transit New Zealand	State highway planning, development & management
Seven Local Councils	Local roads planning, development & management & funding
Infrastructure Auckland	Grants for transport projects
Auckland Regional Transport Network Ltd <sup>1</sup>	Ownership and management of regional public transport assets

Problems of fragmentation were perhaps most acute in public transport. At a strategic planning level, the regional council supported by the local councils identified the need for improvements to public transport. Emphasis was placed on developing the passenger rail network and Northern Busway. Because of divided responsibilities among the regional and local councils, Transit New Zealand and other government agencies, however, no single organisation was responsible for implementing the strategy.

The parties managed to progress the Busway by establishing an ad hoc project structure. This relied on the collaboration and agreement of Transit (busway right of way), North Shore City (stations and local road improvements), Auckland Regional Council, Auckland City (roading and terminal improvements) and, after 2004, the Auckland Regional Transport Authority (procurement of services). Land Transport NZ and Infrastructure Auckland were also involved in funding decisions. The busway opened recently, 20 years after it was first proposed in regional transport plans.

The rail upgrade proved more difficult, with significant disagreements among the parties on the investment required and ownership and funding structures. While this was due in part to private sector ownership of key rail assets (subsequently purchased by the Crown), lack of a clear mandate for any one organisation to plan and develop the system led to significant delays and costs. Different

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<sup>1</sup> Auckland Regional Transport Network Ltd (ARTNL) was a jointly owned company established to own and develop regional public transport assets, which regional councils were prevented from owning prior to 2004.

organisations had responsibility for decisions on major capital investments and the supporting operational expenditure. These were poorly integrated and disputes arose. Auckland City Council's decision to commit to the Britomart station in advance of a firm commitment from the regional to upgrading rail services is an example of this. The issue of financial responsibility for renewals of the station delayed the transfer of Auckland Regional Transport Network to Auckland Regional Transport Authority, and has yet to be fully resolved.

In response to these concerns, further reforms were introduced in 2004. They involved formation of the Auckland Regional Transport Authority, dissolution of Infrastructure Auckland, and the transfer of its assets to Auckland Regional Holdings. Both new organisations were established as subsidiaries of the Auckland Regional Council, in contrast to the previous local council-dominated structures. However, the local councils are represented on the panel which appoints directors to the Auckland Regional Transport Authority. They have seven of 15 representatives, the regional council the other eight.

The regional council also retains responsibility for approving the Regional Land Transport Strategy which sets directions for transport policy and investment over 10 years. It is prepared by the council's Regional Land Transport Committee. The Committee's membership includes representatives of the regional and local councils, Land Transport New Zealand, and appointees representing the five transport objectives identified in the Land Transport Management Act, and other stakeholders. It is a large committee (23 members plus 3 observers) in which the mix of elected and unelected members has caused some tensions.

The Auckland Regional Transport Authority took over the regional council's public transport planning and funding roles, although the council still provides a large proportion of authority's funding through rates and Auckland Regional Holdings dividends. The Authority has also taken over most of the public transport assets previously owned and managed by Auckland Regional Transport Network Ltd. This includes a number of ferry wharves (others are owned by local councils) and "above the track" rail assets. The "below the track" assets are owned and managed by ONTRACK, formed in 2004 to hold the rail assets that the Government purchased from Toll Holdings.

As part of a shift towards increased coordination in transport planning and funding, Regional Transport Authority has statutory responsibility for the annual Regional Land Transport Programme. This consolidates local council road expenditure and the Authority's public transport spending into a single regional programme which is the basis of Auckland's funding "bid" to Land Transport NZ. The Regional Land Transport Programme must give effect to the Regional Land Transport Strategy.

The inclusion of local roads in the Land Transport Programme means that local councils in the region no longer have a direct funding relationship with Land Transport NZ, unlike their counterparts elsewhere in the country. This is a potential source of tension, especially if the Authority's views on priorities differ from those of the local councils, or where Land Transport NZ funds are insufficient to meet key priorities. The Regional Transport Authority's statutory mandate does enable it to take on the functions of a road controlling authority in the future by agreement with any individual council. This step does not appear to be contemplated at present.

In late 2007, the government introduced the Land Transport Management Amendment Bill which will further strengthen the regional planning function. It will bring prioritisation of all spending (including state highways) into an expanded Regional Land Transport Programme. Under the Bill the Regional Transport Authority will retain responsibility for this function in Auckland.

## 4 Economic Planning

This section describes the progress of economic development planning in Auckland Region since the late 1990s. While economic planning by local and regional councils fell from favour during the 1980s, councils began to pick up the initiative again in the late 1990s. This was accelerated with the Local Government Act 2002, which gave councils greater freedom to identify and act on community priorities.

In 2000 Auckland business interests established Competitive Auckland as a charitable trust to respond to the perception that the region was performing poorly in economic terms. Its members saw the need to “*deliver a well articulated competitive strategy to enhance Auckland as an internationally competitive location to undertake business*”. Competitive Auckland highlighted the need for a “world-class” city in which the business and educational sectors were fully engaged, and for cost effective and efficient infrastructure, especially in transport.

The Committee for Auckland was formed in early 2003 to action the initiatives proposed by Competitive Auckland. It comprised largely the same interests, and emphasises regional promotion and leadership, and plays a strong advocacy role (e.g., through the production of *The Case for Auckland*, 2006).

Partly in response to the critical approach Competitive Auckland took to the regulatory and infrastructure performance of councils and partly in response to a perceived lack of equity considerations in Competitive Auckland’s deliberations, the Auckland Regional Economic Development Strategic Leadership Group (AREDS) was established in late 2001. This was a coalition of Competitive Auckland, district, city and regional councils, Māori, the education sector and other stakeholder representatives. With funding by the regional and local councils, and Industry New Zealand, it aimed at a model for collaboration reflecting the Regional Growth Forum precedent.

The AREDS Founding Document acknowledged that Competitive Auckland had developed “a business-growth strategy for Auckland” and that it’s “*strategy work will form an important part of AREDS*” (November 2001). However, AREDS also acknowledged “*the increasing ... importance of city/regions in national economic development ... the need for central government intervention to improve the structure of the economy ... and acceptance by local government that there was a regional gap in economic development activity*” (ARC Report to the Auckland Regional Economic Development Strategy Establishment Group, 2004)

The AREDS Strategy was published in October 2002. It was welcomed by the Minister for Economic, Industry and Regional Development as ‘*a partnership that can bring about real growth in the Auckland region*’. He commented that it was remarkable that developing the strategy led to business, local and central government, Maori, Pacific Peoples and the communities of Auckland in a partnership, and highlighted the importance of Auckland speaking with one voice (Anderton, Beehive Press Release 16 October 2002).

The Minister for Auckland Issues (a central government position acknowledging the importance of Auckland to New Zealand's economic progress and political governance) acknowledged that the Strategy contained a message for central government departments: *'that a whole-of-government approach is essential if Auckland is to achieve its economic potential'* (Tizard, Beehive Press Release, 16 October 2002).

The strategy was directed at a vision for Auckland as *'an internationally competitive, inclusive, and dynamic economy'*, calling for *'an outward focus'*, building on a platform of *'exceptional people, cultures, environment and infrastructure'*. The Auckland Regional Economic Development Strategic Leadership Group produced a number of reports that sought to clarify Auckland's economic role and challenges. This was within a setting, though, in which the legitimacy of its own governance continued to be challenged.

AREDS lost momentum after development of the strategy, as it struggled with governance and management issues. The Establishment Group canvassed options among stakeholder organisations to resolve the conflict between accountability and participation in 2003 and 2004. As a result of this exercise, the Auckland Regional Council assumed a leadership role by establishing the Auckland Regional Economic Development Forum as a standing committee in July 2005. It comprised elected and invited members (including representatives of local councils) and was given the task of oversight of a new economic development agency, Auckland Plus, situated within the regional council.

## 4.1 The Metropolitan Auckland Project

It is against this history of independent industry and council initiatives fusing into a focused, regional initiative that the call for a metropolitan economic strategy was made. The Auckland Regional Economic Development Forum initiated the Metropolitan Auckland project to *"bring to life a shared vision for the Auckland city-region's economic future"*. This project expanded to engage all councils in the region, tangata whenua, and business and other interest groups. Expert briefing papers, stakeholder consultation, and an international team of experts contributed to the deliberations.

The visiting international team in particular highlighted the need to recognise the functional interdependence of different parts of Auckland, the role of infrastructure in this, and the need to work towards a *"single purposeful plan for the region"* to *"integrate the different strategies and plans into one framework"*. This One Plan would *"balance the needs and opportunities of the region in a unifying framework"* (International Review of Auckland Metro-Region, 2006, 11).

The Team argued that global economic success requires regions to be competitive and that this needs *"far greater integrated planning than previously – making it essential that economic, infrastructure, land use and environmental plans are brought together into a single regional framework"* (ibid, 30).

Consequently, One Plan was promoted as necessary to achieve the first of five objectives of the Metro Project Action Plan, which was *"to take effective and efficient action to transform Auckland's economy"*.

To do this it was proposed that One Plan would take into account:

- The Auckland Regional Economic Development Strategy and Metro Auckland Action Plan

- The Regional Growth Strategy
- The Regional Land Transport Strategy
- The infrastructure necessary for the region to function (*Metro Project Action Plan*, 2006, 19).

The agencies nominated to deliver on the first objective include the regional and local councils and (in the area of leadership) an ad hoc group of advocates. These advocates are labeled the Champions of Auckland and comprise “a self-selected group of civic and business leaders that are pro-actively working towards implementing the [Metro Project] action plan” (Metro Project ARC website).

The second objective in the Metro Project Action Plan, which is “development of world class infrastructure”, is based on three broad strategies:

- “1 Coordinate infrastructure planning, decision-making and investment, through a single plan encompassing transport, roading, wastewater, stormwater, regional parks, energy, and telecommunications networks
- “2 Deliver on broadband and energy infrastructure requirements by completing an energy prospectus and fast-tracking high speed broadband
- “3 Create strong and distinctive centres within the region by completing CBD and waterfront development and by fast-tracking town centre development” (ibid, 24-28).

This objective incorporates a broad view of infrastructure and consequently covers a range of suppliers inside and outside government. Agencies nominated to deliver on the actions include local councils and the Auckland Regional Economic Development Forum, Champions for Auckland, the Energy Efficiency and Conservation Agency, energy industry suppliers and regulators, the Ministry of Economic Development, Ports of Auckland, local property development agencies, and “private sector organisations”.

The other objectives, dealing with Auckland as a tourism destination, regional employment needs, and the promotion of innovation and exports, similarly assign responsibilities across a wide range of public and private sector agencies.

## 4.2 The Regional Sustainable Development Forum

The councils followed up the publication of the Metro Project Action Plan and its recommendation for One Plan by working through governance arrangements for implementation. Their deliberations revealed some disagreement about the possible scope of options and how binding they might be on individual councils. At a minimum, however, the councils agreed that adjustments should provide some “direction and priorities for key infrastructure investments in the Auckland region” (*Strengthening Auckland’s Regional Governance Proposal*: 2006, 2).

Councils’ views diverged on what reforms TLAs might be subject to and on proposed asset and funding transfers. Concerns about the impact of the regional council’s application of Metropolitan Urban Limits on local growth and development also “strongly flavoured the responses of some councils to the governance options” Differences in views split between those favouring a stronger regional entity and those favouring joint, binding decision-making with “club-owned delivery” (ibid, 3).

After further deliberation, the councils proposed a model on which they could agree the principles. This was for a strengthened regional council (“Greater Auckland Council”) taking responsibility for implementing the One Plan. Preparing it, though, would be the responsibility of a Regional Sustainable Development Forum comprising representatives of the local councils and the regional council (ibid, 12-13). The plan would “*comprise a prioritised set of projects/programmes of regionally significant scale*” (*Strengthening Auckland’s Regional Governance: Final Report*, 10-14).

Among other things, the proposed arrangements sought to accommodate a concern “*to ensure that the strengthened regional council did not exert undue influence in matters of local land use policy where district plans and sector agreements are consistent with the Regional Growth Strategy*” (ibid, 3).

The Regional Sustainable Development Forum comprises representatives of the territorial local authorities and the regional council, and as non-voting members central government (Internal Affairs, Economic Development, Social Development, Environment and the Department of the Prime Minister and Cabinet), Tangata Whenua, and the adjoining regional councils (Northland and Environment Waikato, without voting rights). The Forum was constituted as a successor to the Regional Growth Forum, which had been established as a collaborative venture among councils under S37SG of the Local Government Act 1974. It differs, though, in terms of the strong central government presence and an intention to make funding commitments in support of prioritised projects.

The purpose of the Regional Sustainable Development Forum is “*to promote integrated decision making and therefore integrated planning for the future of the Auckland Region. This includes taking a leadership role in the ongoing stewardship of the Auckland Sustainability Framework, Regional Growth Strategy and development of One Plan for Auckland, in particular a set of priority actions of regional significance*”<sup>2</sup> (Agenda, 22 February 2008, Regional Sustainable Development Forum, 3).

Perhaps the most interesting development reflected in the One Plan initiative is the convergence of three erstwhile separate streams of work: environmental planning, infrastructure planning, and economic planning. Functional (vertical) and geographic (horizontal) integration appear to have progressed hand-in-hand. At the same time, this integration depends on the operation of a large and somewhat diverse committee addressing diverse, substantive and potentially divisive issues within a collaborative framework.

Translating centralised plans defined through consensus at a broad level into binding actions on the part of a range of dispersed bodies, not all of which are represented, promises to be as challenging for the Sustainable Development Forum as it proved for the Growth Forum. While the initial agenda is cautious, the broad scope, ambitious objectives, and the attempt to impose centralised coordination on local actions call for consideration to be given to the justification for One Plan as the principal means for achieving this.

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<sup>2</sup> RGS – Regional Growth Strategy; ASF – Auckland Sustainability Framework;

## 5 The Argument for Integrated Planning

The individual histories of environmental, infrastructure and economic planning in Auckland, as described above, provide insights into the development of One Plan. In each case, there has been incremental extension of functions and a move towards collaboration at the same time as the region has become more firmly the locus of deliberation and policy-making. In Auckland, collaboration and a recentralisation of functions appear to be moving hand-in-hand. One Plan provides an umbrella for this approach to cover the three streams of work.

It is therefore useful to look to at the arguments favouring the approach that were advanced by the independent International Team reporting to the Metro Auckland Project. The team argued for an ambitious One Plan in terms of:

*“Accelerating a commitment to building and using a single strategic planning framework for Metro Auckland, integrating other strategies and plans around a single vision, single evidence base, and single time frame. This plan should integrate infrastructure, planning, land use, energy, economic development, environment, social and cultural dimensions as a single purpose vision and purpose for the region. It should operate as a long term, and a short to medium term, strategic framework. (ibid, 5)*

Among the team’s 15 recommendations was one for an *“enhanced leadership commission”* to develop the plan, and another for an investment prospectus identifying *“8-12 key interventions that require investment beyond what the public finance regime is currently delivering”*. Another recommendation calls for a *“jointly owned capable regional development organisation”* to deliver major projects that *“fall beyond the remit of single existing bodies, or where there has been a delay in processing them”*.

Behind the 15 recommendations is the view that too many current initiatives in Auckland *“are small in scale, separated or disaggregated from one another”*. The action plan, by contrast, should be about *“a small number of large scale interventions that command wide support and are delivered in a participative manner ... [through] a high degree of institutional collaboration”* (ibid, 7)

The strategy and its many recommendations are supported by the team’s view on good practice, with 12 key ingredients of *“effective Metropolitan action planning”* advanced from *“an international perspective”*. While *“not all successful metropolitan regions manage to do all of these things all of the time, ... the majority of metropolitan regions that have successfully begun to transition themselves into 21st Century society do many of these things much of the time”*.

Among these things are recognising the functional interdependence of various parts of the metropolitan region, a focus on long term operational issues to improve the functionality of the region, and working towards a *“a single purposeful plan for the region [through which to] integrate the different strategies”* (9-11). This would be supported by building greater investment capacity and implementation capability.

While all of these things, and the other principles advanced, make good sense, the underlying argument relies on reference to international experience and other metropolitan regions rather than to specific examples or models that might be related to Auckland’s particular circumstances.

For example, the discussion of the role of globalisation suggests that the opportunities associated with trade liberalisation will involve “*adjusting land uses and infrastructure for a modern economy*”. The team argued that “*at the metropolitan level, the process of adjustment and transition must be carefully planned and costed, so that it can be pursued with real resolve and with an appreciation of the likely time-scale of results*” (13). Reference is made to German metro-regions, US metro-regions, and the city regions of London, Toronto and Johannesburg, Helsinki, Dublin and Seoul, although the planning and governance outcomes of these examples are not described in any detail. Nor is their applicability to Auckland’s circumstances examined (23-24), reflecting, perhaps, the limited time the Review Team could spend in the region.

However, the team did suggest that the “*key to Auckland’s functionality and competitiveness is in its interdependence and connectivity, in both hard and soft infrastructure, within and between the 4 cities and 3 districts in the wider region*” (17). This statement seems to accept current local government arrangements, but with an overlay of relationships that might ensure a common approach to international challenges.

## 5.1 Why Reform Metropolitan Governance?

Given that Auckland councils have been working jointly towards integrated land use since the mid-1990s and economic planning since 2000, the main impact of the One Plan proposal appears to have been to encourage them to consider governance changes through which to pursue shared objectives, rather than to begin the process of integrated planning anew.<sup>3</sup> The translation of what was essentially an economic development initiative into a more broadly based one is, in part, a reflection of the strength with which that idea was promoted.

The principal author of the International Review Team, Greg Clark, was asked to comment on alternative governance models to implement One Plan (Clark, 2006). He argued that “*powerful processes of urbanisation, re-urbanisation, and metropolitisation, right across the world*” mean more people live in urban areas, increasing economic activity is located with them, and they are more diverse than previously. However, these areas remain “*functionally interdependent*”. Because people, goods and services move around cities for work, trade, consumption and recreation, internal transport and communications connections are important.

Rapid growth also means that cities are faced with environmental and social challenges. The argument follows that councils need to scale up and modernise infrastructure to meet these challenges and retain competitiveness. For this purpose, Clark favours coming together in initiatives to strengthen governance.

He identifies a growing interest in “*functional economic regions*”, reflecting a growing tendency to focus on sub-national economic areas as the drivers of growth nationally (Pezinni, 2005). Traditional political or administrative

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3 Regional coordination has long been on the agenda in land use planning matters, commencing perhaps with publication of the Outline Development Plan by the Auckland Metropolitan Planning Organisation in 1951. See ARC (1997)

boundaries may be ill-suited to dealing with “economic” regions, thus requiring coordination across political jurisdictions.<sup>4</sup>

This “place-based” approach was developed in Auckland for land use and long-term infrastructure planning with the establishment of the Regional Growth Forum in the mid-1990s and from a central government point of view, with the establishment of the Government Urban Economic Development Office in 2005. The earlier establishment of Auckland Regional Economic Development Strategy Leadership Group, following the Competitive Auckland initiative, similarly saw a move from fragmented, administrative boundary-based economic promotion to a more coordinated and collaborative approach.

The One Plan proposal pointed to further consolidation of existing initiatives across boundaries (horizontally), across levels of administration (vertically), and, especially, across functions and activities. While the Regional Growth Strategy had been established as a device for integrating land use and resource planning, it was not equipped to deal directly with infrastructure, economic development, or matters like affordable housing.

However, Clark did not endorse any particular structure for implementing One Plan. He pointed out that a wide range of governance arrangements exist: e.g., across Europe “a myriad of inter-municipal co-operation arrangements”... in North America “a multiplicity of governance arrangements” and in Asia “a significant number of two tier metropolitan government systems”. He conceded that “there are a great many hybrids and variations on models. Approaches that work well in some contexts do not work well in others”. (3-4)

## 5.2 Issues around Integration

The latest move towards collaborative centralisation, the establishment of the Regional Sustainable Growth Forum to develop One Plan, lifts cooperation to a new level. Despite the breadth of the initiative and the range of stakeholders, the Forum aims to prioritise a small number of projects in the first instance. This provides a manageable programme which allows for progressive development of the Forum, the scope of its work and its capabilities.

Nevertheless, the initiative raises several questions. One is whether this structure provides the focus and the commitment to action what may be required to meet the region’s economic objectives. Another is whether a wide range of contentious matters can be reconciled in a single, all-encompassing framework. Is there a risk of centralising matters that may be best dealt with in a localised framework? Will the new structure impose additional costs and delay decisions? Will it reduce transparency and accountability or impose a new layer of bureaucracy on the decision process?

While the Sustainable Development Forum will deal with prioritising, actioning and funding specific projects and while significant changes are proposed in the

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4 In the case of Auckland, recent shifts in population and economic activity, the growing complementarity of key transport hubs (e.g., Marsden Point, Auckland and Tauranga) suggest that the most appropriate functional economic region for considering the future of Auckland is the Northern North Island. This proposition was analysed in McDermott (2006) and is reflected in the inclusion of one non-voting member each from Northland regional Council and Environment Waikato in the Regional Sustainable Development Forum.

regional council's role, the initiative could still be seen as a further incremental development. The paper trail underlying these reforms dealt mainly in generalities; they were shaped in part to accommodate different expectations and concerns among participants.

While there are a number of contentious land use and growth management issues facing Auckland, the International Team was not explicit about how these might be resolved through integration. Despite advocacy for consolidation and a unitary vision, the Metro Action Plan points to many agencies sharing responsibility for implementation. The councils appear to have shied away from functional integration, suggesting that this will be achieved by the agencies "enlisted" implementing One Plan through their own plans and actions.

In addition, the process of developing an appropriate governance structure for One Plan drew in another stream of work, the Auckland Sustainability Framework, for which there is no immediate statutory mandate. This confirms a tendency to rely on over-arching strategies to deal with potentially contentious matters, even though such strategies may not translate easily into effective actions on the ground.

The task of testing the likely outcomes of the favoured structure for the integration called for by One Plan and the process for resolving individual issues remain to be done. Although he did not recommend any particular governance arrangement, Clark did provide the following advice:

*"Making the case for change is essential. Citizens and business leaders have little patience with change to structure unless they are convinced of clear benefits that will accrue. ...*

*"It is also important to design the best possible governance arrangements with the greatest likelihood of success. Citizens will not vote enthusiastically for compromises or fudges. They need to see the internal coherence of the arrangements proposed and they need to be convinced that they are best possible of all arrangements.*

...

*"Testing the scenario of change options thoroughly is important. Clear criteria for examining their merits are needed. Testing challenges and shocks to the system to build in adaptability is key.*

...

*"Governance will evolve. It is essential to plan for continual change and to develop arrangements which are adaptable.*

...

*"There will costs as well as benefits. These have to be budgeted for if the changes are not to be undermined. It is important to recognise that benefits will fall later. Governance reform does not, on balance, deliver savings quickly." (2006, 16-17)*

### 5.3 Where does Economic Planning Fit?

The relationship between infrastructure and economic development is based on the assumption that a globally competitive economy will be favoured by:

- The quality and capacity of infrastructure to facilitate connection across the region, limit congestion, maintain supply (including housing and therefore labour supply), and protect the quality of the natural and built environments;
- Cost effective and timely delivery of infrastructure, which minimises disruption and contains supply chain costs.

In addition, integrated planning for economic development is advocated in its own right on the grounds that Auckland is the key to New Zealand's economic future, with the implication that in some respects the region has not been achieving its potential. The main issues appear to be:

- Developing the region's capacity to speak regionally, nationally and internationally with one voice;
- Creating a compelling regional presence in world markets, including world tourism markets;
- Developing the capacity to attract and retain visitors and residents through the quality of local development, doing this in part through a coordinated and coherent regional programme of events of international significance;
- Providing a consistent programme of promotion and support for innovation, for knowledge-based industries and for export-oriented business.

While the links between effective planning for infrastructure and economic development can be made, the documentation does not demonstrate how – or even if – locking the two into a single plan would achieve the outcome sought for each. The nature of skills for planning, development, and management of each are quite different. Functional interdependence at a higher level does not imply operational complementarity: achieving integration between plans and implementation within sectors is difficult. Achieving integrated planning and development between sectors is likely to be more difficult.

Indeed, there can be a world of difference between the planning needs and decision criteria to be applied to the different components of infrastructure. Community or recreational facilities, road transport, port development, or land use development, all require different skills and knowledge.

Some questions follow from this. At what level integration is desirable? What functions need to be made or coordinated at a regional level? What activities are amenable to delivery within a single organisational framework? Do planning and delivery responsibilities need to be contained within one organisation?

These questions may be answered by reference to some of the fundamental economic and organisational principles behind public service provision. In order to establish a rationale for merging functions, there should be demonstrable benefits from the allocative, technical and administrative efficiencies that might be achieved by combining them, or else a clear rationale established for doing so, the costs of which are both known and acceptable.

## 6 Pursuing Efficiencies in Local Government

The call for integrated planning to support economic performance will ideally be supported by evidence that it will lead to better decisions. This will happen if gains in allocative, technical or administrative efficiencies (or some combination of them) can be achieved.

**Allocative efficiency** is concerned with delivering the right mix of goods and services. It can be defined in terms of pursuing a deployment of council resources that gives the best possible return to the community. In local government allocative efficiency may be defined in terms of how to achieve community-mandated outcomes. The issue is what outcomes resources should be directed towards, and in what proportions.

The Local Government Act 2002 focuses on allocative decision-making by highlighting community expectations (community outcomes) and prescribing decision-making processes. The question is whether resources are applied in such a way that optimum (or at least sound) progress is made on community outcomes defined in the Long Term Council Community Plans. In practice, defining and comparing benefits across quite different activities and assessing the optimum joint outcome is difficult. When looking across units of government the task is complicated by the need to distinguish between outcomes defined regionally and those defined locally.

A concern for allocative efficiency is reflected in debates about spending priorities. The move towards a single integrated plan will move that debate from the local to the regional. For Auckland this suggests that it will lead to broader-based and therefore enhanced allocation decisions, although perhaps not in the eyes of all stakeholders.

Whether this will be better achieved via a collaborative model or a unitary model is not immediately obvious. The negotiation involved in collaboration externalises conflicts (which should enhance decisions) but favours compromise (which may dilute them). On the other hand, a unitary model internalises the debate over appropriate resource allocation, but may lead to more definitive decisions. In any case, there is no immediate evidence that larger organisations necessarily make better allocative decisions than smaller ones.

**Technical efficiency** refers to how effectively goods and services are produced relative to resources consumed in their production. The objective is to achieve the best possible outcomes with the least possible capital and operating investment.

An important part of thinking about technical efficiency with respect to infrastructure focuses on the prospect of economies of scale in larger organisations. More generally, technical efficiency is influenced by a combination of production technologies employed, availability of economies of scale (usually when fixed costs are a significant proportion of total costs), and economies of scope (when fixed costs, technologies and skills can be spread and shared across a range of services or outputs).

A concern for technical efficiency also raises the question of whether service delivery is best carried out by the public or the private sector. The reforms of the 1980s and 1990s sought efficiencies on the grounds that commercial disciplines would encourage managers to pursue the most efficient means of erstwhile

public service delivery. This saw increased use of private suppliers and community controlled organisations working at arm's length from the policy makers. The use of contractors may also enable economies of scale to be achieved by a small number of suppliers providing services to a large range of customers, in this case to councils on behalf of residents.

Technical and allocative efficiency are related to resource constraints. Sound allocative decisions will ensure that the outputs contribute effectively to desired community outcomes. Greater technical efficiencies will allow more to be achieved from given resources.

**Administrative efficiency** refers to the costs incurred by local government in the conduct of its business. Pursuit of administrative efficiency encourages councils to consider policy development and service delivery via variety of organisational arrangements, including collaboration, local partnerships, advocacy, delegation, and purchasing in.

By and large, administrative costs will be lowered by methods of service delivery that minimise the transactions (and agencies) involved. They may also be reduced by effective organisational design and administrative systems.

While sophisticated management and IT systems and increased purchasing and recruiting power tend to be associated with larger organisations, this does not automatically increase administrative efficiency. Large scale organisations can incur additional costs through, for example, the more complicated arrangements and transactions necessary for internal communication, coordination and control. The distance between decision-makers and the community may be increased and require more investment of time and resources in consultative procedures.

On the other hand, the availability of cost-effective off-the-shelf administrative and IT systems and recourse to consultants on the part of smaller organisations reduces the potential managerial and resource advantages of larger organisations.

## 6.1 The Issues

This section canvasses some planning issues facing Auckland. The following section then considers how effective the Regional Sustainable Development Forum and One Plan might be in their resolution.

Without a systematic review, the following issues (in no particular order) are proposed for consideration. The list is indicative rather than definitive.

- A concern that even with substantially increased spending on transport, underlying issues are not being addressed, and that conflicts remain in relative spending on road and rail and private and public transport;
- Concerns over the long term capacity and security of electricity supply;
- The need for substantial spending on network infrastructure, for renewal, capacity expansion, and extensions;
- The continuing division of responsibilities in water supply and distribution;
- A need to upgrade the broadband network;

- Differences in assessment of land required to cater for development and the consequences of different approaches to urban land use on business investment and housing affordability;
- Associated with the land capacity issue, the potential role of intensification to absorb growth in a way that is acceptable to the public;
- The long-term development of port and airport capacity and their relationship with trade and business development. This includes questions of facilities capacity, land use conflicts, environmental impacts, and ground transport accessibility;
- Waterfront development, including the role of different stakeholders (the regional and city councils, the port company); the potential conflict between public and private use and access; and land use conflicts among commercial, residential and recreational activities in the vicinity.
- Concerns about duplication of assets and, consequently, excess spending, evident in the utilisation and performance of indoor and outdoor sports stadia, for example.
- The supply and funding of regional assets, which are subject to the Auckland Regional Amenities Funding Bill.<sup>5</sup>

Many of these issues revolve around or impact on funding, which may be the thread that links them. Some require a commitment to coordinated investment to avoid waste through duplication. Others would benefit from decisions based on consistent and common information, including sufficient evidence and analysis to achieve cross-regional consensus over policies and directions.

One of the keys to advancing on a number of fronts is to establish a broadly agreed, practical long-term development plan for the region that enables significant infrastructure decisions to be made in the knowledge that other decisions will be consistent. The focus in this regard in the past has been on transport and land use. However, divergence between local plans and the regional spatial strategy (the Regional Growth Strategy), and between the resulting land use prescription and residential preferences, creates uncertainties around long-term growth. This has been used to suggest in some quarters the need for a more fundamental level of integration. The 2007 review of the Regional Growth Strategy, for example, says that “*there is a need for a better alignment of policy, funding and implementation across councils and with central government*” (ARC, 2007b, 6)

Another key is to resolve funding issues, given the major infrastructural spending the region faces. Integration in this respect will be helped by resolving where costs might lie (regional or local ratepayers, taxpayers or users); and to what extent costs might be spread between current and future generations of ratepayers and users.

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<sup>5</sup> These comprise arts, educational and cultural facilities in Auckland City (Auckland Observatory and Planetarium Trust Board, Auckland Philharmonic, Auckland Theatre Company Ltd, New Zealand National Maritime Museum Trust Board, The Auckland Festival Trust, and the Auckland Zoo, when reconstituted as a separate entity) and regional lifesaving activities (Surf Lifesaving Northern Region Incorporated, Auckland Regional Rescue Helicopter Trust, Coastguard North Region Incorporated, WaterSafe Auckland Incorporated).

Another key is simply to prioritise issues and projects so that the resource implications of different investments can be assessed and managed. This would influence the availability of funds. It would also address the impact of major projects on construction resources and costs in the region.

## 6.2 Assessing Infrastructure Options

A preliminary assessment of how responsive the key infrastructure and land use issues facing Auckland might be to governance changes has been undertaken under the headings of allocative, technical and administrative efficiencies (Table 1). The observations provide a starting rather than ending point. They might be expected to be refined, verified, or rebutted as more information comes to hand.

In **transport**, allocative decisions (what resources to commit to what activity), are subject to national approval and a share of national funding. Regional discretion over funding will be increased through the recent introduction of regional petrol taxes and regional prioritisation, although subject to more specific central government policy guidelines (e.g., on the allocation of expenditure between public transport and roads).

Current arrangements, with the Auckland Regional Transport Authority coordinating funding, enable a strong regional interface to be maintained with central government. With greater local discretion anticipated under the Land Transport Management Amendment Bill, the Authority will be well placed to mediate local road needs in relation to other regional transport demands, and to reflect land use decisions in its funding priorities. This may be facilitated and long-term direction setting clarified through the development of One Plan. The benefits are likely to arise from any gains in the consistency of long-term land use plans to which the Authority might respond (and to which it might contribute) rather than from any anticipated operational changes.

One integration challenge within the road network is between State Highway development and regional arterial and local roads; between a central government agency (Transit) and local government. As this can be managed through the Auckland Regional Transport Authority it is not obvious that the interface will be improved by further changes in governance.

The long-term capacity and security of **electricity supply** will be facilitated by stream-lining resource consent processes. This might simplify planning and implementation of new investments for transmission and, perhaps, local generation. Operational matters can be enhanced by joint planning and coordinated corridor access for network extension, upgrading, and maintenance. This may be managed as easily between agencies as within one organisation. Again, it is unlikely that governance rather than process changes are required to bring this about if it is lacking.

Investment in **stormwater management** tends to be based on localised conditions, either to support development or of a remedial nature, where circumstances such as the inadequacy of existing infrastructure necessitate investment. The *Auckland Region Stormwater Action Plan* (2004) and the *Proposed Auckland Regional Plan: Air, Land and Water* provide vehicles for coordination of water quality, covering stormwater management and wastewater overflow, as well as sewage treatment and disposal.

**Table 1: Illustration of the Relevance of Governance Change to Resolving Development Issues**

Issue	Allocative Efficiency	Technical Efficiency	Administrative Efficiency	Preliminary Conclusions
<b>Transport - Road vs Rail; - Roading vs Public Transport</b>	Subject to central government funding decisions; decisions on trade offs between regional benefits & local impacts, distribution of costs & benefits among users and communities; regional & local accessibility issues	Specialist planning, construction & operations involving national and regional agencies & contractors.	Planning and funding through a single agency to negotiate with local and central interests	Efficiency possibly best served by a single regional agency with cross-modal responsibilities; working with local input, and collaborating with other agencies on long-term development directions; corridor development and access; etc.
<b>Transport - Implementing Demand Management</b>	Identification of appropriate modal split and distribution of demand	Need for effective tolling and charging systems in terms of achieving most appropriate demand on options - mode, timing, corridors, etc.	Issues of ticketing and pricing integration ideally resolved through a specialist agency acting on behalf of transport suppliers	Collaboration across agencies probably necessary to ensure pricing signals results in appropriate resource use and integrated charging minimises transaction costs.
<b>Long term capacity and security of electricity supply</b>	Subject to central government sector funding decisions, with some potential for regional choice among generation and transmission options, with local distribution subject to land use change	Economies of scale in supply, transmission and, potentially, distribution. Some economies of scope with telecommunications network development	Planning and funding of generation through market mechanisms is in place, which reduces benefits of a regional level agency.	Efficiency will be served by collaboration on development directions (land use), capacity requirements, consenting, and corridor access; but generation and delivery is likely to achieve technical and administrative efficiencies through specialist suppliers and distributors.
<b>Stormwater investment</b>	Investment needs to be linked with land use planning through catchment plans	Economies of scale possibly available through specialist skills and capacity to negotiate favourable supply contracts. However, implementation based mainly on civil engineering input at a local level.	Stormwater management is closely aligned with local development and may be most effectively managed at the local level.	Primarily a local function subject to regional and national standards. No obvious economies of scale from consolidation of implementation.
<b>Water Supply and distribution</b>	Investment linked with land use planning and infrastructure renewal	Demonstrable economies of scale with supply and distribution. Potential economies of scope through alignment with sewage collection and treatment	Planning, development, maintenance, and funding in a single agency should minimise transaction costs, including meeting standards	Efficiency likely to be best served by a single regional agency
<b>Sewage collection, treatment and disposal</b>	Investment linked with land use planning and development, catchment management	Demonstrable economies of scale with collection, treatment and disposal. However, low impact localised or distributed facilities may help meet whole of lifecycle objectives. Potential economies of scope through alignment with water supply and distribution	Planning, development, maintenance, and funding in a single agency should minimise transaction costs, including standards	Efficiency likely to be favoured by a single regional agency with responsibility for water supply and distribution; long term development directions (network and capacity matters) subject to collaboration or regional direction.
<b>Solid Waste Disposal</b>	Linked to population & business growth; land use	Economies of scale with disposal	Distributed model for collection & recycling, with user pays and commercial collection	Current model probably appropriate, subject to continuing promotion of recycling & minimisation

**Table 1: *Continued*: Illustration of the Relevance of Governance Change to Resolving Auckland’s Development Issues**

<b>Issue</b>	<b>Allocative Efficiency</b>	<b>Technical Efficiency</b>	<b>Administrative Efficiency</b>	<b>Preliminary Conclusions</b>
<b>Broadband upgrade</b>	Investment linked with business and consumer expectations. Perceived public and economic benefits mean political pressure to increase funding and accelerate development.	Economies of scale within infrastructure investment; potential economies of scope with other network investments	Market model has established shared capacity provided by a single provider for distribution by intermediaries, subject to government regulation.	Current model probably appropriate, but with increased funding to meet public expectations for access, capacity, and timing.
<b>Land Supply</b>	Development linked with expectations for growth and market preferences, subject to constraints to meet other objectives.	The release and preparation of land is a localised function with no obvious economies of scale. Use of land development corporations may enable consolidation of local initiatives within developed (brownfield) areas.	Importance of coordinating infrastructure and associated services, with local councils well placed to coordinate, negotiate and monitor. The alternative could be a development corporation working closely with a regional planning agency.	Current model relies on local management of land use subject to regional-level constraints. Regional level implementation might increase transaction costs and diminish efficiencies through increasing the distance between the land user and the consenting authority
<b>Land use intensification</b>	Promoted to reduce development pressure on greenfield land and at the edge of the metropolitan area	Implementation is a decentralised or localised function that may benefit from shared knowledge, or from establishing a development corporation to act on regional priorities.	Importance of coordinating infrastructure and services, and working with local communities, with local councils well placed to coordinate, negotiate and monitor. The alternative could be a development corporation	Current model relies on local management of land use change within parameters prescribed at a regional level. Regional collaboration should lead to greater collective efficiency.
<b>Long-term port and airport development</b>	Investment related to demand by business and households, constrained or moderated by potential land use conflicts and environmental impacts	Port operations benefit from technical economies of scale, associated with capital investment, operational needs, and land use requirements	Current model of private sector delivery subject to local planning needs and constraints is likely to be most effective	No need for governance change, although there may be benefits from close communication and shared planning.
<b>Waterfront development</b>	stakeholders including local (Auckland City, CBD) versus regional expectations, private versus public benefits, and monetary vs. non-monetary benefits	No obvious economies of scale in resolving issues and delivering agreed project or projects.	Some overlap in jurisdiction and responsibilities between ARC and ACC (district and coastal plans) and between regional and city objectives	The need may be for a vehicle (a development agency) that can incorporate and advance the interests of both parties.
<b>Supply, funding and operation of regional facilities and amenities</b>	Currently investment tends to be through individual agencies, including but not limited to councils. Duplication and competition evident across councils; also, single purpose agencies can make allocation decisions without regard for competing priorities	Economies are mostly realised at design and construct facilities. Operational efficiency is most influenced by demand characteristics.	Benefits likely from cross-agency or cross-facility coordination and information sharing. Individual facilities, however, subject to different management and operational needs.	Addressing cross-regional and inter-amenity funding may enhance allocative efficiencies. New funding model allows wider participation in distribution of funds among activities (allocation decisions). Development and operations are specialised and may be best at facility level

Together with the *Regional Policy Statement* these documents provide a framework for coordinating services and for enforcing standards across councils. Perhaps what is lacking is the capacity to make allocation decisions alongside other demands that might prioritise water management ahead of other areas of environmental management and infrastructure development.

The discretion for **solid waste** disposal lies with local councils, with new sites subject to meeting the requirements of local and regional plans. The difficulty in securing consents for long-term landfill sites means that although they may be initiated by private or local interests, they tend to be promoted and operated as regional facilities. All councils support recycling, by provision of local recycling facilities, waste pickup policies, and education programmes. There are no obvious benefits available from centralising these operations. Possible economies of scale are likely to be limited to what can be achieved by use of contractors subject to competitive bidding.

The pressure to upgrade **broadband services** in Auckland is a response to the perceived need by business. A regional agency might choose to play an advocacy role or divert funds into such development.

The **supply of land for development**, and redevelopment to achieve higher densities, is a function that is traditionally undertaken at the local level subject to regional conditions to protect the environment. Planning for long-term land use should ensure a consistent framework for infrastructure investment and environmental management, which was the intention of the Regional Growth Strategy. That this is now being supplemented by the Sustainable Development Forum and One Plan suggests that the operational links between land use directions and infrastructure investment were weak. Until government sought to mandate it through the Local Government (Auckland) Amendment Act, there was no basis for enforcing one view of land use planning across the region.

**Port and airport developments** raise a number of local land use issues which need to be set against the regional economic benefits of their expansion. In both cases, local land use conflicts are addressed on a continuous basis through management practice and through participation in the relevant regulatory processes.

Expansion plans, however, do raise complex issues. In the case of Auckland International Airport Ltd the commitment to a second runway has been made. Perhaps the longer term issue is the place of the port on Auckland's waterfront, and whether at some time in the future it may have to be scaled down in favour of an alternative location, including either Marsden Point or Tauranga.

Related to this, **waterfront development** combines regional and local issues. This is reflected in the level of cooperation already evident, in the joint planning and consultation evident in *Auckland Waterfront Vision 2040*. The question is whether current arrangements provide a sufficient forum to resolve any differences in expectations and to address the financial implications of pursuing development paths that favour one outcome over the other.

To some extent, resolving cross-region funding of **regional amenities** is addressed by the Auckland Regional Amenities Bill. This aims to reduce the resources committed by the individual organisations to securing adequate funding, and to provide them with the financial security they need to focus on services provision and future development. Funding will be based on the

combined councils' rates revenue, with contributions apportioned according to each council's share of the region's total. A Funding Board will be appointed by the Electoral College, comprising representatives of the local councils and the institutions receiving funding. This independent Board will assess applications and recommend them to the Electoral College.

One question this arrangement raises is whether the Funding Board needs to sit outside other local government funding arrangements with the requirement for yet another body subject to its own, governance arrangements. Ultimately, regional amenities of the sort scheduled contribute to the regional well being and Auckland's international standing, and so may be well suited for inclusion in higher order governance arrangements.

### **6.3 Overview**

Although cursory, this review of current arrangements for infrastructure planning and delivery lead to several preliminary conclusions.

- In most instances, statutory arrangements exist to achieve an alignment of local and regional interests through, for example, the standards set in regional plans for stormwater, water and sewage.
- In some cases, a specific statutory fix has been implemented or proposed. The Local Government (Auckland) Amendment Act 2004 addressed the difficulty of resolving the regional land supply issue, and the Regional Amenities Bill addresses funding regional assets. However, each is a one-off solution that may generate its own set of transaction costs and cut across existing governance arrangements.
- Ad hoc cooperative arrangements are also in place for alignment purposes, in terms of waterfront development, for example, and through the development of the Regional Sustainable Development Forum. To date, these sorts of responses have had mixed results. However, collaboration on planning matters can enhance allocation decisions and contain administrative costs while allowing specialist agencies to take responsibility for achieving operating efficiencies.
- In some instances a combination of public and private delivery, or corporate delivery and regulatory oversight, achieves a reasonable degree of integration, as in solid waste management, or water supply. In these areas, and with reference to key elements of infrastructure, including the port and airport, the Resource Management Act provides an appropriate mechanism for maintaining the environmental standards expected by the regional and local communities.
- Where funding responsibilities lie may be an issue, but this is being addressed through changing statutory arrangements with reference, for example, to transport or regional amenities. In transport, these governance changes may not be sufficient to achieve the integration sought, although they do go some way.

More work is needed to establish the overall efficiencies of the current arrangements, and whether these will be improved by the creation of another tier of collaborative bureaucracy or the expansion of the functions and mandate of a greater regional council. Technical efficiencies should be available from

combining some existing agencies in the three waters, where international experience suggests that there are economies of scale and scope available. Collaboration for long-term planning purposes may also enhance regional allocation decisions and reduce administration costs. This assumes, however, that consensus on individual matters can be reached without unduly undermining the quality of the resulting allocation decisions.

## 7 Conclusions

Delving into Auckland's history of collaboration suggests that ad hoc responses to the challenges of metropolitan development have tended to complicate governance. This is borne out by the concerns that underlay the formation of Competitive Auckland and the Committee for Auckland, AREDS, the Metro Auckland project, and even the terms of reference of the Royal Commission.

Since 1994 (the publication of the first Draft Regional Policy Statement) there have been shifts in the focus of responsibility between the local councils and the Auckland Regional Council, in land use, transport, and economic planning in particular. Standing committees of the regional council have become drivers of policy across these areas, over and above the council's traditionally mandated role of environmental management. Even where planning has tended to centralise, local councils are generally still responsible for implementing the resulting policies. This may lead to conflicts between local councils' Community Outcomes and Long Term Plans and those defined regionally. Where conflicts and impediments to action emerge, the implication may be that collaboration is insufficient to achieve coordinated delivery.

There also appears to be growing reliance on appointed standing committees or the use of representative electoral colleges to appoint boards to community controlled organisations. This should offer efficiency advantages as the specialist knowledge of appointees is brought to bear and as the potential for political interference in investment and operating decisions is reduced. However, the downside is that transparency and accountability to the electorate is reduced. One consequence of any failures in this respect may be the use of regulations and statutes to steer agencies back towards a public service model.

At the planning level, the councils have a record of engaging in collaboration when the issues are sufficiently broad and the responses confined to concept or broad objectives and principles. Examples include the Regional Growth Strategy, the Regional Land Transport Strategy, the Auckland Sustainability Framework, the Regional Economic Development Strategy and even the Strengthening Auckland Governance initiative.

The latest initiative draws the bulk of these prior initiatives together in the form of a large, collaborative forum, the Regional Sustainable Development Forum. This may have success where others have failed because there is a commitment to align funding with regional priorities. In addition, a strengthened regional council should be able to support the priorities in One Plan, both by influencing central government spending, especially given central government's presence in the Forum, and by entering into binding agreements for delivery with local government.

The concern remains that when matters get to the "sharp end" and resources need to be allocated and potentially unpopular political decisions made,

collaboration can found wanting. For example, the lack of action on district plans supporting the Regional Growth Strategy was seen as a stumbling block for implementation. It took an Act of Parliament to get local councils to take the requisite action. The risk is that relying on collaborative processes without any fallback can lead to inaction (wasting the resources that went into the exercise), an ad-hoc response, or yet another overarching strategy

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