

**INTEGRATION OF URBAN SERVICES AND GOOD  
GOVERNANCE: THE AUCKLAND SUPERCITY  
PROJECT**

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# INTEGRATION OF URBAN SERVICES AND GOOD GOVERNANCE: THE AUCKLAND SUPERCITY PROJECT

## Introduction

The restructuring of metropolitan Auckland is one of the most substantial and far-reaching local government restructurings in recent years. This paper examines the restructuring from the perspective of the integration of urban services by looking first at the problem definition, and then at the proposed solution. It will include a detailed consideration of New Zealand's unique governance framework for local authority control armslength entities - what we term council controlled organisations, or CCOs. It will then compare the Auckland approach with experience in three other mega-cities; Brisbane/South-East Queensland, Greater Vancouver and London. It will conclude by drawing some tentative conclusions - tentative as the restructured Auckland Council only came into being on 1 November 2010.

A preliminary comment: the proposed single authority for the entire Auckland region quickly became referred to as the 'Auckland supercity'. The term 'supercity' needs some context; it simply reflected the scale of the new city (1.4 million people) compared with the scale of New Zealand's other large local authorities - the biggest of which by population is Christchurch city with a population of approximately 350,000, or one quarter that of the new Auckland. The term should not be confused with the usage which 'supercity' has gained internationally, for example, in discussion of emerging megalopolises such as the Boswash corridor, or Portland to Vancouver (see *Ecolopolis: Making the case for a Cascadian Supercity* accessed on 6 April 2011 at <http://www.america2050.org/pdf/ecopoliscascadia.pdf> )

## Background

It will help to start with a brief overview of the structure of New Zealand's local government sector. It comprises two principal forms of local authority; regional councils and territorial authorities (which may be either city or district councils). A further form of local authority is known as a unitary council; a council that exercises the powers of both regional councils and territorial authorities. New Zealand has four relatively small unitary authorities and, post the restructuring of Auckland, one very large unitary authority, the Auckland Council.

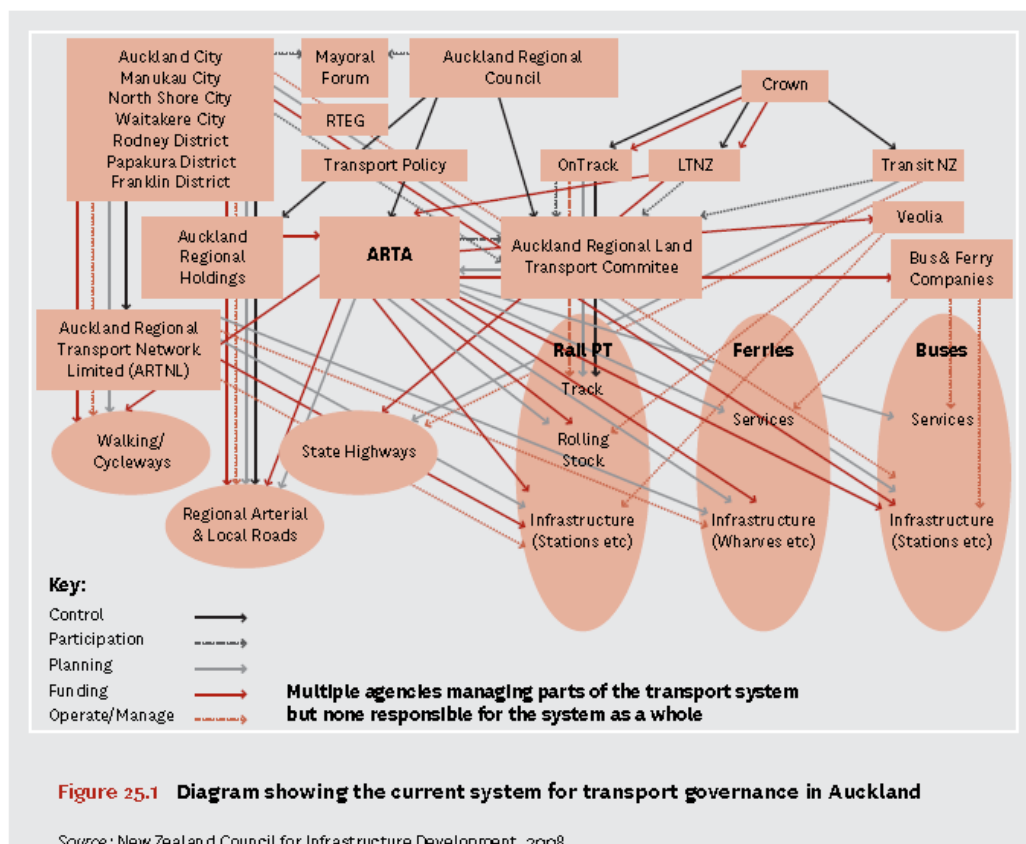
Regional councils, as the name implies, have a significantly larger geographic coverage than territorial authorities, but a more limited range of functions<sup>1</sup>. Their functions are primarily environmental management and planning (including responsibility for air and water quality), regional land transport planning, public transport, the coastal zone out to the 12 mile limit and pest and noxious weed control. Territorial authorities are responsible for the bulk of local authority service delivery, including water and sewerage services, local roads, arts culture

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<sup>1</sup> Strictly, this describes the formal legal situation prior to the enactment of the Local Government Act 2002 which conferred identical powers on regional councils and territorial authorities but with a set of provisions designed to require consultation if a regional council proposed adopting a new function already undertaken by a territorial authority within its region. In practice the actual functions of regional councils have changed little despite the expansion in their formal powers.

and recreation, local regulation (including district planning and building consents) minor health regulation and a wide range of other essentially local services.

Local government in the Auckland region included one regional council, four city councils which were amongst the country's largest territorial authorities by population, and all of two and part of a third district council, each of which had a substantial rural component. In addition it had a number of special purpose entities including Watercare services Ltd which was responsible for wholesale water and wastewater services for most of the region, and the Auckland Regional Transport Authority. A feature of these arrangements was divided responsibility, and an inability to take and implement major regionwide decisions as can be seen from the following 'wiring diagram' prepared by one of the submitters to the Royal Commission outlining who had what responsibilities in respect of transport within the region (Royal Commission 2009 p 543):



Land use planning was similarly complex. The Auckland Regional Council was responsible for producing the Regional Policy Statement, a document which territorial authorities were required to 'have regard to' until a recent change in legislation which now requires them to 'give effect to' it. Territorial authorities were responsible for preparing district land use plans. Tensions between the two were often considerable especially over the application of what is known as the Metropolitan Urban Limit, a tool used by the regional council in an endeavour to constrain urban sprawl. Of relevance for the present paper, regional land transport planning and regional land use planning were not well integrated.

These complexities of decision-making and implementation were the subject of considerable public debate, including endeavours within the Auckland region itself by local government to agree a better way of managing their respective responsibilities. The lack of any worthwhile progress led to the then Labour led government, in late 2007, establishing the Royal Commission on Auckland

Governance. Among the matters which the terms of reference required the Royal Commission to consider was:

What ownership, governance, and institutional arrangements and funding responsibilities are required to ensure the effective, efficient, and sustainable provision of public infrastructure, services, and facilities ...

The Royal Commission delivered its report in March 2009. Since its establishment, there had been a change of government and the report was received by the now National led government whose Minister of Local Government was the leader of a small right-wing political party, a position which had been secured as part of coalition negotiations.

## **The Royal Commission's Recommendations**

The Royal Commission proposed a single Auckland Council as a unitary authority for the whole of the Auckland region but including within it six local councils based largely on the previous territorial authorities which would have responsibility for local service delivery and community engagement. However, these were not to be separate legal entities, and it would be the Auckland Council itself which would be the actual service deliverer, with the six local councils specifying service level standards, monitoring performance, and negotiating with the Auckland Council budgets required to fund service delivery (with the actual funding itself being raised by the Auckland Council).

The Royal Commission rejected the idea that those local councils should be an independent tier of local government (as for example London boroughs are within the area covered by the Greater London Authority). It did so in very large part because it had considered the history of the experience of Auckland's territorial authorities in recent years in exploring the potential for shared services. Briefly, significant potential had been identified but not acted on largely because of a combination of management and political resistance. The Commission was clearly concerned that an important part of its role was to establish a structure which would be an efficient deliverer of services able to take account of economies of both scale and scope. The Commission explained its decision in the following terms: "the Commission considered the possibility of retaining the existing territorial authorities and limiting their powers, by removing from them responsibilities relating to regional infrastructure and assets and development, and requiring councils to share services. The Commission concluded that this approach would be difficult to implement and would not necessarily achieve the organisational and culture change required." (P 317)

The Auckland Council itself would be elected on a ward basis and led by a Mayor elected at large. In respect of mayoral powers, the Commission explicitly rejected the "strong mayor" model stating that "it considers that it is desirable for the Mayor of Auckland to muster majority council support for his or her policies before being able to implement them" (P 427). The commission did recommend, however, that the Mayor should have the power to appoint the deputy mayor and committee chairs.

The Auckland Council as an organisation would among other things provide integrated back-office services to support all local authority activities across Auckland, focus on regional level policies and projects, and undertake much of its activity through CCOs (other than regulatory and licensing activity). This was an important shift, placing activity which was conventionally undertaken within councils themselves in separate stand-alone but council controlled organisations. As an example the Royal Commission recommended the establishment of a new

CCO, the Regional Transport Authority (RTA) with "responsibility for the planning, development, and management of arterial roads and all public transport infrastructure service planning and procurement." Local roads would remain the responsibility of local councils but with the RTA exercising a funding approval and ensuring consistency with the regional spatial plan.

The Commission's most controversial recommendation was for what would amount to a co-decision-making structure, drawn from the Auckland Council and from central government, to be responsible for decision-making in respect of the Government's spending on social services within Auckland.

## **The Government's Response**

The Government which received the report of the Royal Commission was not the Government had commissioned it. Some eight days after the Royal Commission had delivered its report, the Government issued its response. The immediate public reaction was that the Government had rejected the report of the Royal Commission and imposed its own hastily cobbled together alternative.

It was perhaps a natural reaction especially given the known views of the Minister. However, a close look at the Government's principal decisions suggests that rather than rejecting the report of the Royal Commission, the government had instead taken the basic proposals, and extended them further to reflect the government's preferences . The key elements in the Government's proposal for Auckland were:

- A Mayor elected at large but as well as the additional powers recommended by the Royal Commission of appointing a deputy mayor and committee chairs, the mayor was also given the power to establish committees, lead the development of the Council's policies and plans, and provided with a substantial budget to establish a separate mayoral office.
- The Royal Commission support for the delivery of services through CCOs was taken further. In particular, Auckland Transport as well as being given the powers the Royal Commission had proposed for a Regional Transport Authority was also given full powers over local roads which is a very sensitive issue.
- The Royal Commission's proposed six local councils were scrapped in favour of 21 local boards, with the Minister arguing that a larger number was required in the interests of local democracy. Like the proposed six local councils, they were to have decision-making power over local services, but within a somewhat less clear framework than proposed by the Royal Commission. The Commission had proposed setting out the powers of local councils in legislation. The Government chose instead to state in legislation the principle that local boards should have decision-making power over local non-regulatory matters but to leave it to the Auckland Council to delegate, with the ability to determine that powers should remain with the Auckland Council if their exercise had regional implications.
- The proposed co-decision-making structure for social spending has been replaced by a Social Policy Forum with no explicit decision-making powers - it appears intended as purely a means for bringing parties together to discuss what they are doing and look at the potential for collaboration.

## **The new approach to service delivery**

As a result of the restructuring, the greater part of the Auckland Council's service delivery activity is now undertaken through a series of seven CCOs:

- Auckland Council Investments Ltd which manages the council's investments, principally its 22% shareholding in Auckland International Airport Ltd and its 100% shareholding in Ports of Auckland Ltd.
- Auckland Council Property Ltd which manages approximately \$700 million of commercial and non-core property (property not required for core council services or infrastructure).
- Auckland Tourism Events and Economic development whose stated purpose is to "rationalise and consolidate events and economic development activities across the region to achieve a consistent approach."
- Auckland Transport which has responsibility for all of Auckland's transport other than state highways.
- Auckland Waterfront Development Agency which is charged with leading the development of Auckland's waterfront including the completion of a master plan for the area.
- Regional Facilities Auckland which is responsible for the management and oversight of major regional arts, cultural and recreational facilities.
- Watercare Services Ltd which is responsible for wholesale and retail water and wastewater across the whole of the Auckland region with the exception of the former Papakura district where these services are managed under a long-term franchise agreement entered into some 20 years ago.

This structure is a first for New Zealand although the basic legislative powers for local authorities to undertake activity through arms length entities including council owned companies and council controlled trusts have been in place for more than 20 years. They originate in the major restructuring of New Zealand's local government sector which took place in 1989 as part of a much more comprehensive set of reforms which embraced not just the public sector but the entire New Zealand economy (Boston et al 1991).

The underlying approach of New Zealand's reforms was based very firmly on new public management, and drew heavily on insights from public choice theory. Particular emphasis was placed on separating out potentially conflicting interests or activities, and identifying the appropriate structures required to achieve the desired outcomes from different activities. This meant, for example, separating responsibility for policy advice from responsibility for delivery, and placing commercial or quasi-commercial activities in structures designed for that purpose. Within central government this resulted in a number of trading activities which had previously taken departmental form being restructured as state-owned companies, known as state-owned enterprises or SOEs.

It was consistent with the nature of the reform process, and the analysis driving it, that considerable care was taken in designing the new structures. Thus with state-owned companies or as they became known, state-owned enterprises, it was not seen as sufficient merely to place them in a company form; the company form itself needed to be nested in a framework which, while encouraging a

commercial approach to management, remained appropriately accountable to ministers.

This was achieved through a combination of a legislated accountability framework, and the development of practice associated with that to underpin the desired relationship between the government, through shareholding ministers (the Minister of Finance, and the Minister for the portfolio which has responsibility for the area in which the company is engaged) and SOEs. Directors are required to prepare an annual statement of intent which spells out the nature of the business or businesses in which the SOE will be involved, its key financial and non-financial performance indicators, its accounting principles, how it will handle major divestments or acquisitions and much more.

That legislative requirement is complemented by an annual cycle managed by the (now) Crown Ownership Monitoring Unit which has responsibility for monitoring the performance of SOEs and advising ministers on director appointments. The annual cycle commences with what is known as the letter of expectations in which the shareholding ministers spell out their expectations of the SOE in terms of the forthcoming year's performance, activities, required rate of return, dividend policy and any other matters of concern to the government as owner. The statement of intent is then prepared by the directors taking account of the letter of expectations, and finally agreed between shareholding ministers and directors.

The framework is a delicate balance between the rights of the Crown as owner, and the legal responsibilities of directors to act in good faith and in what the director believes to be the best interests of the company.

The 1989 restructuring of local government was simply one part of the then government's reform programme to increase the efficiency of the public sector and the wider economy. It was entirely consistent with this that, when it came to considering the powers which local authorities should have, the government included the power to establish local authority owned companies, initially known as local authority trading enterprises, to carry out commercial or semi-commercial activities, and gave them essentially the same statutory framework as had recently been put in place for its own state-owned enterprises.

There was, however, a significant difference. Government itself was an enthusiastic corporatiser and ultimately privatiser of many of its own trading activities. Local government and its residents and ratepayers did not share the enthusiasm for the use of companies. Indeed, corporatising a publicly owned activity rapidly became seen as a first step in privatisation as a consequence of the extent to which central government itself privatised many of the entities which it had turned into companies.

As a consequence, although New Zealand local authorities have long had the power to establish council owned companies (and council controlled trusts) the use of council owned companies has been relatively uncommon and typically confined to cases where government policy has strongly encouraged or required this approach. By value, the great majority of council owned companies result either from situations where receipt of government subsidy was dependent upon corporatisation (public passenger transport) or companies had resulted from the corporatisation by government of activities in specific sectors - harbour boards' port operations were corporatised in the mid-1980s and the resultant companies vested in local authorities during the 1989 restructuring; retail electricity distribution, much of which had been owned by council electricity departments,

was corporatised in the early 1990s so that a number of councils found themselves owning electricity companies.

This background set a context for public opposition to the establishment of the Auckland Council's 7 CCOs which was amplified by the process which the government itself followed. Because the intention was that the CCOs should be in place on day one of the existence of the new council, in order that there should be a seamless transfer of service delivery responsibilities from the former councils, the corporate structure and governance of each of the CCOs had to be in place before the newly elected members of the Auckland Council took office. This left a vacuum which needed to be filled - the responsibility for appointment of the initial directors.

The approach which the government took was that the Minister of Local Government (in conjunction with the Minister of Transport in respect of the Transport CCO) should be responsible for the appointment of initial directors. The immediate reaction especially given the Minister's known preference for small government and privatisation was that the Minister was taking the opportunity to appoint his "mates" in order to forward his agenda for privatisation.

Public comment, and many of the submissions to the select committee considering the legislation, was dominated by the view that placing important service delivery activities under the control of non-elected directors was undemocratic, and would undermine public accountability<sup>2</sup>. Few of the commentators appeared to consider the counterfactual; that the alternative of placing these major activities in CCOs was that they would be large business units within the Auckland Council itself.

New Zealand's local government legislation, harking back to the reform ideology of the late 1980s, is based on a separation of responsibility for policy and implementation between elected members and management. New Zealand councils have a single employee, the chief executive, who is responsible for employment of all other staff, for implementation of Council policy, and for providing the council with advice (there is no provision for elected members to obtain advice from alternative sources unless councils themselves specifically decide to make provision for this as a matter of policy, a practice which has seldom been adopted).

In practice, the use of CCOs can be argued as enhancing both the power of elected members, and democratic accountability. Although officials are involved in supporting elected members both in setting the terms of the letter of expectations and negotiating the statement of intent, it is the elected members who have the power to make decisions on these matters. It is also the elected members who are responsible for appointing directors and monitoring the performance of CCOs. Transparency is greatly enhanced by the fact that CCOs prepare their own individual financial statements and have their own individual reporting requirements - business units within a council may not necessarily, and financial information could be aggregated across more than one making it very difficult for elected members and others to monitor performance.

The nature of the relationship between elected members and CCOs puts a much stronger emphasis on specifying outcomes and reporting against them than would

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<sup>2</sup> Amongst the changes made following the select committee report on legislation were provisions emphasising what was in fact already legal situation, that the Council has the power to appoint and dismiss directors at any time (a power which the Auckland legislation constrained by providing that elected members themselves may not be appointed to boards with the single exception that two may be appointed to the board of Auckland Transport).



be the case with council business units. This is especially important when it comes to issues such as ensuring the integration of the different aspects of urban services including environmental management, and other activities which impact on this. The fact that the CCOs are as a matter of law independent legal entities focuses attention and practice on areas where they need to collaborate in a very different way from placing a whole series of different activities within a single entity - the 'silo' effect which can so easily make it difficult to integrate activities across a single large public sector entity effectively disappears and is replaced by an overt need to put in place mechanisms to ensure collaboration.

Appendix 1 sets out the key expectations outlined in the Auckland Council's letters of expectation to the directors of its CCOs. Among other things these include a strong emphasis on public engagement and accountability, including developing a local board engagement plan to ensure that local boards have adequate opportunity for input, achieving the Council's strategic objectives, and having a high level of coordination.

The model needs to be seen very much as a work in progress in the process of ensuring effective coordination and collaboration, especially in areas such as the integration of transport and land use planning. This will be a very real test of its effectiveness as responsibility for planning, including the spatial plan and land use planning remains a core council responsibility whilst transport planning, including the development of the regional land transport plan, is now a function of the Auckland Transport CCO. The statutory framework regulating the relationship between the Council and CCOs gives the Council or formal powers it requires to ensure a collaborative approach, but achieving this in practice will require embedding a culture of collaboration within both organisations, and ensuring that planners and organisations work together not just in a formal sense, but in a range of informal ways to build a sense of common purpose despite the fact that they are working within what are, in legal (and almost certainly organisational) terms separate entities.

This will place a premium on the quality of governance within both the Council and CCOs. Interviews which the author has conducted with selected directors of CCOs in some other councils, and with elected members, suggests that there is still much to learn in terms of the good governance of arms-length entities. Private-sector directors who may have the necessary commercial skills often lack a good understanding of what is needed to be fully effective in a public ownership environment. Elected members may lack a full understanding of the separate roles of elected members, shareholders and directors. It seems clear that the success of the Auckland model, and its extension to other local authorities, will be at least partly dependent on the development of a culture of governance in the local public sphere.

Its success will also be dependent on how the relationship between the Auckland Council and central government evolves. Government has made it clear that it expects to play an active role in the future development of Auckland. In part this is because government is the principal funder of major roading and other transport infrastructure. In part it is clearly because government will be reluctant to cede significant authority to a lower tier because of the size and scale of the area for which new council is responsible- 33% of the country's population and 35% of its GDP.

This has been made clear through the way in which legislation frameworks what will be the key planning document for Auckland, the spatial plan (Appendix II sets out the legislative framework for the spatial plan). The process includes ongoing iteration between the Council and Cabinet which made its position clear in a

series of papers released late in March. The following paragraphs from the overview paper for the series signal the government's approach:

Central government spends the majority of public money in Auckland, more than eight times the amount that local government spends. The imperative to spend this money effectively is one driver for taking a coordinated, cross-portfolio approach to providing input into the development of the spatial plan.

One of the primary opportunities for Government provided by the Auckland spatial plan is to better align the location and sequencing of different infrastructure and services with each other, and with land use and demand. The size and nature of Government investment in Auckland emphasises the importance of this opportunity.

## **How does the Auckland approach compare with other megacities?**

This section briefly considers the approaches to coordination of urban services taken in three other megacities; Brisbane, Vancouver and London, and comments briefly on the merits of the different models.

A common theme can be seen running through each of these (and through Auckland); the reluctance of higher tiers of government to concede significant authority to local tiers of government over areas where traditionally the higher tier has expected to exercise the primary decision-making role.

The following comment from a paper considering the role of central governments in metropolitan regions within the OECD is instructive:

Even in countries which have carried out significant institutional reforms leading to the creation of a new metropolitan structure, the central government remains hostile to a strong metropolitan level. This is particularly apparent in countries with a limited number of large metropolitan areas that concentrate a high share of the national wealth and population. The presence of one or more metropolitan areas is a political threat to the central state impeding its ability to guarantee balanced territorial development. But even in the case of the most advanced metropolitan governance models, such as supra-municipal multi-sectoral or metropolitan governments, the institutional, political and fiscal weight tends to be limited when compared with other levels of government. This trend can be seen in the most advanced metropolitan governance models such as Stuttgart, London or Montréal. (OECD 2004 p7).

### **Brisbane**

The Brisbane metropolitan area has a population of approximately 2.1 million with the population of Brisbane City itself approaching 1.1 million. In turn, the metropolitan area is part of south-east Queensland which for infrastructure development and regional planning purposes is treated as a single region (with a total population of approximately 3,000,000).

Brisbane City Council, until the formation of the Auckland Council, was by far the largest local authority by population in Australasia, and is still the largest in terms of GDP and turnover. It operates under its own legislation, originally the City of Brisbane Act 1924, passed to facilitate the amalgamation of a number of smaller

local authorities into a single city, and now the City of Brisbane Act 2010. The legislation gives the city a power of general competence. However, despite its scale and legal powers, in many respects the critical decisions affecting the city are taken at a state level.

Regional planning in South-East Queensland began in 1990 as a collaborative function linking the local authorities in the area and the State government, based around a series of sub-regional organisations of councils linked through a South-East Queensland Regional Organisation of Councils. In 1994 the state government passed legislation giving regional planning a statutory basis and placing it under the oversight of a newly established Office of urban Management, and a new Regional Coordination with Committee involving six State ministers and four Mayors under the umbrella of the Department of Infrastructure and Planning (now the Department of Local Government and Planning). Regional planning continues to be led by the state with regional plans being "developed in partnership with local councils, the community and stakeholders."

Queensland was, until recently, the one Australian state in which water and wastewater services were a local authority responsibility. Lack of coordination, and multiple responsibilities, were features of water services in South-East Queensland. One speaker at a Brisbane Institute seminar in 2005 characterised service delivery these terms:

Service delivery is also too complex, involving a mix of local governments, and local and state owned corporations. There is primarily vertical separation between bulk and retail services with some exceptions. The total water cycle is disaggregated at the retail end, with environmental water being separate from water supply and wastewater. Urban water and wastewater retail services are geographically disaggregated across 18 local authorities, serving a total of 2.5 million people (Cox 2005).

The clear expectation on the part of local government was that rationalisation was necessary and would take place through a rationalisation of local authority ownership and delivery interests coupled with a reform of the state regulatory environment for water. Instead, the state opted to take over ownership of bulk water supply, creating an integrated water grid for the whole of south-east Queensland, and driving the restructuring of local authority retail and wastewater services into three local authority owned companies.

The Queensland experience is clearly one of state intervention to ensure what it regards as effective collaboration and delivery of key services (reflected not just in the examples cited in this paper, but also in the major restructuring of local government in Queensland driven by the state when it lost patience with a local government lead review, *Size, Shape and Sustainability*).

## **Vancouver**

The City of Vancouver, with a population of 600,000, is the principal local authority within the Greater Vancouver Regional District, a metropolitan area with a total population of approximately 2.2 million, the principal population centre of the Canadian province of British Columbia.

The province has a somewhat unique approach to its oversight of local government, taking a relatively non-interventionist approach and preferring to encourage collaboration amongst local authorities rather than amalgamation as a means for improving efficiency.

In a presentation to the World Urban Forum III (Paget and Walisser 2006), 2 senior officials of the province's Ministry of Community Services described the four key factors of the province's local government architecture as:

- municipal governments are strong – they are equipped to meet real local needs;
- regional governments serve the local government system without dominating it. Political boundaries are fixed, yet functional or service boundaries are soft. There are literally thousands of different boundaries for providing and financing individual services (with new service units forming each year);
- municipal and regional governments provide local services – they regulate people and property, and guide physical and social development of communities – but are not responsible for equity services such as health or education; and
- collaborative institutions provide support in areas where local governments can achieve more by acting collectively rather than individually.

Central to this approach are what are known as regional districts which link together groups of municipalities in what is intended to be essentially a collaborative approach to managing inter-municipal issues. The boards of regional districts are made up of elected members appointed from constituent municipalities, together with members elected from unincorporated areas (only a relatively small part of British Columbia's land area has formal local government).

The Greater Vancouver Regional District is by far the largest of the regional districts, and provides a comprehensive range of regional level services to its 21 municipalities.

Sancton (2005), a very well respected writer on metropolitan governance considers that the Regional District approach is the best option yet developed for effective metropolitan governance. In respect specifically of the Greater Vancouver Regional District he comments:

Although it is impossible to determine objectively an ideal institutional model for Metropolitan governance, it is hard to imagine a mechanism that could better combine local self-government through established municipalities with the existence of an institution at the Metropolitan level that can both provide a degree of consensual Metropolitan leadership (the strategic plan) and a framework within which municipalities can voluntarily co-operate with each other.

He goes on to conclude that:

The genius of the Regional-District system in British Columbia is that the Vancouver city-region obtains most of the benefits of having a metropolitan authority without the addition of another competing tier of directly-elected local government. For many of the world's city-regions, the Greater Vancouver Regional District merits at least further study, if not emulation.

Despite the relatively hands off approach which has been traditional in British Columbia, the provincial government has recently intervened in a major reform of transportation governance and management for Vancouver and surrounding areas.

Since 1999, municipal transit, including the building of associated infrastructure, had been the responsibility of the Greater Vancouver Transportation Authority known as TransLink. The authority was the vehicle through which the Greater Vancouver Regional District exercised its public transit function. TransLink's governance was through a board made up of elected members from within Greater Vancouver who were directly responsible for major decision-making.

In 2006 the provincial government established a panel to review TransLink. The background to the decision to establish the review was provincial government dissatisfaction with the decision-making process of the TransLink board over a major public private partnership proposal known as the Canada Line. At heart of the disagreement between the TransLink board and the provincial government was a difference in priorities; the provincial government wanted a link from the airport to the centre of Vancouver constructed in time for the 2010 Winter Olympics. The TransLink board was committed to completing a different line first because this formed part of an agreement amongst the Regional District's municipalities on integrated transport planning.

Another factor leading up to the review was that the TransLink governance structure was coming under pressure from several sources including the rising cost of infrastructure, and the difference between the administrative and functional boundaries of the transport function. A board made up of elected members was finding it more difficult to make decisions that could be seen as being in the "wider regional interest" when this might result in significant tax increases for their own residents and ratepayers. This was compounded by the need to improve transit arrangements for communities outside the regional district itself.

The review report recommended a different approach to governance, distancing the political level from the planning and implementation level.

Under the new structure, the ultimate responsibility still formally rests with local government but they exercise real power only to the extent that local government itself is required to contribute funds to TransLink. At the peak of the governance arrangements is a Mayors' Council made up of Mayors of councils within the metropolitan area and with provision for Mayors of additional municipalities to join the Council to facilitate extension of Translink's coverage. The Mayors' Council is responsible for appointing Translink's Board of Directors who may not themselves be elected members or employees of public bodies.

The board is responsible for preparing and implementing Translink's strategic and operational plans. The Mayors' Council receives these but has limited powers to amend. The arrangements were predicated on the assumption that TransLink would be self funding through a combination of fare income, and profits from property development around transport nodes. These have not eventuated with result that TransLink may now require funding from local government, thus placing the Mayors' Council in a much stronger position to influence its decision-making.

The arrangements can be seen as a compromise between the public interest in democratic control of major decision-making, and the imperative, especially strong in major infrastructure issues, to be able to get on and make timely and efficient decisions. It addresses what is now a common dilemma in this area that, typically, any major infrastructure issue can be dealt with by more than one possible solution, each of which will impact differently on different interests within the affected community or region. The provincial Minister of Transport clearly believed that, if these kinds of matters were left to be resolved by decision-

making groups with individual members whose primary loyalties are to only part of the affected region, there could be a very real risk of parochial interests overwhelming any rational decision-making process. In the light of the issues currently facing many metropolitan centres, this is an extremely interesting experiment in balancing competing interests, especially as it has been developed within a jurisdiction that historically has eschewed intervention within local government.

## **London**

The Greater London Council was abolished by the Thatcher government in 1986 (that government actually abolished all seven metropolitan counties). The London boroughs remained in existence, managing service delivery at the local level, but London wide services became the responsibility of a mixture of London wide appointed boards, other institutions and various departments. Travers and Jones (1997) concluded that "London is a city with much government but little political power. While this contrast has been true in the past, the demands of a modern, advanced democracy make the failures of weak and fragmented government more important than before."

The then Labour opposition made a commitment in its 1997 election manifesto to put in place a new deal for London with a strategic authority and Mayor each directly elected. Once in office, it published proposals for the establishment of a Greater London Authority and submitted these to a referendum. A turnout of 34.6% provided a majority of 72% in favour.

The Mayor of London has become a well established and internationally prominent figure. The mayoral power to be the final decision maker, exemplified in Ken Livingston's decision to introduce a congestion charge against virtually total opposition both from the elected members of the Authority, and from the general public presents a picture of a very powerful position. In practice the mayoral power is significantly less than this suggests. Most major service delivery is still the responsibility of London boroughs. The Greater London Authority has responsibility only for transport (admittedly a very important function), Metropolitan police, economic development (the London Development Agency) and Fire and emergency services. Funding is constrained. The mayor effectively sets the budget and the Greater London Authority then pre-empts on the boroughs, but the amount by which it can increase the amount it pre-empts is capped at the same percentage as the council tax levied by the boroughs themselves.

What the Mayor does have is significant influence over service coordination. The Mayor is responsible for the preparation of the London Plan which "sets out an integrated economic, environmental, transport and social framework for the development of the capital over the next 20-25 years." (accessed at <http://www.london.gov.uk/shaping-london/london-plan/> ). The plan is currently undergoing public examination and is expected to be formally adopted by the Mayor late in 2011.

The Mayor has a range of other planning responsibilities including a duty to set out plans and policies for London covering transport, planning and development, housing, economic development and regeneration, culture, health inequalities, and a range of environmental issues including climate change, biodiversity, ambient noise, waste disposal and air quality.

Crucially, what the Mayor does not have (and nor does the Greater London Authority itself) is funding autonomy. The great majority of operational funding

(other than revenue such as public passenger transport fares) is provided either by government grant (for example for the Metropolitan police) or by pre-empting on the London boroughs but within strict constraints. The current public sector spending cuts will provide a crucial test of the extent to which the Mayor has the power to govern with a high degree of autonomy, or whether the continuing government control over funding will prove to be the real determinant of who exercises power in London.

## **Merits of the different models**

Each of the four models is structurally quite different. Vancouver (1886) and Brisbane (1924) are both relatively old established sizeable cities within a much larger metropolitan area, but with quite different provisions for metropolitan governance; Vancouver has a relatively non-interventionist provincial government (with the restructuring of Translink being the principal exception) and, at the Metropolitan level, a voluntarist approach to collaboration through the Greater Vancouver Regional District. Brisbane has a strongly interventionist state government which acts both as the regional planning body, and as a principal player in the provision of regional infrastructure. In practice, if there is a metropolitan governance body for the Brisbane metropolitan area, or for south-east Queensland, it is the State government although the emerging role of the South-East Queensland Council of Mayors could also be seen as a nascent form of metropolitan governance.

London, in the form of the Greater London Authority and the elected executive mayor, is a genuine metropolitan government, but with a relatively limited role in service delivery other than transport, and limited autonomy in respect of funding. Its principal distinguishing characteristic is the decision-making role of the Mayor. This is both a strength but potentially a weakness as it may act as a considerable disincentive to extending the powers of the GLA and thus the Mayor.

Auckland is still very much 'work in progress'. Its outstanding characteristic is a combination of the use of a series of council controlled organisations, and the governance and accountability framework in which those are nested (the use of the company form for the delivery of services, especially services which have a commercial or semi-commercial nature is not uncommon elsewhere, for example Italy and Germany (see Grossi and Reichard 2008) but there is no equivalent of the Auckland (New Zealand) emphasis on governance and accountability, and the role of the elected member.

A word of caution is appropriate. The critical difference between different metropolitan governance structures may be the least as much a matter of how elected members discharge their governance responsibility as it is a matter of the structure itself. In October 2010 the Melbourne-based Grattan Institute released *Cities: Who Decides?* (Kelly 2010), a report described as "This report is about city governance. Its focus is on *who* makes decisions about our cities and *how* they are made". The following excerpt from the overview is especially pertinent:

"...the research suggested that success did not depend on any particular type of government structure. Nor was there an ideal 'model of development'.

What does this mean for Australian cities? Our findings have a series of implications, from the significant role that genuinely cross-sectoral organisations can play, to the importance of collaboration between different levels of government. However, two implications in particular leap out:

- Residents must be involved in decisions. Those cities that made tough choices and saw them through had early, genuine, sophisticated, and deep public engagement. This level of engagement is an order of magnitude different from what happens in Australia today.
- Changing structures does not in itself result in success. No one particular type of governance structure was associated with broad-based improvement. Changing structures has the danger of being a distraction.”

### **Concluding comment**

There are two messages which people concerned with the quality of metropolitan governance may wish to take from this state. They are:

- There is almost certainly no 'one right way' for structuring effective metropolitan governance. Metropolitan areas are complex geographically, politically, economically, socially, and environmentally. Existing structures are commonly a product of their own particular history and circumstances, and strongly influenced by local political cultures and practices.
- Although structure matters, quality of and commitment to engagement matters more.



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## **APPENDIX I**

The key expectations outlined in the proposed Letters of Expectation include:

- Having an ethos fitting of a publicly accountable organisation;
- Contributing to achieving the Mayor's vision for Auckland;
- Achieving the strategic priorities identified by the Council;
- Holding open board meetings;
- Taking account of the key objectives and activities from 2011/12 outlined in each draft Local Board Agreement, to the extent substantive CCOs/Watercare are accountable for their delivery;
- Consulting with local boards on activities and projects and preparing a Local Board Engagement Plan;
- Providing opportunities to the Local Boards and the Independent Maori Statutory Board to contribute to the development of the SOIs;
- Adhering to the Council's Board Appointment and Remuneration Policy when CCOs appoint directors to their current and future subsidiaries;
- Reinforcing the ownership link back to Auckland Council through all branding and external communication devices (where practical);
- Having a high level of coordination between the substantive CCOs/Watercare;
- Effective working relationships between each substantive CCO/Watercare and the Council;
- Working with the Council to realise savings;
- Using a new Statement of Intent (SOI) template;
- Identifying the decisions for which CCOs/Watercare are required to seek prior Council approval;
- Adhering to the SOI principles (agreed by Council on 6th December 2010);
- Including informative and accurate financial and non-financial performance information in SOIs; and
- Nominating the dates for the two public meetings required to fulfil the requirements of section 96 of the Local Government (Auckland Council) Act 2009.

## APPENDIX II

### **79 Spatial plan for Auckland**

- (1) The Auckland Council must prepare and adopt a spatial plan for Auckland.
- (2) The purpose of the spatial plan is to contribute to Auckland's social, economic, environmental, and cultural well-being through a comprehensive and effective long-term (20- to 30-year) strategy for Auckland's growth and development.
- (3) For the purposes of subsection (2), the spatial plan will—
  - (a) set a strategic direction for Auckland and its communities that integrates social, economic, environmental, and cultural objectives; and
  - (b) outline a high-level development strategy that will achieve that direction and those objectives; and
  - (c) enable coherent and co-ordinated decision making by the Auckland Council (as the spatial planning agency) and other parties to determine the future location and timing of critical infrastructure, services, and investment within Auckland in accordance with the strategy; and
  - (d) provide a basis for aligning the implementation plans, regulatory plans, and funding programmes of the Auckland Council.
- (4) The spatial plan must—
  - (a) recognise and describe Auckland's role in New Zealand; and
  - (b) visually illustrate how Auckland may develop in the future, including how growth may be sequenced and how infrastructure may be provided; and
  - (c) provide an evidential base to support decision making for Auckland, including evidence of trends, opportunities, and constraints within Auckland; and
  - (d) identify the existing and future location and mix of—
    - (i) residential, business, rural production, and industrial activities within specific geographic areas within Auckland; and
    - (ii) critical infrastructure, services, and investment within Auckland (including, for example, services relating to cultural and social infrastructure, transport, open space, water supply, wastewater, and stormwater, and services managed by network utility operators); and
  - (e) identify nationally and regionally significant—
    - (i) recreational areas and open-space areas within Auckland; and
    - (ii) ecological areas within Auckland that should be protected from development; and
    - (iii) environmental constraints on development within Auckland (for example, flood-prone or unstable land); and
    - (iv) landscapes, areas of historic heritage value, and natural features within Auckland; and
  - (f) identify policies, priorities, land allocations, and programmes and investments to implement the strategic direction and specify how resources will be provided to implement the strategic direction.