ENHANCING THE EFFECTIVENESS OF THE RELATIONSHIPS BETWEEN LOCAL GOVERNMENTS IN THE BAY OF PLENTY

A report prepared for Environment Bay of Plenty

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CONTENTS

1   Introduction

This paper was commissioned to provide an overview of how Environment Bay of Plenty (the Bay of Plenty Regional Council) is responding to its new statutory responsibility to promote community well-being, and to other changes impacting on its role. Environment Bay of Plenty rightly recognises that this is not only a fundamental change, but one which reflects deep-seated changes both within New Zealand and internationally. Responding to these changes requires Environment Bay of Plenty to refocus from its previous 'core business' of environmental management to a much broader role of facilitating sustainable development in the region.

Local Government's new role includes a recognition of the interdependence between social, environmental, economic and cultural well-being within a framework of sustainability so that, for example, a focus on economic development is more than a focus on supporting business growth, but incorporates a broader focus on encouraging development that supports all four well-beings. Consistent with this approach, this paper will use the term 'sustainable' to qualify references to economic and social development.

To explore how Environment Bay of Plenty is responding to change, the paper first looks at how the present role of regional councils has evolved from the early days of soil conservation and rivers control in the mid-20th century, to integrated resource management with the passage of the Resource Management Act, and the reaffirmation of the importance of a regional approach when the National led government initially challenged the role of regional councils in the early 1990s. It then picks up on what is really the key message for readers; the dramatic changes which have been taking place in New Zealand and internationally in the role of the region/locality in sustainable social and economic development. It does this by looking both at examples of how Environment Bay of Plenty is now working with territorial authorities, and at the extensive reappraisal of the role of regions internationally, including the work of the Lyons Inquiry in England, with its emphasis on place shaping as the primary role of local government.

The report concludes by outlining how Environment Bay of Plenty will continue to evolve in response both to its changing statutory responsibilities and the new focus on the role of the region in sustainable economic and social development.

2   Background

For local government, change is a fact of life. We live in an increasingly dynamic environment. Influences such as demographic change and globalisation are rewriting the rules which determine our economic and social well-being. The threat of global warming is but one of many factors requiring a different and more integrated framework for environmental management.

In a way, this is nothing new. Almost since the beginning of European settlement in New Zealand, both the structure and the functions of local government have been driven by external pressures. In the late 19th and early 20th century the main influence was the need to create the infrastructure for a growing agricultural society with a strong export orientation. Roads boards and Harbour boards developed much of the transport infrastructure. Land drainage and river boards were early participants in land and water management. Noxious plants authorities and pest destruction boards were the beginnings of Biosecurity control.

If one contrast can be drawn between the early history of New Zealand local government, and developments since the mid 20th century, it is the difference between local and regional. In the 19th and early 20th century the growth of local government was driven by what were essentially local issues. The governance of townships, the provision of local roads, river protection works, hospital boards and a plethora of other activities were all focused on the needs of local communities. Even in New Zealand's larger settlements, we opted for a large number of small boroughs, road boards etc rather than single large municipalities as our preferred form of local governance.

Since the mid 20th century there has been an increasing recognition of the importance of governance at the regional level. This gained its initial impetus from the need to deal with an increasing number of cross boundary issues, commencing with catchment management and continuing through regional land transport and Biosecurity. Most recently, reflecting increased international recognition of the importance of regions, the drivers have included economic development and central government's own growing expectations that it be able to engage regionally in pursuing its own social and other outcomes.

The evolution of regional government in the Bay of Plenty reflects this changing pattern. This paper:

- Provides an overview of the origins of regional government, and its relationship to territorial local government;

- Outlines how new understandings of the place of regions are both shifting the roles of regional councils, and bringing them more to centre stage in New Zealand's sustainable economic and social development and then illustrates this with three practical examples; and

- Sets the context for the collaborative approach Environment Bay of Plenty is taking towards working with territorial authorities, including what those authorities themselves have identified as four priority areas for action.

3   Origins of Regional Councils: Relationship with Territorial Authorities

1   The Early Beginnings: Soil Conservation, Rivers Control and Catchment Management

In the mid-20th century, the need for more effective management of New Zealand's soils, including protection against erosion, started to gain recognition as an important priority for central government but one which would require local delivery systems[1]. The purpose of The Soil Conservation and Rivers Control Act 1941 was to he held establish a statutory framework for soil conservation and rivers control including the coordination of related government and local authority activity. The Act provided for the establishment of a Soil Conservation and Rivers Control Council one of whose functions was the establishment of Catchment Districts and Catchment Boards to implement regional soil conservation and rivers control programs.

Initially this met strong resistance from the farming community for reasons including a refusal to accept that farming practices were directly responsible for much erosion, and concerns that the Council and Boards were an interference with private property rights in terms both of their regulatory and their rating powers. The 1949 report of the Sheep Industry Commission identified rabbit infestation and lack of soil fertility as basic problems, and claimed that "the hue and cry on erosion is therefore misleading. In fact, the erosion is not due generally to an irremediable characteristic of the land which requires the abandonment of farming… New Zealand as a whole is little threatened by erosion other than river erosion." In part, this reflected the production oriented focus of agriculture policy which remained a feature of New Zealand's official approach to farming until the early 1980s.

Concerns with water quality came firmly on the agenda in the early 1960s. In 1964 the Wellington Branch of the New Zealand Institution of Engineers organised a seminar on 'The Use and Control of Water in New Zealand'. One of the seminar organisers summarised the situation as:

> New Zealand's outlook on water is rapidly changing from single purpose to multipurpose. Once a pioneer country where single purpose water development was effective and adequate this is now a land where only multipurpose planning will enable us to survive and prosper.

1967 saw the enactment of the Water and Soil Conservation Act. The Act's long title reflected its emphasis on multiple use and the diverse range of activities it was intended to cover:

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[1]   much of the material on the development of soil conservation, rivers control and water management is sourced from *Land and Water: Water and Soil Conservation and Central Government in New Zealand 1941-1988,* Michael Roche, Historical Branch, Department Internal Affairs, Wellington, 1994.

An Act to promote a national policy in respect of natural water, and to make better provision for the conservation, allocation, use, and quality of natural water, and for promoting soil conservation and preventing damage by flood and erosion, and for promoting and controlling multiple uses of natural water…

The organisational history of the management of soil conservation, rivers control and natural water is extremely complex, reflecting an attempt to control diverging interests both within the user community (especially farming) and within the bureaucracy. However, one theme is consistent throughout. Under both pieces of legislation, and the various structures put in place for their administration, the focus was on whole of catchment management. An individual catchment might have a number of different territorial local authorities within it, but the management of the catchment itself was always seen as requiring an integrated approach that could be best achieved through a single entity holding the responsibility.

The bodies set up to administer soil conservation and rivers control, and later natural water, represented the first recognition of the importance of an integrated approach to local government. In this respect they were something of a shift away from the traditional ad hoc approach which had characterised local government for more than 100 years. It is noteworthy that this integrated approach was driven not by a public policy approach looking at issues such as subsidiarity, externalities, spillovers etc, but by the practical realities of what was necessary to do the job.

2   Local Government Reform: The Birth of Regional Councils

For much of the latter part of the 20th century there had been attempts in respect of core local government itself to achieve some greater rationalisation. Successive Local Government Commissions had undertaken inquiries but lacked the political backing to achieve any significant change. The single term Labour Government elected in 1972 had tried but its changes were reversed, before they could be implemented, when it lost office.

The late 1980s saw a very different context for local government reform. The 1984-1990 Labour Government had embarked on a wide ranging series of public sector and economic reforms. It was inevitable that local government should become part of this. The government, in the December 1987 Economic Statement, set out its intention for major reform of local government to be undertaken in accordance with the following principles:

- Individual functions should be allocated to local or regional agencies which represent the appropriate community of interest;

- Operational efficiencies are desirable;

- Any authority should have clear non-conflicting objectives;

- Any trade-offs between objectives should be made in an explicit and transparent manner;

- Clear and strong accountability mechanisms should be encouraged.

In February 1988 The Officials Co-ordinating Committee on Local Government released *Reform of Local and Regional Government: Discussion Document*. The purpose of this was to start a public debate on fundamental reform. The approach which officials were signalling was set out in the document's statement that "Clearly there is no coherent pattern to the structure of local government. This is mainly explainable in terms of the ad hoc manner in which it has developed over the last 100 years. It is likely that a clearer and more simple structural arrangement would benefit both performance and accountability."

The reform process was focused not just on structure, but also on updating the roles of governance and management, improving accountability and applying commercial disciplines to local government activities of a commercial or quasi-commercial nature (as one example, prior to the reforms councils were the employers of all council staff. Post-reform councils have just one employee, the chief executive, who employs remaining staff on behalf of the Council).

At the regional level, the reform process was to strengthen the role of regional bodies. Pre-reform, regional government had been provided through United councils whose governing bodies were made up of councillors appointed from their constituent territorial authorities. There was widespread recognition that many councillors on United councils saw their principal role as preventing the United Council from taking any decisions which might, in their view, adversely impact on the interests of their own councils. Recognising the importance of strengthening regional decision-making on significant regional responsibilities such as soil conservation, river control and resource management, the government, as part of the reform process. decided to replace United councils with separately elected regional councils

The Local Government Commission was given a brief in a 1988 amendment to the Local Government Act to "before the close of the first day of July 1989 prepare such final reorganisation schemes as in its opinion, are necessary to improve local government in New Zealand or any part of New Zealand".

The following table shows the structure of local government before and after the implementation of the Commission's final reorganisation schemes:

	Before	After
Regional Authorities		
• Regional Councils	3	13
• United Councils	19	0
Subtotal	22	13
Territorial Authorities	217	73
(Cities, Districts, Boroughs and Counties)		
Special Purpose Authorities		
• Catchment Boards/Commissions	17	0
• Harbour Boards	15	1
• Land Drainage/River Boards	27	0
• Noxious Plants Authorities	92	0
• Pest Destruction Boards	61	0
• Reserve Boards	176	0
• Miscellaneous	78	6
Subtotal	466	7
Overall Total	705	93

Environment Bay of Plenty was one of the 13 regional councils[2] established by the 1989 reforms. It brought together a number of authorities including the former Bay of Plenty and East Cape United councils, the Bay of Plenty and East Cape Catchment and Regional Water Boards, the Rangitaiki Drainage Board, seven Noxious Plants Authorities, three Pest Destruction Boards and the regulatory functions of the Bay of Plenty Harbour Board (separately, it also inherited approximately 55% of the capital of the associated Port Company).

The creation of regional councils across New Zealand laid the foundations for the introduction of the Resource Management Act (RMA). It did this by bringing together into a single authority in each region what had been a number of special-purpose local authorities with a wide range of environmental management responsibilities.

The purpose of the RMA was to codify the basic framework for environmental management in New Zealand within a single piece of legislation.

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[2]   There are now 12. The Nelson-Marlborough Regional Council was abolished in 1992 and its functions transferred to unitary councils.

Related purposes included:

- Achieving a measure of separation between regulatory (primarily environmental planning) activity and service delivery. Although district and city councils retained the district plan function within their areas, these plans were not to be inconsistent with the regional policy statement.

- Providing for the management of significant cross-boundary issues such as land transport planning and catchment management.

Regionalism Revisited

In 1991 the Minister of Local Government in the newly elected National led government decided to review the role of regional councils. He is reported in Hansard for the 18th of April 1991 as explaining his reasons as "he was interested in ratepayers, and pointed out that someone had to protect the ratepayers who were at the lower end of the scale. That was why the Government was reviewing regional councils."

To assist the government, an Officials Group was established to review options for the future of regional councils and report back to the Minister of Local Government and the Minister for the Environment with a draft Cabinet paper setting out the decisions required in principle to implement the preferred option. The report itself recommended the replacement of regional councils by elected resource management boards. Some existing functions of regional councils would be transferred to territorial authorities but crucially resource management boards would continue to carry out the functions of regional councils under section 30 of the RMA.

In an environment which was clearly far from supportive of the continuance of regional councils, officials nonetheless endorsed the importance of a regional basis for resource management activity noting that:

> *If the functions of the resource management boards are to be based on resource management, the areas over which they would need to have control are those related to the flows of rivers and their catchments. It would not be feasible for a resource management board to be established for every catchment in New Zealand, as the resulting multitude of boards would operate in a very inefficient and an effective manner.*

In respect of boundaries they went on to say:

> *Consideration of the issues associated with the possible changes to the boundaries of the current regional councils leads the Officials Group to the conclusion that there would have to be compelling reasons for departing from the existing boundaries.*

They also considered the option of creating further unitary councils, noting that:

> *The Officials Group was unable to establish that the option of creating further unitary authorities, such as Gisborne District, in smaller regions would result in any efficiency or effectiveness gains over all. Any possible administrative gains could well be offset by increased problems from combining regulatory powers with operational functions, and the consequent accountability problems that this entails.*

A year later the government passed legislation dealing with the role of regional councils. Rather than replacing regional councils with resource management boards, the government contented itself with restricting the ability of regional councils to become engaged in new areas of activity such as economic and social development[3]. The Minister explained his new approach in these words during the debate on the committee stages of the Bill:

> *Let us go through some of the issues. We are going to make regional councils focus their attention on setting standards, regulations, and controls for the use of our resources. When the previous local government legislation was passed there was no Resource Management Act. It is a fact that when I became the Minister of Local Government I was reasonably keen to get rid of some of the units of local government, but I found that with the Resource Management Act we had to have people who could set the standards and the regulations, and that will be done throughout New Zealand. However, there are other things that will be done at exactly the same time.*

Perhaps paradoxically, what had begun as an attempt to abolish regional councils had ended in a reaffirmation of the importance of their role, and of a catchment based approach to resource management within the existing regional council boundaries. This included a rejection of the perennially popular view that regional councils could be replaced by unitary authorities. This approach was seen as potentially inefficient (as the smaller scale of unitary authorities was thought likely to make it much more difficult for them to develop and retain the needed capability). There was also a perceived risk of a conflict of interest if responsibility both for environmental regulation, and promoting development, were vested in a single agency.

One negative consequence of the legislative changes restricting regional councils from engaging in social or economic development was that regional councils were discouraged from taking on a "regional governance" role for all aspects of the well-being of their regional communities. In other words, they were limited in their ability to focus on key cross-territorial authority economic and social issues within their regions. In practice this meant that cross-boundary territorial authority coordination generally had to be initiated by individual territorial authorities or by central government. It also meant that a regional perspective on key economic and social issues was sometimes absent from the policy debate.

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[3]   It also substantially change the role and functions of the then Auckland Regional Authority which had major infrastructure interests including 80% of the Ports of Auckland, the Auckland region's bulk water service and significant bulk waste management operations. These were transferred to an independent trust, the Auckland Regional Services Trust.

3   Relationship Between Territorial Authorities And Regional Councils

The relationship between a regional council and the territorial authorities in its region is between authorities which are separate but equal, not one of a hierarchy of a superior and inferior tier of local government. This position was stated in 1989 by the chairman of the Local Government Commission in his *Memorandum to Assist in the Consideration of Final Reorganisation Schemes* in these terms:

> *The system of local government which emerges from the totality of the final reorganisation schemes is one which recognises two main components, namely regional councils and territorial authorities. One component is not superior or inferior to the other. The two components are to be seen as part of a total system, each performing different functions. If the new system is to achieve its potential for increased efficiency and effectiveness in the exercise of the functions, duties and powers allocated to each authority, it will be necessary for the two components of that system to function with a high measure of coordination, especially in the delivery of services to the public.*

This statement of principle flowed naturally from the reform process itself which had specifically recognised that there were both local and regional communities of interest, with the regional communities of interest focused very much on activities such as environmental management and regional land transport with very considerable cross - boundary issues not capable of being effectively managed in isolation at a district level.

Under the Resource Management Act, a regional council's principal statement on how its responsibilities will be managed is its Regional Policy Statement. Environment Bay of Plenty's first Regional Policy Statement (RPS) became operative on the 1st day of December 1999. The RPS sets out the regional council's approach to working with territorial authorities in the region (and other key stakeholders) as:

> To actively foster partnership relationships among councils and iwi authorities and, in the coastal marine area, between the Minister of Conservation, Environment BOP and relevant iwi authorities (from section 5.3.4 Partnership).

This has been an important theme in the way in which Environment Bay of Plenty has approached its relationship with the territorial authorities in the region. It has gained added importance as there have been recent changes to legislation (discussed in more detail below) affecting both the significance of the regional policy statement and the role and purpose of local government. These changes have made it timely for Environment Bay of Plenty to reappraise its approach to working with territorial authorities within the region, reinforcing the collaborative/partnership approach which it believes is essential to get the best outcomes for the region.

4 Continuing Evolution: Legislative Change and the Changing Role of Regions: Three Practical Examples

4 Continuing Evolution

By the close of the 20th century, the central role of regions as the community of interest for environmental management had become firmly entrenched in New Zealand's governance arrangements. As noted, a significant influence in this was the review of the role of regional councils in the early 1990s. This began with an apparent intent to abolish regional councils but concluded by confirming the nature and significance of their role in environmental management.

The beginning of the 21st century has seen a further evolution in the role of regions and of regional councils. Amongst the drivers for this are:

▪ A growing emphasis internationally on the role of regions as well as nations in attracting financial capital and human capital within an increasingly global environment;

▪ Recognition by central government that achievement of a number of its important social and economic objectives requires a means of effective engagement at a local/regional level. This provided one of the motivations for replacing the Local Government Act 1974 with legislation which better reflected current conditions, including international understandings of the role of local government in promoting community well-being, such as the English Local Government Act 2000, which conferred on that country's local authorities a power to promote economic, environmental and social well-being.

▪ Emerging international trends including demographic change and globalisation, and increased recognition of the role of regions, especially in sustainable economic development. Typically this included a recognition that at the regional level economic development needed to be closely integrated with other aspects of regional well-being (and vice versa), hence the emphasis on sustainability.

▪ An acceptance that integrated resource management requires linkages amongst a wide range of processes, for example, between land transport planning within the framework of the New Zealand land transport strategy, and land use planning within regional and district plans.

▪ Particularly within the current reappraisal of the role of local government in England, an emphasis on the role of local government in place shaping.

5 The Local Government Act 2002: Promoting Community Well-Being

The Local Government Act 2002 redefined the purpose of local government so that it now includes a statutory obligation to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future. It accompanied this with a requirement for local authorities to facilitate the identification of community outcomes and to base their long-term planning on the local authority's decisions on how to respond to those outcomes.

Although the Act does not formally require central government participation, in practice central government regards the outcomes process as an important means for enabling the linkages which it requires at a local and regional level for achieving its own objectives. A 2004 Cabinet paper, from the Minister of Local Government, outlined a proposed approach for government engagement with local government through the outcomes process. It included recognition of the practical reality that few if any government departments would be able to engage with individual territorial authorities across the country. Instead, engagement would normally need to be at a regional level, something which reflected not just the practical realities, but the fact that most of the programs with which central government was concerned were themselves regionally based. The Cabinet paper itself noted:

> *Regional-level collaboration is an appropriate focus because various regionally based programmes have been implemented to address intractable problems, Cabinet has made a commitment to strengthen central government's role in regional development, many regional clusters of local authorities are already working together to progress local and regional development, and several central government agencies are building up their regional capabilities.*

Environment Bay of Plenty, recognising the important role of local government in promoting community well-being, has stated as one of the objectives incorporated in its current Long Term Council Community Plan:

> We are proposing to continue taking a regional leadership role in promoting the social, economic, environmental and cultural well-being of our regional community.

There is inevitably an overlap between the regional community outcomes process and the district/city process. Every member of the community is a resident both of the city or district and of the region. Most outcomes are multi-causal, so that, to develop effective strategies for their realisation, the region and the district/city councils need to work closely together to determine their respective roles and to decide what should be expected of other stakeholders - central government, government agencies, the private sector and so on.

This does not mean duplication of activity. Instead, it emphasises the importance of collaboration. Environment Bay of Plenty is giving priority to outcome related activities which have regional impact, working closely with the territorial authorities in the region, and other stakeholders.

Worldwide, there is a growing recognition that major issues, especially of social and economic development, are best managed at a local or regional level. This not only places an important emphasis on the community outcomes process. It also highlights the need to recognise that while some issues are inherently local and appropriately left to the territorial authority to manage, others are inherently regional and so point to regional leadership as the essential ingredient for making progress.

6   Emerging International Trends: the Role of Regions

Internationally, two significant trends have contributed to a reappraisal of the role of regions in activities such as economic and social development. The two are demographic change and globalisation.

Most of the developed world is facing the need to adjust to the implications of an ageing population. In New Zealand, this has normally been seen as the need to develop policies to cope with an increasing proportion of older people in the community.

Internationally, although this is important, demographic change is seen also as requiring a reappraisal of how countries approach economic development. In March 2005 the European Commission released a paper considering demographic change in Europe over the period 2005 – 2030.

The projections in that paper included an estimate that in the period 2005 - 2030 the number of people in the age bracket 15 - 64 in the countries of the European Community would fall by 21 million. At the same time, the number of people aged 65 and over is expected to increase by 40 million. This represents a dramatic turnaround in what is known as the dependency ratio - the number of people in the workforce to support each person in the retirement age group. Amongst the policy responses being considered is a greater emphasis on immigration.

The practical impact of demographic change on this scale is to increase, dramatically, the competition to attract and retain skilled labour. Labour markets, for the skilled people which modern economies require, are now international and skilled labour will be more and more a scarce resource.

Globalisation is having a parallel impact. The freeing up of markets in goods, services and capital is placing national and regional economies under increasing pressure.

Between them, demographic change and globalisation are driving a renewed interest in how to build and sustain competitive economies. Especially for countries such as New Zealand, which lack the ability to compete purely on wages and salaries, or on the depth of capital investment which can underpin activity, there is a renewed focus on quality of place.

In 2003 the head of the OECD's Territorial Reviews and Governance Division commented that:

> In order to face the above problems and opportunities a shift has been noted relating to territorial policy. In particular, a new focus on trying to improve the 'competitiveness' of regions, and hence to understand the key elements which appear to be 'performing' well from those which are not.

The emphasis on the regional level as the key element in economic development is now very widespread. It is far more than just an acceptance that this is the level at which central government should intervene. Rather, it is a view that this is the level which needs to drive sustainable economic development - the level where the crucial networks, local and international linkages, skills, characteristics of place and the like will be found and where the necessary coordination and leadership must be based.

In an important review of Nordic perspectives on regional development policy the authors note:

> Many observers argue that globalisation tendencies are one of the most important sources of overall change in the world, and thus one of the key contextual factors for evaluating and planning regional futures. Globalisation is inevitably one of the key elements that generate the need to reshape Nordic regional policy-making as well. In the early 2000s, cities are engaged, willingly or not, in a fiercer global rivalry than before in their efforts to create or attract activities that generate wealth for their citizens. This rivalry has lead to a situation in which only a few city regions prosper economically.

Two Canadian writers, discussing municipal reform in Québec, comment:

> Over the last fifteen years, Canada's city-regions, like other city-regions in the world, have been facing several changes that can be associated in many ways with globalisation. That brought to the fore a series of questions about the role of territory or space, the availability of resources for municipalities to cope with new responsibilities, the capacity of local power to adapt to external pressures, and the forms of cooperation that municipalities should establish at a metropolitan scale with economic actors, other local institutions and upper tiers of government.

A February 2006 report for the Office of the Deputy Prime Minister in the UK observes:

> As a scale for policy intervention in England, the City-Region has greater economic and cultural resonance than current administrative regions and local authority districts. Regions[4] are generally too large to capture the most important functional linkages and the geography of everyday life. Districts are invariably too small to be considered ideal 'units' for strategic decision-making

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[4]   These are not regions as New Zealand knows them, but the nine administrative regions into which the UK government has divided England as part of the management of departmental activity.

in key areas such as transport, economic development, planning and housing. Serious interest in City-Regions has grown as the 'reach' of core cities has expanded, making their formal boundaries increasingly outdated, and because of the recognition that the functional nature of City-Regions makes them increasingly appropriate for a range of strategic issues.

The implications for the Bay of Plenty are clear. If international experience is anything to go by, then facilitating sustainable economic development is one of the most important tasks facing the region. Environment Bay of Plenty recognises that this will require effective regional leadership, and the ability to secure the engagement not just of individual territorial authorities but of a wide range of public sector, private sector and voluntary sector stakeholders.

One of the strong messages which has come out of this project, for Environment Bay of Plenty, is encouragement from territorial authorities for it to take a leadership role in sustainable economic development, recognising the inherently regional nature of this activity.

7   Integrated Resource Management

This is the core of the traditional role of regional councils. Environment Bay of Plenty's experience over the past 15 years or so reflects that of a number of other regional councils which has highlighted the need to integrate what are currently separate processes. The most obvious example is the relationship between regional land transport planning and land use planning.

Although not yet a problem in the Bay of Plenty, largely because of the success of the SmartGrowth strategy (see 4.5.1), experience of other regions emphasises the importance of making sure that implementing one strategy does not have unanticipated impacts on another - for example, through roading decisions changing the incentives for property developers in ways which undermine the objectives of land use planning, a particular issue for the Wellington region at the moment.

A 2005 amendment to the RMA will help ensure better integration. The RMA originally provided that both regional and district plans not be inconsistent with the provisions of the regional policy statement. This has changed so that both regional and district plans must now "give effect" to the regional policy statement. In appearance, this is a much more directive requirement with the apparent potential for a regional council to exercise quite close control over the planning decisions of territorial authorities within its region[5].

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[5] This power is constrained by a provision in Schedule 1 of the RMA which requires that the triennial agreement must include an agreement on the consultation process to be used by the affected local authorities in the course of preparing a proposed policy statement or a variation or change to a policy statement or in reviewing a policy statement. In the absence of agreement, there is provision for mediation and, finally, for the Minister of Local Government to make a binding determination (the way the legislation was drafted implies that this requirement does not come into effect until after the next local body elections. Good practice would suggest observing it prior to that date).

Applying the new "give effect" obligation is not likely to be feasible unless there is a close working relationship amongst the different councils. Attempting to force a regional view on a reluctant territorial authority through the "give effect" provision would almost certainly result in a stand off and an inability to make any kind of progress. Environment Bay of Plenty believes that the very strength of the power should be a powerful incentive for all the councils in the region to work together.

8   Place Shaping

Two years ago the United Kingdom government appointed Sir Michael Lyons to undertake a review of the Council Tax. In September 2005, on Sir Michael's recommendation, his terms of reference were extended to include the role and functions of local government.

In May of this year Sir Michael delivered his interim report. A major feature was the emphasis which he put on what he described as the place shaping role of local government. He described his view of this role in these terms:

> My description of place shaping reflects my view that the ultimate purpose of local government should be to take responsibility for the well-being of an area and its communities, reflecting its distinctive identity, and promoting its interests and future prosperity. It involves a focus on developing the economic, social and environmental well-being of the local community and the local area. It therefore requires councils to take responsibility for influencing and affecting things beyond their more narrowly defined service responsibilities. (E.19)

His comments in respect of economic development are especially relevant to the changing role of Environment Bay of Plenty and other regional councils. First, speaking specifically about the relationship between economic development and place shaping he observed:

> Although national and global considerations are increasingly important in business location decisions, the distinctiveness of place is an important component in attracting skills and investment in a highly competitive world. Place shaping for economic well-being can therefore involve enhancing local characteristics to create attractive locations for different types of businesses and industries, and highly skilled workers and entrepreneurs, as part of a broader role in enabling economic development. (3.13)
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> AND
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> The Confederation of British Industries and other business representatives acknowledge the role of local authorities in helping create the conditions for economic success in their areas, as well as the importance of effective engagement between businesses and local government. The CBI's recent submission to my Inquiry outlined how:

Many businesses are attracted to the idea of local authorities as place shapers… the majority of businesses [surveyed] believed that local government setting a clear vision and strategy for the development of an area was the most important aspect in terms of promoting economic growth and competitiveness. (3.25)

Next he spoke of the appropriate scale action for different activities:

Though there appears to be a growing consensus about the powers of local government in cities, there is less agreement on what the most appropriate scale for action is. The principle of subsidiarity suggests that responsibilities, powers and arrangements to tackle economic issues should reflect the fact that they impact across a much wider area than the individual authority. For example, at the time of the 2001 census, 40 per cent of the working population crossed at least one local authority boundary during their journey to work, and this percentage figure increases for higher skilled and professional workers. The principles discussed in Chapter 2 suggest that this means that economic development should not just be the responsibility of individual authorities acting alone. There also needs to be some concerted action through larger coalitions above the level of the individual authority, which enables their responsibility for the local economy to be taken forward with others operating across authority boundaries. (3.26) ;and

These are powerful arguments for important roles both for regional councils, and for territorial authorities, in promoting and enabling economic growth within the regions. They reflect a reappraisal of the role of local government which is now widespread internationally and which recognises and supports the importance of regional leadership in achieving economic and social well-being.

In August, the New Zealand government announced its intention to refresh regional development policy. The general tenor of the Cabinet paper which set out the government's intentions is consistent with the way in which thinking and practice has moved internationally. It acknowledges the importance of collaboration, of bringing together a number of different actors, and in particular emphasises the role of regions as can be seen from the following extract:

Government cannot and should not undertake economic development activity on behalf of regions. However, I consider that government needs to do more to support the development of regional capability for economic development. Government can help to build capability through encouraging greater size and scale of regions; clearer translation of national level information and goals; and funding to support strategic planning for economic development.

Regional economic development activity (as separate from community or local development) is dependent on a level of scale. The RPP has not achieved this in some regions. To address this I intend to move from the existing 26 RPP regions to about 14 regions.2 While it would seem sensible for these to align with regional council boundaries, in some cases other arrangements may be the best way of achieving greater mass, due to other established linkages and relationships. Because of this, and given that scale is all important, if regions

can come up with better ways of reaching about 14 regions then this would be encouraged through a mixture of funding tools and facilitation.

This is yet another sign of the growing recognition of the importance of the regional level in achieving New Zealand's economic and social goals, as well as the traditional role of providing for integrated resource management.

9   Three Practical Examples

New Zealand experience is increasingly reflective of what can be learned from international research, policy development and experience of the role of regions in the 21st century. In activities such as economic development, place shaping, and environmental management, New Zealand's regional communities face increasingly complex demands. Often, a regional council will find that because of the combination of statutory functions[6] which it is charged with, the human and financial resources it has, and its regionwide mandate, it is the natural party to take a lead role in working with the regional community to develop practical solutions.

Three examples from the experience of Environment Bay of Plenty will illustrate what is increasingly a general feature of intra-region activity across New Zealand. The examples are:

- SmartGrowth.

- The Rotorua Lakes Protection and Restoration Action Programme.

- Regional Economic Development.

Both SmartGrowth and the Rotorua Lakes examples highlight the importance of a collaborative approach. In each case without the willingness of all the councils involved to regard each other as partners in a common endeavour, it would not have been possible to do what has been done. The same is certain to be the case with any involvement in sustainable economic development at a regional level especially given the importance of being able to speak with central government (and other key stakeholders) with a single voice.

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[6]   As an example the Regional Policy Statement may often be the most effective tool for enabling strategies whose implementation involves more than one territorial authority.

4.5.1 SmartGrowth

The Western Bay of Plenty, comprising the Tauranga City Council and the Western Bay of Plenty District Council, is one of the fastest growing areas in the country. The cross boundary linkages between the two districts are considerable and growing with an obvious and high level of interdependency between them.

This was already the case when the Local Government Commission undertook the 1989 reform of the structure of local government. The original intention of the Commission was that Tauranga and Western Bay should form a single territorial authority, reflecting the high degree of interdependency. It became clear that political resistance to the one authority approach would be very strong. Western Bay in particular was strongly attached to its rural identity and did not want to be subsumed within the growing urban area of Tauranga. As a consequence the Commission decided to establish two separate authorities.

The 1990s was marked both by continuing rapid growth and by relative unease in the relationship between the two territorial authorities. At the same time it was becoming increasingly clear that the continuing growth within the Western Bay sub-region would require a high degree of coordination, especially in order to deal with infrastructure demands. The likely level of future expenditure on roading, water, sewerage, and stormwater was known to be very considerable. Managing infrastructure expenditure (planning for the most cost-effective options), mitigating the impact on the environment, addressing issues such as employment and the growth of social services and amenities all demanded an integrated approach to land use planning across the subregion. What was lacking, within the conventional planning tools available to the territorial authorities, was a means of achieving that integration.

Recognizing this gap, the two territorial authorities took the initiative in 2000 to start exploring ways of undertaking integrated long-term land use management planning for the Western Bay of Plenty.

Environment Bay of Plenty, with its responsibility for integrated resource management, was very aware of the risks of uncoordinated development including the potential for unacceptable impacts on water quality (including the Tauranga Harbour), considerable extra costs in the development of infrastructure (roading, stormwater, water and sewerage), and the loss of valuable agricultural and horticultural land to urban sprawl. It played a crucial supportive role, working with the two territorial authorities and with tangata whenua in exploring possible solutions. The outcome of some years of research, negotiation, consultation and funding support from Environment Bay of Plenty as its contribution to assisting the process, was the development of what is a first for New Zealand. SmartGrowth is an integrated sub-regional growth strategy which includes both a general overview of the quantity and direction of growth to 2050 and a detailed plan of the quantity, location and timing of land required for urban development to 2020.

Implementation of SmartGrowth is through innovative structural and planning arrangements which depend heavily on the Regional Policy Statement as the principal integrating document, with all three councils treating this as the appropriate tool to set the framework for implementation.

SmartGrowth is an instructive example of the benefits which can come from a coordinated approach to land use planning across territorial authority boundaries using the statutory powers and facilitative of capability of a regional Council.

10   The Rotorua Lakes

In April 2006 the Parliamentary Commissioner for the Environment released the report *Restoring the Rotorua Lakes: the ultimate endurance challenge*[7].

Amongst the report's comments about the quality of the water in the Rotorua Lakes were the following:

> Water quality in the Rotorua Lakes has been declining for at least 30 to 40 years due to increasing nutrient loads (particularly nitrogen and phosphorus). The resulting eutrophication and the increasing occurrence of toxic blue-green algal blooms in some lakes are of particular concern.

> High nutrient loads in some Rotorua Lakes have led to cyanobacterial blooms. Cyanobacteria (commonly known as blue-green algae) are photosynthetic, and need nitrogen and sunlight to grow and reproduce. Cyanobacteria occur as single cells or as colonies of cells. Unlike algae, some cyanobacteria can capture (or fix) atmospheric nitrogen (N_2) if there is not enough in the water. Given the right conditions, cyanobacteria can grow into colonies large enough to see – blooms – that are often visible in some of the Rotorua Lakes as a pea-green soupiness.11 Some strains of cyanobacteria can poison humans and animals that drink or come in contact with affected water. Cyanobacterial toxins can attack various parts of the body, such as the liver or nervous system.

The nutrient loadings which have contributed to declining water quality come from a number of sources. Some are natural points of discharge such as the Hamurana and Tikitere springs. Agriculture is a significant contributor. The Rotorua sewerage system which, for many years, discharged treated sewage into Lake Rotorua was a major contributor (treatment might make sewage an acceptable discharge from a human health perspective, but does not remove the nutrients which have been the major source of the lakes' problems). Nutrient discharges can take many years to

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[7]   The report comments that "This positive programme is making excellent progress, and is undoubtedly a leading initiative in New Zealand. The Commissioner congratulates the agencies and the Rotorua community on their commitment and effort. "

move from the discharge site through underground or other natural water systems into the lakes, compounding the problem of finding a solution.

Environment Bay of Plenty with its responsibilities for catchment management, including monitoring and setting standards for discharges into natural water, has a pivotal regulatory role in setting standards which will minimise future discharges. Rotorua District Council as the authority responsible for infrastructure including sewerage and stormwater has a major practical responsibility of planning and managing the upgrading of sewerage systems, including replacement of septic tank systems around the perimeter of a number of Rotorua's Lakes. Te Arawa as tangata whenua, and now as owners of the beds of the lakes following a recent treaty settlement with the Crown has a variety of interests including the fact that the lakes are an important taonga.

A major challenge which confronted all of those with an interest in remediating the quality of lake water was to understand the nature of the processes involved, and the feasible options for mitigation. In this, the role of Environment Bay of Plenty was central. It was the only agency within the Bay of Plenty with the technical and financial capability required to undertake in-depth analysis, including commissioning extensive and groundbreaking research into issues such as the age of the waters carrying nutrients into the lakes (essential to have an understanding of lead times, and the likely additional nutrient burden currently within the lake catchments but yet to reach the lakes).

Environment Bay of Plenty played a lead role in bringing together what is now the Lakes Strategy Committee comprising itself, the Te Arawa Trust Board and the Rotorua District Council. That committee has the lead responsibility in devising and implementing long-term solutions, including developing and negotiating funding options to meet the very considerable cost involved.

Environment Bay of Plenty is also the lead agency in setting the regulatory framework for implementing remediation measures including new land use rules designed to minimise further nutrient discharges into the environment from agricultural activity, and new requirements for domestic sewage.

Restoring water quality in the Rotorua Lakes is a major and long-term project the success of which is critically dependent upon a collaborative approach, and effective leadership from the agency responsible for water quality and integrated resource management. It is also a good example of the benefits of separating out service delivery (for example the provision of management of sewerage services) from regulation which was endorsed by government policy through the local government reforms of the late 80s and early 90s.

11 Regional Economic Development

The various districts within the Bay of Plenty have quite different characteristics in terms of their local economies. Something of this is apparent from the differing rates of population growth. The following table shows census night usually resident figures for Rotorua District, the three Eastern Bay of Plenty authorities (Kawerau Opotiki and Whakatane) and the Western Bay of Plenty sub-region:

Census night usually resident population			
Area	1996	2001	2006 (provisional)
Rotorua	68,991	68,775	70,400
Eastern Bay of Plenty	50,814	49,122	48,740
Western Bay of Plenty	113,607	130,320	147,100
TOTALS	233,412	248,217	266,240

Those figures show relatively static population growth in Rotorua, despite its role as a leading tourist destination and conference centre, and a continuing decline in the Eastern Bay of Plenty alongside relatively explosive growth in the Western Bay of Plenty subregion.

What the figures do not show is that all three subregions are relatively low income areas. Average hourly earnings in the Western Bay of Plenty are less than 90% of the New Zealand average. The Eastern Bay of Plenty is one of the most deprived areas of the country based on the Ministry of Health deprivation scale. The whole of Rotorua qualified for access PHO status for subsidised primary health care reflecting the relatively low incomes in the district.

Each sub-region has its own economic development agency. Each is working within a strategy developed in consultation with its own community. Each is focused on its own sub-region.

The government decision to refresh the regional economic development programme draws a quite explicit distinction between regional and local economic development. The Cabinet paper comment on regional capability includes the continuing role of EDAs, especially in a local level:

> This does not affect the role of the EDAs in these regions per se, and currently EDAs work at both the regional and local level. In some regions, arrangements such as a "hub and spoke" approach may be taken to ensure that a regional strategy can be implemented locally.

The renewed emphasis on the importance of the regional level which is at the heart of the government decision complements the view which has been expressed by more than one territorial authority within the Bay of Plenty region that Environment Bay of Plenty should take a regional leadership role in sustainable economic development. These authorities were explicitly recognising that there are some

economic development imperatives, such as transport, communication and tertiary education, which need to be addressed at a regional level.

Environment Bay of Plenty believes that this view is entirely consistent with the role which it now has under legislation, with emerging government policy, with current international trends, and with what makes sense for the region. In consultation with territorial authorities and other stakeholders, it will be developing initiatives that are consistent with this evolving understanding of the role of regional entities in sustainable economic development.

5   Environment Bay of Plenty's Evolving Role

This final section considers how Environment Bay of Plenty's role is evolving in response to the influences discussed in the previous section, as it refines the collaborative approach that is now the central theme of the way in which it seeks to work with territorial authorities. It draws substantially on discussions which took place with chief executives and/or Mayors of territorial authorities within the region.

Thirty years ago the organisations that became Environment Bay of Plenty were focused on a relatively narrow range of regulatory and planning roles, coupled with a set of service delivery functions focused on soil conservation and rivers control. Ten years ago Environment Bay of Plenty was in the middle of adopting its first Regional Policy Statement - working with the territorial authorities in the region in developing an understanding of what integrated resource management could mean for the future of the Bay of Plenty.

Today, the focus is changing again. There is an emerging consensus internationally around the crucial role that regions will play in the sustainable economic and social development of the countries of which they form part. This is much more than simply a change in political fashions. Rather, it reflects a number of quite significant shifts.

The first is the impact of globalisation and associated demographic change which is intensifying the contest for skilled labour. The place shaping role of regional councils will be crucial in building New Zealand's strategy in response.

Next is the complexity of the challenges confronting sustainable social and economic development. These challenges require strong local/regional linkages, the ability to tap into regional networks and knowledge, and to build commitment from the ground up, something which requires well resourced and highly capable local/regional leadership.

Recent legislation, such as the Local Government Act 2002 and the Land Transport Management Act 2003, is entrenching a new approach focused on the promotion of community well-being and a collaborative approach amongst local authorities within a region - not just in the interests of regions themselves, but to make it feasible for central government to achieve the outcomes it seeks.

For Environment Bay of Plenty the focus is now on providing regional leadership within the areas where it has a mandate to act. This will include taking, as appropriate, a leadership or facilitative role in a number of important areas including:

- The collaborative development of a revised Regional Policy Statement based on the new requirement for territorial authorities, in their own plans, to "give effect" to the RPS.

- The continuing development of SmartGrowth within the Western Bay of Plenty.

- If it is the wish of the territorial authorities involved, working with them in the development of comparable long term development initiatives in both the Eastern Bay of Plenty and Rotorua, recognising the different economic and population growth characteristics of those parts of the region.

- The evolution of a region-wide approach to sustainable economic development focusing on a few critical areas for the region including tertiary education, transport and communication.

- Identifying and allocating responsibility for initiatives which will address the high level of deprivation faced by much of the population within the Bay of Plenty region.

More generally, Environment Bay of Plenty recognises that taking a lead role in region-wide issues is not so much a choice as an obligation it faces in the interests of the people whom it, and the territorial authorities in the region, both serve.

As a means of providing an overview of the principal issues involved in further enhancing the collaborative approach which Environment Bay of Plenty sees as being at the heart of its relationship with territorial authorities in the region, the remainder of this section draws on interviews which took place with those territorial authorities to seek their views on what were the main matters which needed to be addressed.

To do so this section first sets out the general context within which the functions are managed, and then reports findings from discussions undertaken with individual territorial authorities to gain their perspectives on relationships between them and Environment Bay of Plenty. Although the findings are not expressed in the form of recommendations there is a clear expectation Environment Bay of Plenty will pay close attention to the views expressed as part of its commitment to enhancing its collaborative approach.

12   Institutional Context

The statutory framework for Environment Bay of Plenty's functions comes primarily from the Local Government Act 2002 and the Resource Management Act 1991.

The Local Government Act 2002 made some important changes in respect of the role of regional councils and how they related to territorials within the region. First, the Act restored to regional councils the broad powers which had been removed from them in 1992. Regional councils now have the same powers under the Local Government Act as territorial authorities. Recognising the possibility that regional councils may wish to undertake activities which one or more territorials within the region already carry out, the Act provides a mechanism for resolving any disputes between the regional council and territorials. The process requires the regional council to advise all territorials within the region. If agreement is not reached, there is provision for mediation and, finally, for the Minister to make a binding decision.

The Act also introduced a new mechanism for coordinating the activities of regional councils and the territorials within the region, the triennial agreement. The agreement is prepared jointly by councils within the region following each election. It is to contain "protocols for communication and coordination among them during the period until the next triennial general election of members". The triennial agreement must include a statement of the process for consultation on proposals for new regional council activities.

The current Bay of Plenty triennial agreement identifies the following priority areas for communication and coordination:

1. Seek and develop agreed opportunities for joint initiatives that will enhance the social, economic, environmental and cultural well-being of the communities of the region.
2. Where agreed share processes in relation to strategic planning and policy development (including processes to identify Community Outcomes, Long-Term Council Community Plans and Resource Management Act initiatives).
3. Where possible, practicable and agreed, and where initiatives will benefit the respective communities, share and integrate service delivery to avoid duplication and, achieve economies of scale, consistency in delivery and customer acceptance.
4. Where efficient, appropriate and practicable share scarce technical resources including expertise, knowledge and research.
5. Deal effectively with issues and activities that cross local authority boundaries.
6. Agree on the requirements, frequency and standards for information management and reporting.
7. Agree on priorities for action by all of the councils in the region or a sub-region.
8. Develop plans and processes that require shared communication strategies and processes to ensure that local government delivers consistent and effective messages to central government, other key stakeholders, constituents and the community generally.
9. Where identified and agreed develop shared strategies and processes for consultation, coordination, cooperation and collaboration.

As well as the legislative provisions encouraging greater collaboration amongst councils, between councils and other key stakeholders, and greater engagement with communities, provisions enabling local authorities to transfer or delegate responsibilities between themselves are also becoming increasingly important.

Often it is hard to lay down fixed rules in advance about how to allocate responsibility for any given function - it may depend very much on the circumstances of the particular case. The combination of the Local Government Act and the RMA now provides a means for managing in the case where one council has the formal responsibility but there is agreement the function should actually be undertaken by another. Section 17 of the Local Government Act 2002 allows a regional council and a territorial authority to transfer or delegate responsibilities (other than RMA responsibilities) between them by agreement as provided in that section. Section 33 of the RMA empowers a regional council or territorial authority to transfer "functions, powers, or duties" to another "public authority" (the definition of public authority

includes a regional council or territorial authority but also covers a number of other public entities). In each case, public consultation is required - either inclusion in the LTCCP or use of the special consultative procedure for a Local Government Act transfer, and use of the special consultative procedure for an RMA transfer. The RMA also sets statutory criteria including community of interest, efficiency and technical capability which any decision to transfer functions must take into account.

Although regional councils now have the same powers as district/city councils, it is still common to speak of the core business of regional councils as their traditional roles of environmental management, soil conservation, rivers control, biosecurity, civil defence emergency management and regional land transport. This recognises that, although they now have a much wider set of legal powers, it still makes sense for regional councils to specialise in their traditional functions and to extend beyond those only when there is a good case in terms of regional well-being for doing so.

Within the core business role, the principal legislation is the Resource Management Act 1991 (RMA). This Act set out the roles, responsibilities and powers of regional councils and district/city councils in resource management. In terms of the relationship between regional and other councils, the key document is the regional policy statement. This is to make provision for integrated management of the natural and physical resources of the whole region.

This project explored the relationship between Environment Bay of Plenty and territorial authorities at two different levels. The first was functional. How do the different councils relate through what they do in discharging the various functions for which they have responsibility? This is discussed further in Appendix 1. The second was organisational. How do the councils within the region relate to each other at an organisation to organisation or strategic level?

Organisation to organisation relationships were explored both in discussions with regional council managers and, more extensively, in a series of interviews with mayors and chief executives[8]. These interviews also provided some feedback on the nature of functional level relationships. Generally, there was a sense that at the functional level there had been a gradual evolution towards more of a collaborative approach. Interviewees did observe that the strength and quality of functional relationships was variable and to a degree depended on the nature of the individuals involved. In effect, they were making the point that an emphasis on collaboration was not yet one of the "taken for granted" of the way in which Environment Bay of Plenty operated but there had been a noticeable shift away from a past practice of territorial authorities being treated as just another entity which the regional council regulated.

The shift towards more of a collaborative approach was also seen as a consequence of two major projects within the region, the SmartGrowth initiative within the Western Bay of Plenty, and the work being undertaken by Environment Bay of Plenty and the Rotorua District Council on remediation of the Rotorua Lakes.

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[8]   In a minority of cases only the chief executive was available for interview.

At the same time, some interviewees expressed their disappointment that greater use had not been made of the provisions of the triennial agreement, especially those matters which had been identified as priority areas for communication and coordination.

A common theme running through all of the interviews was the increasing interdependency between the activity of the regional council and the activity of the territorial authorities. Whether it is a matter of developing any of the many plans for which the region and territorials are variously responsible, consenting and monitoring developments which involve the regulatory roles of both the region and a territorial or, or developing community outcomes, it is no longer effective for any one council to operate in comparative isolation.

13 Priority Areas for Action

In terms of enhancing relationships between Environment Bay of Plenty and territorial authorities, interviewees identified four priority areas for action:

- Regional leadership

- Collaboration

- Project management

- Shared services

14 Regional Leadership

One interviewee commented that Environment Bay of Plenty was one of several regional councils that had chosen a narrow definition of their role when they were first formed so that the wider role provided for by the Local Government Act 2002 is a new one for them. It was suggested that Environment Bay of Plenty is still at a very early stage of learning in terms of the new role.

This comment was made in the context of arguing that Environment Bay of Plenty should have a more significant regional leadership role, a point made by several interviewees.

One Mayor commented that "they need a master plan for regional economic development. There are so many cross boundary issues.". His chief executive added "as an example, it is imperative that the regional council develop a strong capability in energy planning to complement the planning which is currently underway in respect of the region by different actors in the energy sector itself".

Another chief executive observed, in respect of Environment Bay of Plenty's role in the region, that it was "regional leadership. Leadership is about giving and caring for the group you are leading. It is not a matter of dictating, but of fostering the community. Don't just focus on your own role.".

Another informant contrasted Environment Bay of Plenty with Environment Waikato commenting that Environment Bay of Plenty has missed a number of opportunities to take a leadership role. One example was broadband which had been left to the territorial authorities in the Bay of Plenty region but taken up at a regional level in the Waikato.

"Leadership is very much a facilitative role - creating the conversation on future direction. Crucially, it is collaborative."

More generally, there is a growing recognition amongst territorial authorities within the region that on a number of issues the Bay of Plenty needs to be able to talk effectively to central government. This means talking with a single voice. There is a role for the regional council in facilitating this. One area recognised as a possibility is tertiary education within the region - across Western Bay, the Eastern Bay and Rotorua.

Another area which one chief executive commented on as a priority for taking a regional approach was economic development. The message he has been getting from his staff involved in economic development via their contact with the Ministry of Economic Development and New Zealand Trade and Enterprise is that unless councils do it regionally it will get done to them. This reflects a government interest in seeing economic development being done by "regions" - although not always necessarily regional councils.

15   Collaboration

Virtually all informants identified more effective collaboration as crucial. This has a number of different dimensions. If Environment Bay of Plenty is preparing a regional plan or strategy, or a plan or strategy affecting part of the region, then it should do so in conjunction with the territorial authority or authorities whose district(s) will be affected. If the issue is how to monitor compliance with an existing plan or strategy, decisions about what to do in individual cases and who should do it are best made within an agreed framework and not on an ad hoc basis (in this area greater use of the powers to delegate or transfer functions is seen as desirable).

The area where territorial authorities believe that the greatest gains will come, both for Environment Bay of Plenty, and for individual territorial authorities is through improved collaboration in the preparation of plans and strategies. One chief executive expressed this as "please come to the territorials with a blank sheet of paper". What he was arguing was the need for a shift from treating the preparation of regional plans and strategies as essentially a regional council function, with territorial authorities having rights of consultation and objection, to much more of a joint undertaking.

Another territorial authority pointed to the interdependency of timing in the preparation of plans at a regional and district level. Closer working together was one way of managing this issue. This was not just a matter of the Regional Council

taking a more collaborative approach when it was preparing its own plans or strategies. It was equally a matter of the Regional Council being prepared to work on a collaborative basis when a territorial authority was preparing its own plans - for example reviewing its district plan. There is a clear view that, in this situation, Environment Bay of Plenty should not wait until the plan is released for public consultation before making its views known, but should be working with the territorial authority as it develops its revised plan in the pre-consultation phase.[9]

Of equal importance was that the Regional Council recognises the different resource endowments of different councils. A collaborative approach to the preparation of plans and strategies would see the Regional Council developing its own timeframes and workplans with an awareness of the nature of the demands it was going to be placing on individual territorial authorities to respond. As one informant commented, the Regional Council may have several people working on one plan or strategy. In contrast, a smaller territorial authority may have one person working on several plans and strategies. If there is to be effective engagement, these resource constraints need to be recognised at a regional level.

There was a general consensus that this type of collaboration needs to be managed from a chief executive level. Unless it is, then there is a risk that it will simply become ad hoc and dependent on the nature and responsiveness of particular individuals. Ideally, it also needs buy in and support at a political level. The working relationships which now exist between Tauranga City Council and Western Bay of Plenty District Council at both political and chief executive level were cited as an illustration of one approach to managing this type of issue.

16   Project Management

Project management was identified as the immediate priority for achieving greater collaboration. One chief executive commented that "project planning presents Environment Bay of Plenty with a real opportunity". Another observed that "Environment Bay of Plenty is not always good at keeping to project timeframes and there is no accountability if they fail to do so. There is a need for consistency in terms of project management. Most projects appear to have a project management template but it is not necessarily followed."

A Mayor referred to a recent study commissioned by Environment Bay of Plenty. It was described as a bit of a disaster reflecting a lack of project management capacity.

These comments were not intended to be critical of Environment Bay of Plenty, so much as identifying what must now be seen as gaps because the current context for local government activity requires much more of a joint approach than was the case five or 10 years ago. There is effectively a consensus that the major opportunity for

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[9]   Territorial authorities observed that a common objection to a collaborative approach to the development of statutory plans was the potential compromising the decision-making function of the Council responsible for the plan. Both noted that the should not really be an issue - it was essentially a matter of taking an intelligent approach to how responsibilities were assigned within the organisation so as to avoid the potential for conflict.

Environment Bay of Plenty, in enhancing relationships with territorial authorities, is to put in place an effective project management approach which is applied on all of Environment Bay of Plenty's activities which impact on the activities of territorial authorities or require input from them.

The preferred means of developing this is a "clean sheet" approach driven by and accountable to the chief executive of Environment Bay of Plenty and managed on a chief executive to chief executive basis (although obviously the developmental work itself would largely be delegated within individual organisations). This should be mirrored by a closer working relationship at the political level designed to provide broad oversight of the effectiveness of the evolving project management strategy.

This approach needs to recognise and reflect the different capabilities and circumstances of the different councils within the region. It should include addressing such apparently minor but actually quite significant elements such as providing adequate notice of meeting times and other key milestones in any activity which Environment Bay of Plenty is undertaking (the same principle, of course, applies also to territorial authorities in managing activities of their own which impact on other councils). The need for this was highlighted by one Mayor who commented that "an effective relationship between Environment Bay of Plenty and the territorial authorities needs a work plan and a meeting programme. Too often he or others are given late notice of meetings and it is impossible to attend. This is especially critical for a small organisation."

17   Shared Services

There were varying levels of enthusiasm for Environment Bay of Plenty taking a lead role in encouraging the development of shared services within the Bay of Plenty. One chief executive, who was involved with the Waikato region's shared services initiative, Local Authority Shared Services Ltd, argued that the Bay of Plenty local authorities should become members of that entity. Others were more inclined to approach the issue of shared services on a case-by-case basis.

There was a recognition that Environment Bay of Plenty could play a useful role in areas where it had a comparative advantage in developing capability, especially as compared with smaller local authorities. One example which was commented on favourably by more than one local authority is the support which Environment Bay of Plenty provides for Opotiki District Council's IT services (on a user pays basis). This was seen as a good model for supporting capability within smaller councils where economies of scale might otherwise make it difficult for a council to command the level of expertise needed for an effective service. Another area where it was considered that Environment Bay of Plenty could take a useful lead is in the development of regional databases. Examples cited included demographic and flood level data. Both were seen as areas which were important for territorial authorities but where economies of scale, and access to scarce technical skills, would favour a regional approach.

More generally, there is a sense that shared services within the Bay of Plenty are likeliest to emerge as responses by groups of councils to particular issues with which they are confronted. One example is the Lakes/Coast Building Cluster Group, an initiative of a number of territorial authorities within the Bay of Plenty and Waikato regions to "form a cooperative alliance whereby areas of mutual impact and effect will be collectively worked through with a specific aim of obtaining Registration and Accreditation as Building Consent Authorities.". Another is the shared library database recently established by the Tauranga, Western Bay, Whakatane and Rotorua councils.

6   Concluding Comment

The emphasis is on a shift from the technocratic/regulatory approach which characterised most regional councils during much of the 1990s to a much more collaborative approach. Environment Bay of Plenty recognizes that the responsibilities it now has require a strongly collaborative approach in working with territorial authorities in the region. There are at least two reasons for this:

- It will simply not be possible to manage the complex series of tasks of the regional council and the territorial authorities to the standards required unless there are very close working relationships between all of the councils in the region at both political and management levels within those councils.

- Increasingly, there will be a need for the Bay of Plenty region to speak with a single voice to central government. This can only be achieved if there is a strong practice of collaboration/partnership amongst all the region's councils.

In Environment Bay of Plenty's words, we have a good relationship. It has not always been that way but we are committed to it. This is the way we want to work.

Appendix 1: Functions

In reviewing the functional level we first developed a description of the different functions undertaken by Environment Bay of Plenty drawing primarily on that Council's Long-Term Council Community Plan. Based on that, we then undertook a series of interviews with regional council managers in the different functional areas. These had a twofold purpose. The first was to obtain their descriptions of what the regional council actually does within each function with a focus on areas of common interest between the regional council and territorial authorities. The second was to obtain their impressions of how relationships worked within those functional areas. This material was written up and then reviewed with territorial authorities in the region.

Environment Bay of Plenty's draft LTCCP for 2006 - 2016 provides a detailed description of each of the functions and activities which the Regional Council undertakes. This Appendix provides a brief outline of each function, and the principal activities involved, drawing on the descriptions in the LTCCP.

1.1 AIR QUALITY

Environment Bay of Plenty is responsible for promoting and managing improved air quality in the region. This involves managing the discharge of contaminants into the air to ensure clean air is available for present and future generations.

Activities:
- Air quality in Rotorua.
- Implementing the Bay of Plenty Regional Air Plan 2003.
- Implementing national environmental standards relating to air.

1.2 BIOSECURITY

Environment Bay of Plenty is responsible for managing both plant and animal pests and the preparation and implementation of pest management plans.

Activities:
- Management of 52 pest plants with strategies ranging from eradication to boundary control and regional surveillance.
- Management of 15 pest animals with strategies ranging from eradication to population control and regional surveillance.
- Funding the investigation and provision of suitable biological control agents.
- Managing bovine tuberculosis vectors.

1.3 BUILDING MAORI CAPACITY

Environment Bay of Plenty has identified a number of steps it intends taking to develop Maori capacity and a set of relationship principles to guide the way Maori and the regional council work together. The objective is to develop Maori capacity to contribute to the regional council's decision-making processes.

Activities:

- Environment Bay of Plenty observes the relationship principles of accessibility, participation, clarity, flexibility, openness and responsiveness.
- Assisting hapu/iwi fund the preparation of their own Resource Management Plans.
- Supporting a Maori Regional Representation Committee with opportunities to input to all of the Council's plans and strategies.

A range of other activities designed to improve communication between Maori and the Regional Council and facilitate Maori input into council decision-making.

1.4   CIVIL DEFENCE

Environment Bay of Plenty, together with territorial authorities in the region, makes up the Civil Defence Emergency Management Group (CDEMG).

Activities:

- Providing administrative support for CDEMG.
- Commissioning or carrying out work on natural hazards.
- Supporting group controller efforts required as a result of a declared emergency.

1.5   COASTAL ENVIRONMENT

Sustainable coastal management is the process of managing and protecting the coastal environment for the benefit of present and future generations.

Activities:

- Coastal ecosystem health
- Supporting a range of Coast Care and other community groups.
- Aquaculture and Foreshore and Seabed responsibilities.
- Advocacy roles in fishing and marine reserves processes.
- Maintaining and enhancing public access.
- Licensing structures.

1.6   COMMUNITY OUTCOMES AND LONG-TERM PLANNING

Environment Bay of Plenty facilitates the identification of regional level community outcomes and works with other councils to achieve complementarity between regional and district level community outcomes. It uses regional level community outcomes to identify major strategic initiatives for the region and as the basis for developing its long-term Council community plan.

Activities:
- Working with other organizations to help communities identify Community Outcomes
- Monitoring and reporting on progress towards achieving Community Outcomes.
- Working with a wide range of public, private, community and Maori partners to further community outcomes.
- Drawing on community outcomes as a basis for Environment Bay of Plenty's own long-term planning.

1.7 CONSENTS AND COMPLIANCE

Environment Bay of Plenty's consents and compliance activity involves evaluating, processing and issuing resource consents and permits for the use of all natural resources - water, geothermal, air, land and coastal. It also involves compliance and impact monitoring of human activities in regard to the natural resources of the region.

Activities:
- Processing consents
- Providing information to people and organisations about the resource consent process.
- Providing advice to the public to ensure compliance with regional plans.
- Regulation of discharges.
- Compliance monitoring.
- Investigation of environmental complaints and enforcement action for significant non-compliance.

1.8 ENERGY

Environment Bay of Plenty maintains a watching brief on energy issues (the definition of "natural and physical resources" in the RMA includes energy).

Activities:
- Monitoring research on the relationship between climate change and energy.
- Considering the potential for renewable energy sources within the region.

1.9 ENVIRONMENTAL AWARENESS

Environment Bay of Plenty aims to increase the number of people, groups and organisations who actively care for the environment.

Activities:
- Environmental education including field days/seminars/workshops, community events such as World Environment Day, facilitated programs such as Enviroschools and teacher training workshops.
- Funding community-based environmental projects through the Environmental Enhancement Fund.

1.10   ENVIRONMENTAL MONITORING

The Natural Environment Regional Monitoring Network (NERMN) is used by Environment Bay of Plenty to monitor the current state of, and trends in, the environment. The network includes 13 modules designed to cover all aspects of the region's environment.

Activities:
- Using NERMN data for trends detection. As an example the lake-monitoring model has highlighted deterioration in some lakes still showing high quality.
- Assessing the efficiency and effectiveness of the regional policy statement and regional plans in maintaining and enhancing the quality of the region's environment.

1.11   FLOOD CONTROL AND DRAINAGE

Environment Bay of Plenty is responsible for the management of a number of rivers control and drainage schemes including the Kaituna, Rangitaiki-Tarawera, Whakatane-Waimana, Waioeka-Otara and Rangitaiki schemes.

Activities:
- Capital works and restoration projects.
- Ongoing maintenance in accordance with asset management plans.
- Controlling water flows (in some schemes only, for example from the Kaituna River into the Kaituna wetland).
- Administering the Floodway and Drainage Bylaw.
- Project design and investigation.

1.12   HERITAGE PLANNING

Heritage is both cultural heritage and natural heritage. Environment Bay of Plenty has an extensive role under the RMA to recognise and provide for various elements of heritage.

Activities:
- Facilitating coordination and cooperation between all heritage agencies within the region.
- Information and education for the public on heritage values and places.
- Protecting historic cultural and natural heritage from inappropriate subdivision, use and development.

1.13   INTEGRATED RESOURCE MANAGEMENT

At the heart of Environment Bay of Plenty's role under the RMA is responsibility for establishing, reviewing and advocating the implementation of policy for the integrated management of the region's natural and physical resources.

Activities:
- Preparing the Regional Policy Statement, overseeing its implementation, and reviewing and changing it (with a major review scheduled for 2007 in response to the new requirement that other plans "give effect" to the Regional Policy Statement).
- Advocating integrated regional resource management to other public (local and central) bodies as opportunities present themselves.
- Addressing emerging regional environmental issues such as energy efficiency, renewable energy use and adaptation to climate change.

1.14   LAND

This function of Environment Bay of Plenty involves the promotion of land-use practices that preserve the life-supporting capacity of land for the benefit of present and future generations, prevents erosion, and mitigates adverse effects on water resources.

Activities:
- Promoting soil management to reduce erosion and enhance soil health.
- Developing and implementing the Proposed Bay of Plenty Regional Water and Land Plan setting objectives for the sustainable and integrated management of land and means for achieving those objectives, and implementing the Operative Regional Land Management Plan until the new plan is operative.
- Working with landowners to produce agreed Environmental Management Plans.
- Helping landowners with riverbank protection, river training, local stop banking and stream restoration outside major river management schemes.

1.15   NAVIGATION SAFETY AND OIL POLLUTION

The navigation safety component of this function involves maintaining safe navigable waterways and regulating the movement and operation of commercial and recreational vessels. The oil pollution response component involves working to avoid or mitigate the environmental impacts of any oil spills that occur within the marine environment.

Activities:
- The making and enforcement of navigation safety bylaws, the appointment of Harbour Masters, enforcement officers and honorary officers, patrolling various water bodies to ensure compliance, and educational activities to promote navigation safety.
- Providing and maintaining navigation aids, safety information signs, signs and marker poles designating reserve areas and access lanes and speed signs.
- The management of moorings and of Harbour and Lake aquatic events.
- The development and implementation of regional oil spill response plans.

1.16   REGIONAL DEVELOPMENT AND GROWTH

Environment Bay of Plenty is a partner in the SmartGrowth Strategy for the Western Bay of Plenty sub-region. It is considering extending SmartGrowth principles into Rotorua and the Eastern Bay of Plenty initially working with local councils and other agencies to develop a common set of core planning forecasts. Environment Bay of Plenty also aims to create a climate conducive to regional development whilst meeting environmental bottom lines.

Activities:
- Working as a partner in the implementation of SmartGrowth.
- Partnering with councils elsewhere in the Bay of Plenty on the possible extension of SmartGrowth principles.
- Providing information, research and analysis on economic development issues of regional significance.
- Possibly providing funding for regional infrastructure.
- Working in partnership with local government and other bodies.

1.17   REGIONAL PARKS

Working within its Policy on Regional Parks, Environment Bay of Plenty owns and manages one regional park and expects to provide or contribute to providing further regional parks.

Activities:
- Owning and managing the Papamoa Hills Cultural Heritage Regional Park.
- Acquiring further land at Ohiwa (it has already made one purchase) to complete a second regional Park.
- Acquiring further parks as opportunities arise, developing and adopting park management plans, and promoting their availability.

1.18   ROTORUA LAKES PROTECTION AND RESTORATION

Environment Bay of Plenty, Rotorua District Council and Te Arawa Maori Trust Board together make up the Rotorua Lakes Strategy Join Committee. The committee coordinates policy and actions to improve the Rotorua lakes.

Activities:
- Developing and implementing action plans for Lakes Rotorua and Rotoiti.
- Developing action plans for other Rotorua lakes.
- Developing regulatory tools to support the nutrient management strategy for lake catchments.

1.19   TRANSPORT

Environment Bay of Plenty convenes the Regional Land Transport Committee, is responsible for the Regional Land Transport Strategy and manages the region's involvement in public passenger transport which includes registering, planning, contracting and monitoring public transport services, and administering the government's Total Mobility Scheme. It is also active in promoting road safety.

Activities:
- Working with its council and other partners to develop and implement the Regional Land Transport Strategy, including securing funding for roading, public passenger transport and other services.
- Increasing the level of bus services in Tauranga and reviewing those in Rotorua.
- Funding sub-regional road safety coordinators.

1.20   WASTE AND CONTAMINATED SITE MANAGEMENT

Environment Bay of Plenty developed the Bay of Plenty Regional Waste Strategy in partnership with councils in the region with a vision of "zero waste in a sustainable Bay of Plenty". The strategy covers waste in all of its forms. This function is responsible for its implementation.

Activities:
- Promoting the strategy's principles.
- Investigating and promoting joint waste management initiatives to address regional waste issues.
- Collecting and removing surplus agrichemicals and domestic hazardous waste.
- Actively managing significant high risk contaminated sites in partnership with the responsible parties.

1.21   WATER

Environment Bay of Plenty's responsibilities for water management are comprehensive. They range from developing regional plans to granting consents to take or discharge into water (including geothermal resources) to the health of streams, waterways, lakes, wetlands and the coastal marine environment.

Activities:
- Identifying environmental issues relating to surface, ground and geothermal water.
- Developing and implementing plans for the management of the region's water resources.

- Implementing specific projects such as the Small-scale Sewage Reticulation Financial Assistance Scheme.
- Developing and implementing an Integrated Stormwater Management Programme.

Appendix 2: Brief and Methodology

The decision to commission the report reflects a recognition that the operating context for local government has changed quite markedly in the past five years or so. The nature of the changes justifies a re-examination of the long-standing way in which Environment Bay of Plenty and territorial authorities within the region have managed the relationships amongst themselves both at a functional level and at an organisational level. As will be seen from the discussion in this report, the potential gains are very considerable.

The brief provided to McKinlay Douglas Ltd by Environment Bay of Plenty was:

> Environment Bay of Plenty wishes to build on its existing relationships with the territorial authorities in the Bay of Plenty region. It wishes to do this in two ways:
>
> - By developing a clear understanding of the respective existing roles of the Regional Council and the territorial authorities in the Bay of Plenty region in relation to the functions which the regional council performs; and
>
> - By identifying further opportunities for local government in the Bay of Plenty to work in partnership to better promote the well-being of the region.

2.1 Project Scope

The project has three components:

- Researching and writing up the broad roles of Environment Bay of Plenty under its enabling statutes, particularly the Local Government Act, and including the Resource Management Act, the Biosecurity Act, various land transport legislation, the Soil Conservation and Rivers Control Act, the Maritime Transport Act and the Civil Defence Emergency Management Act.

- Researching and writing up how the various broad roles set out in (a) above overlap with the roles of territorial authorities under the same or similar legislation, together with a description of how these overlaps are currently managed by local government. Examples of current approaches for managing interrelated or overlapping activities include Joint Committees, multi-Council Consultation Groups and Joint Project Teams.

- Researching and writing up opportunities for potential future collaboration and partnerships between Environment Bay of Plenty and the territorial authorities of the region that have the potential to promote the well-being of the Bay of Plenty region. Potential future opportunities to work together may arise from existing projects, such as SmartGrowth or the Rotorua Lakes Strategy, or may be in new areas of work. These new

areas of work may be drawn from the experience of other regions such as Waikato, Canterbury and Taranaki.

2.2 Methodology

The methodology has been largely determined by the project components. As a first phase we reviewed the existing activities of Environment Bay of Plenty, drawing on key documentation such as the operative Regional Policy Statement and the draft Long Term Council Community Plan. This gave us both a means of providing a framework within which to discuss the individual functions which the Regional Council undertakes (including interaction with territorial authorities at a functional level) and an overview of relationships at an organisational level.

This was complemented by:

- Considering the legislative framework under which the Regional Council operates, including recent significant changes; and

- interviews with Regional Council managers designed to identify their understanding of the Regional Council's functions and the way that the Regional Council approaches its relationships with territorial authorities in order to optimise outcomes for the region.

This phase concluded with the preparation of a draft report designed to serve as a basis for consultation with mayors and chief executives throughout the region. That draft was reviewed with the Regional Council and then circulated.

The next phase comprised interviews with the mayors and chief executives[10] of each of the territorial authorities within the region. The purpose of those interviews was twofold:

- To obtain their feedback on how the draft report presented the functions of the Regional Council and the way it manages overlaps with territorial authorities.

- To seek their views on further opportunities for the Regional Council to work in partnership with them to better promote the well-being of the region.

The last phase was the completion of the final report. This included incorporating material from the interview phase and reviewing a draft of the final report with the Regional Council.

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[10] In a minority of cases only the chief executive was available for interview. Taupo District Council was not interviewed as, although part of that district is within the region, it is relatively insignificant.