

26 June 2009

Submission on the Local Government (Auckland Council) Bill

To the Chairman and Members The Auckland Governance Legislation Select Committee

Introduction

This submission is from the Local Government Centre at AUT University. The centre is New Zealand's first university-based think tank focused on research, teaching and research informed consultancy directly addressing local government and local governance. It has extensive international linkages, is an associate member of the Commonwealth Local Government Forum and is represented on the forum's Research Advisory Group.

The Centre wishes to appear before the committee to speak to our submission.

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Summary

The Centre supports the primary objective of the Bill set out in the explanatory note as:

The primary objective is to provide for democratic and effective local government in Auckland and, in particular, to maximise, in a cost effective manner,—

- the current and future wellbeing of Auckland and its communities;
- and
- Auckland's contribution to wider national objectives and outcomes.

Specifically we endorse both the recognised need to create an effective regionwide strategic decision-making capability, and the emphasis on improved local governance (community engagement). Our research, and extensive international discussions on what constitutes effective metropolitan governance, strongly supports the objective of creating a strong regionwide body with effective decision-making powers over matters of regional significance. It also supports a strengthened emphasis on local democracy and community engagement at the level of the region's individual communities.

The Centre does, however, consider that there are four areas covered by or necessarily implicit in the present Bill where strengthened and/or alternative provisions would better achieve the Bill's objectives. They are:

- Creating a strong regionwide body with effective decision-making powers over matters of regional significance (clauses 8 and 9).

- Māori representation
- Transparency and accountability.
- Functions, duties and powers of local boards (including size and scale). (Clause 13).

Creating a strong regionwide body

Extensive research shows that the capability of a regionwide metropolitan governance body to take and implement effective decisions on matters of regional significance is a function amongst other things of the following two characteristics:

- The allocation of powers within the governance body itself.
- The means by which members of the governance body are elected and/or appointed.

Allocation of powers

Internationally practice varies between favouring decision-making by elected members generally, and granting executive decision-making power to a single individual (the "strong mayor model) or a subgroup of elected members. The executive Mayor of the Greater London Authority is the best-known example. The strong mayor model depends crucially on the design of the checks and balances to ensure that the Mayor is both accountable and follows due process. This model was dismissed by the Royal Commission without close consideration. An alternative, common through much of local government in England, is the executive government approach of a subgroup of councillors - effectively a Cabinet - holding executive decision-making powers with the majority of councillors placed in the different role of monitoring the performance of the executive.

The principal reason for concentrating powers (subject to checks and balances) in a single elected mayor or inner Cabinet is to ensure that there will be effective decision-making, and that the parochialism inherent in much of local government¹ does not get in the way of the need to take difficult decisions, especially decisions which may have very different impacts in different parts of the region.

Experience suggests that in practice metropolitan governance arrangements can be categorised into four different types:

- Strong party political control (e.g. Brisbane).
- Local democracy/regional dysfunction (e.g. Toronto).
- Decisions are taken by a higher level of government (most Australian states).

¹ parochialism is frequently described as though it were a negative factor, with the implication that politicians who act parochially are failing both their electors, and the wider public interest. This is a misconception. It is inherent in local government that elected members will be committed to the particular communities which elect them (it is usually why people put themselves forward for local government). It also reflects the interest which electors themselves often have in electing people who will put the community first. From a policy perspective the correct approach is not to denigrate parochialism, but to determine how to draw on its strengths whilst ensuring that it does not frustrate the importance of making progress on wider and often more controversial issues.

- The strong mayor model (e.g. London).

Appendix 1 provides an overview of the four types.

Strong party political control in the 'caucus controls' sense has not been characteristic of New Zealand local government, although there has been an increasing tendency to stand on tickets formally or informally aligned to political parties in parts of the Auckland region, especially Auckland city. Toronto, which has close parallels to Auckland as the amalgamation of the equivalent of six territorial local authorities and one regional Council, is an example of the potential for simply transferring parochial disputes to the council table unless the design of the decision-making structure, and the way in which members are elected, combine to give a strong assurance, even before the council is formed, that decision-making will not be undermined by parochial or other interest group considerations.

The means by which members of the governance body are elected and/or appointed

There is a clear intent, which the Centre strongly supports, that the elected members of the Auckland Council should be focused on matters of regionwide strategic significance **AND** that their electoral mandate should be aligned with this objective - in other words that the Mayor and Councillors should stand on mandates supportive of regional decision-making and be held accountable accordingly.

The decision that eight of the 20 councillors should be elected at large is consistent with this intent. It does though carry with it the challenge that campaigning for regionwide seats requires a degree of resource and commitment far beyond what has normally been affordable for candidates in local government elections. Balancing eight elected at large councillors with 12 elected from wards can be seen both as providing an opportunity for people to campaign locally rather than regionwide (although even the local wards will have a population in excess of 100,000), and providing for a connection between the Auckland Council and local boards with the requirement that the Local Government Commission should seek to align ward and local board boundaries. There is no basis, however, from international research on metropolitan governance to conclude that the proposed 8+12 arrangement will necessarily result in a strong decision-making structure and effectively exclude parochial influences. We do not pursue this matter further as we have another and potentially more serious concern with the proposed structure.

The Centre has considered carefully the potential for the proposed electoral arrangements to achieve the intent of producing a regionally focused Council. We have concluded that this will be difficult to achieve without some change in the proposed structure.

The central issue here is the relationship between the Auckland Council and the local boards. It is the Council which will hold all the resources, including the power to decide what functions should be delegated to local boards. This has one very important and presumably unintended consequence for the electoral process itself. What it means is that it is the members of the Auckland Council who will be the primary deciders on the nature and quality of local governance, **NOT** the members of local boards.

As a result there is a strong probability that the election of the Auckland Council itself could be dominated by concerns about local governance rather than regional governance, thus undermining the very rationale for the creation of the Auckland Council.

The fact that eight members of the Auckland Council are to be elected at large will inevitably result in the formation of tickets to contest those seats. It is highly likely that tickets formed to contest those seats will also contest the 12 ward seats (the Centre understands informally that planning for the establishment of at least two tickets on this basis is already well underway).

An obvious strategy for any ticket which wants to respond to concerns over local governance, and the dependence of local boards on the Auckland Council, is to campaign on a ticket of restoring local democracy, quite possibly by making a commitment to delegate to local boards a full range of local functions and powers, and potentially putting the local boards rather than the Auckland Council itself in control even on regional decision-making where that could be seen as conflicting with the interests of local communities.

It would be extremely unfortunate if the design of the relationship between the Auckland Council and local boards undermined the overriding objective of creating strong regional governance.

There are possible solutions for addressing this issue. They include:

- Strengthening the proposed arrangements for the local boards so that they do have clear statutorily empowered discretion over local decision-making matters. This would imply including principles in clause 13 of the Bill (and detailed provisions in the next Bill) providing for delegation to local boards of decision-making on a wide range of local matters. This would include such things as dealing with planning applications of purely local impact, being able to direct the Regional Transport Authority on amenity matters in relation to local roads, and being able to specify what mix and quality of services the Auckland Councils should deliver within the local board area (including the delivery options which the Council might use). A necessary concomitant of this would be that the local board area carried any budgetary impacts.
- Reverting to a strong mayor model so that, as with London, there was a single regional level decision maker who would be elected on a regional mandate.

Māori Representation

The Royal Commission's recommendations on Māori representation on the Auckland Council were made after extensive consultation and a careful consideration of the Crown's obligations under the Treaty of Waitangi. From the Centre's perspective, the recommendations were not raising expectations about the nature of representation so much as reflecting widely held views already present within the Auckland community. The Centre also acknowledges that separate representation is not universally endorsed, and that a number of Aucklanders (and other New Zealanders) argue that it conflicts with the democratic principle of "one person, one vote".

However, that stance is inconsistent with the obligations the Crown assumed with the signing of the treaty of Waitangi.

The Royal Commission recommendations should be seen as a baseline against which to assess different possibilities for effective Māori representation. It is an issue which the Select Committee itself should address as it is very clear the Local Electoral Act option is not sufficient. There are at least two reasons for this:

- Whether or not a local authority chooses to introduce Māori wards (territorial local authorities) or constituencies (regional councils) is a decision of the local authority which is not bound even to consider the issue unless it chooses to do so. Any resolution to introduce wards or constituencies can be the subject of a poll which may defeat the Council resolution.
- The decision is effective for two trienniums only and must then be revisited so that there is no certainty that provision, once made, will persist.

Only legislation providing for explicit Māori representation on the Auckland Council can provide the certainty needed to ensure the ongoing legitimacy of the proposed representation arrangements when considered in the context of the Crown's obligations under the Treaty of Waitangi.

Transparency and Accountability

Numerous submissions to the Royal Commission made it clear that there is a high level of discontent right across the Auckland region with the transparency and accountability of existing councils. This issue was clearly recognised by the Royal Commission and was one of the reasons it emphasised that in its view "community engagement is poor".

The Minister of Local Government has made transparency and accountability one of his major themes. It is a key driver for the recently agreed review of the Local Government Act 2002.

The Minister has made it clear that one of his top priorities is improvement in this area. "The second thing I want is more accountability and transparency" (speech to the New Zealand community boards conference 20 March 2009). He repeated this theme in his speech to the Pakuranga Rotary club on 15 June stating "Cabinet has authorised a review of the Local Government Act 2002 to improve the transparency, accountability and fiscal management of local government. I am proposing that the Act be reviewed to ensure ratepayers and citizens have better tools for controlling council costs, rates and activities."

He correctly recognises that New Zealand local government as a whole falls well short of desired standards for transparency and accountability. One important reason is the difficulty in determining the costs of individual services and the effectiveness with which they are performed (the Auditor-General has on a number of occasions commented on the poor quality of performance reporting). It can be extremely difficult for even the well-informed citizen to determine from perusing public documents such as the long-term council community plan, annual plans and annual reports what individual services are likely to cost, whether the council is delivering them efficiently or not, and what performance is both expected and achieved.

The present Bill will facilitate the formation of a single Council which will have a non-contestable monopoly on the provision of local government services for one third of New Zealand's population. It is abundantly clear that unless special

measures are put in place to ensure effective transparency and accountability, the Auckland Council will be inherently less transparent and accountable than any local government entity New Zealand has previously known.

The Centre assumes the Minister intends putting in place measures to ensure that despite its unprecedented scale and scope of activity, the Auckland Council will meet the standards of accountability and transparency he requires. The Centre strongly recommends that rather than waiting until (perhaps) the review of the Local Government Act, the Select Committee include provisions in the Bill designed explicitly to address this concern. Amongst other things, this will be a very real assistance in building public confidence in the reform process. It will also provide a more certain context for the drafting of the next Bill dealing with the detail of functions, powers and duties.

The Royal Commission made the following recommendation, one which so far has not been taken up but may still be under consideration:

A statutory position of an independent Auckland Services Performance Auditor (to be appointed by the elected Auckland Council on the joint recommendation of the Chair of the Commerce Commission and the Auditor-General) should be created to provide assurance to the council and the public that the Auckland Council is providing high-quality services in a cost-effective way. The role of the Performance Auditor will include

- a) reviewing the adequacy and relevance of CCO performance targets.
- b) protecting the consumer's interests and advocating for them in respect of the reliability and affordability of council services. This will include reviewing services in terms of established customer service standards.
- c) in the case of Watercare Services Limited, undertaking three-yearly efficiency and effectiveness reviews, incorporating international comparative industry benchmarking and an evaluation of service levels, efficiency, affordability of water, and demand management performance.

This is one possible approach. Experience in England with the overview and scrutiny function (one of the principal means of exercising supervision over all local authorities) is that the integrity of any monitoring and review activity requires a measure of independence, both of the people undertaking the work, and of their budget - the bite of an under-resourced watchdog may be no more than the gentle nibbling of rubber teeth!

An alternative possibility is to place the supervision of the Auckland Council under the umbrella of the Commerce Commission as is currently the case with the electricity and telecommunications industries - although the effectiveness of their overview in both of those industries might raise some concerns. Part four of the Commerce Act has recently been amended to deal with regulated goods and services. The stated purpose is

To promote the long-term benefit of consumers in markets referred to in section 52 by promoting outcomes that are consistent with outcomes produced in competitive markets such that suppliers of regulated goods or services—

- (a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets; and

- (b) have incentives to improve efficiency and provide services at a quality that reflects consumer demands; and
- (c) share with consumers the benefits of efficiency gains in the supply of the regulated goods or services, including through lower prices; and
- (d) are limited in their ability to extract excessive profits.

A third possibility is to rely on whatever transparency and accountability provisions the government introduces for local government generally. That could, however, be seen as somewhat risky as those provisions are unlikely to be in place until after the Auckland Council is established, thus making it very difficult to judge whether they will be effective especially given the very different scale of the future Auckland Council as compared with other local authorities.

A potential weakness with all of these approaches is that they have about them something of the air of shutting the stable door after the horse has bolted. Effective control of monopolies requires measures which will ideally prevent exploitation of the monopoly in the first place, rather than simply identify that exploitation has taken place and then look for remedial measures.

Both ratepayers and elected members (of the Auckland Council itself and of local boards) should want to know that they have the ability to hold the people directly involved accountable for performance. With any services which are undertaken as part of the activity of the Auckland Council itself, rather than through arm's-length but council controlled organisations, the sole accountability relationship is with the chief executive through his or her performance agreement. For an organisation the size of the proposed Auckland Council this is entirely inadequate as a means of holding the directly responsible management accountable or for that matter of setting appropriate performance targets and measuring them. It would face at least two significant problems. The first is that under current local government law it would be primarily a matter for the chief executive rather than elected members to hold internal business units or functions accountable. The second is that the only instrument which elected members would have for securing accountability from individual council activities is through the chief executive's performance agreement. The prospect of establishing a single performance agreement incorporating the necessarily detailed performance measures, service by service, across a council the scale of the future Auckland Council is to put it mildly daunting, especially given local government's relatively patchy record on performance reporting².

² The auditor-general's most recent commentary on his local government audits includes the statement "Reporting on local authorities' achievements under the LTCCP is important – both on the levels of service they planned to provide to the community and on how they are contributing to promoting the well-being of the community. Local authorities are required, under clause 15 of Schedule 10, to report on these aspects in their annual reports, and we have continued to analyse and comment on this reporting. While the results are getting better there are still substantial improvements to be made. We have raised this matter with the sector and identified that it will be an important focus of the audit of the 2009-19 LTCCPs." See <http://www.oag.govt.nz/local-govt/2006-07/>

An alternative option for ensuring effective transparency and accountability both from an elected member's perspective and for ratepayers, would be a separate entity approach under which it is the elected members who have the primary right to set the terms of the statement of intent, including the performance measures by which they assess performance and against which they can hold the responsible management accountable. This points to inviting the select committee to require the Auckland Council to favour establishing arm's-length entities for each individual service or service provider group. This would require an additional section in the current Bill setting out the principles governing the discharge by the Auckland Council of its functions, powers and duties.

There are two matters which would need to be considered with this approach. The first is the capability of elected members to set performance requirements for arm's-length entities and monitor their achievement and the second is public attitudes.

Generally the evidence is that individual local authorities have not shown a high level of expertise in negotiating statements of intent and setting performance requirements, both financial and non-financial and nor have they shown consistent expertise in monitoring performance. Often the reason is simply lack of capability both amongst elected members themselves (relatively few will have the high-level corporate governance experience required to make this kind of practice second nature) and on the staff of the council. It really requires at least the equivalent of the government's Crown Company Monitoring and Advisory Unit - a group of specialist advisors with high-level relevant qualifications and expertise. The scale of the Auckland Council should make this feasible but it would also be important to ensure that elected members themselves were properly inducted into this role - and might also require a special subcommittee to hold the main responsibility.

Public attitudes raise a different issue. It is very common for the transfer of a council activity into an arms length entity or Council Controlled organisation to be seen as the first step in privatisation. It is a very understandable but mistaken interpretation. First, councils are well able to privatise activities without first corporatising them (and it is quite possible that the government's review of the Local Government Act will encourage councils to do just this). Secondly, managing an activity through a CCO should in fact enhance local democracy rather than diminish it for reasons including:

- It is much easier to understand the costs, revenues and activities of a stand-alone entity with its own reporting requirements including accounts, than it is to understand the same activity as part of single entity with reporting and accountability arrangements covering a wide range of different activities.
- Accountability is direct to elected members who themselves have the power to set and monitor financial and non-financial performance requirements, a power which they seldom have and would find it very difficult to exercise in respect of the same activity as part of overall council business - both because they are required to work through the chief executive, and because reporting would not normally be on an activity basis but on an entity basis.

There is one further issue regarding accountability which the Select Committee may also wish to consider. This is the proposal in clause 9 (2) of the Bill that "it is the Mayor's role to develop proposals for the draft long-term Council community

plan and the draft annual plan for consideration by the Council". There are significant constraints under current legislation on a council undertaking any activity which is not specifically provided for in its LTCCP (see section 97 of the Local Government Act). How will the Mayor's role interact with the proposed role of local boards in respect of "service levels, local facilities and funding arrangements within its local board area"? For that matter how will the Mayor go through the process of developing proposals for the draft LTCCP? There is a clear and possibly urgent need for the Select Committee to elaborate on how the Mayor will discharge this role, both to ensure that it is feasible within the scope of the Mayor's resources, and that the Auckland Council's LTCCP (and annual plan) properly reflects the intentions of individual local boards, and agreements between local boards and the Council to the extent those need to be recorded in the LTCCP and/or the annual plan.

The magnitude of this challenge should not be underestimated. Feedback from major councils suggests that the task of preparing the LTCCP can be the single major preoccupation of senior management for a 12-18 month period. The task of developing proposals for the draft LTCCP may simply overwhelm the Mayor of Auckland. It may be preferable for the Mayor's role to be one of proposing the principles on which the LTCCP should be developed.

Functions, duties and powers of local boards (clause 13)

Currently there is widespread concern across the Auckland region that the local boards will be relatively ineffectual and without any significant powers. The Centre has carefully considered the various statements made by the Prime Minister and the Minister of Local Government. These statements have been consistent that local boards will have significant powers, including decision-making over local matters.

The Prime Minister in his press statement announcing the government's decisions emphasised "community control of what matters in our neighbourhoods.". The Minister of Local Government in the introduction to 'Making Auckland Greater' stated "the functions that are best performed at the local level should have advocacy **and decision-making** at that local level" (emphasis added).

The Minister has been consistent in his subsequent statements as the following sample demonstrates:

- Functions best performed at the local level should have advocacy and decision making at that local level – Rodney Hide, Making Auckland Greater.
- So we pushed for local boards to have some real power and some real say, and to reflect the different communities in greater Auckland – Rodney Hide, address to Northshore Greypower AGM 29 April.
- Just as region-wide issues need region-wide solutions, the functions that are best performed at the local level should have local advocacy and decision-making. To ensure strong community representation we have proposed 20-30 local boards, to develop local policies and advocate to the council for community needs - Rodney Hide address to Pakuranga Rotary club 15 June.

What has not yet happened here is the translation of the Minister's commitment into draft legislation. Clause 13 is very general in its terms. The closest it comes

to reflecting the Minister's commitment is in 13 (1) (c) which states as one function "to reach agreement with the Council in respect of service levels, local facilities, and funding arrangements within its local board area". There is no default provision stating whose view should prevail in the event of disagreement.

The Centre recommends that the Select Committee consider what are the minimum requirements for local decision-making by local boards. We suggest they necessarily include the power to:

- Determine what mix of services, and what service level standards, should apply within their area.
- Decide on any additional local or targeted rate required to finance services or standards different from those being provided generally across the region, with the Auckland Council required to implement that decision.
- Hold the Auckland Council accountable for the cost-effective delivery of services - which means that the local boards will require information, service by service, on cost and performance. This should include the right to require the Auckland Council to put a service out to tender if it is concerned that monopoly provision may be undermining efficiency.

One additional benefit of this approach is to enable local boards to play a proper role in what is now referred to as place shaping, working with their communities to create their preferred living and working environment. Internationally, this is now recognised as one of the most significant roles of local government and one which has positive fiscal impacts for both economic and social development.

These should be reflected in a statement of principles in clause 13 governing the basis on which local boards reach agreement with the Auckland Council. Such a provision will go a long way towards managing some of the more extreme concerns currently emerging within the Auckland region about the role of local boards.

Size and scale

One reaction to the government's announcement that there should be between 20 and 30 local boards has been an argument that this will result in boards far too small in size and scale to be effective. The Centre does not agree with this judgement. Internationally, the lowest effective tier of local government (the tier responsible for much of service delivery) typically comprises councils of a much smaller size and scale even than that proposed for the local boards. New Zealand in this respect is out of step with most other developed countries. Even England, whose local authorities have a significantly larger population on average than New Zealand local authorities has special measures in place including ward committees and a heavy emphasis on parish or neighbourhood councils designed to mitigate this together with a much lower ratio of residents to elected members than is the case in New Zealand.

In the Centre's view 20 or 30 local boards structured around local communities of interest including networks of engagement with locally based facilities including schools, shopping centres, sports facilities, churches and employment would result in a perfectly acceptable size and scale. To illustrate this we attach as appendix 2 a table showing the average size of local authorities in a number of developed countries.

However, this is not the whole matter. In the Auckland context decisions on the number of local boards should also take into account the costs of change from the existing structures to a new set of structures intended to serve the purpose of community engagement and oversight of local service delivery. It is also important to consider the relevance of the existing sense of identity built up within Auckland's current local authority areas, something which may suggest either much larger local boards, or establishing the boundaries of local boards so that groupings of local boards inherit the identity of their predecessor councils.

Recommendations

Creating a strong regionwide body with a festive decision-making powers

1. That the Select Committee recommend the inclusion of measures to mitigate the risk that elections to the Auckland Council will be dominated by local not regional considerations. The alternatives proposed are:

- Strengthening the proposed arrangements for local boards so that they do have clear statutorily empowered discretion over local decision-making matters. This could be done by including principles in clause 13 of the Bill requiring delegation to local boards on matters of local impact (with local board areas to carry the agreed budgetary impacts); or
- Reverting to a strong mayor model so that, as with London, there is a single regional level decision-maker who would be elected on a regional mandate.

Māori representation

2. That the Select Committee incorporate provisions in clause 8 of the Bill to ensure that Māori representation is provided for, with the Royal Commission recommendations seen as a baseline for the extent and nature of representation.

Transparency and accountability

3. That the Select Committee recommend provisions designed to mitigate the potential of the Auckland Council to function as a non-transparent monopoly.

Possible options include:

- Adopting the Royal commission recommendation for the creation of the statutory position of an independent Auckland Services Performance Auditor.
- Placing the Auckland Council under the oversight of the Commerce Commission recognising that it will in effect be the provider of what should be regulated goods and services in terms of Part Four of the Commerce Act.
- Relying on whatever additional transparency and accountability provisions are introduced following the forthcoming review of the Local Government

Act (this option is not favoured because of the high degree of uncertainty that it will deliver what is required specifically for Auckland).

- Requiring that each separate significant service be delivered through an arms length entity so that (1) oversight and supervision could be provided directly by elected members through agreeing statements of intent, setting performance indicators and reporting mechanisms, and monitoring performance and (2) separate financial and performance information would be publicly available in respect of each separate significant service.

4. That the Select Committee consider the feasibility of the provision that the Mayor be responsible for developing proposals for the draft LTCCP and annual plan with a view to replacing it with a provision that the Mayor propose the principles under which the draft LTCCP and annual plan are prepared.

Functions, duties and powers of local boards

5. That the Select Committee include in clause 13 a statement of principles governing the basis on which local boards reach agreement with the Auckland Council designed to ensure that local boards have effective decision-making power, in the words of the Minister of Local Government, over "the functions that are best performed at the local level".

Appendix 1: overview of the four types of metropolitan governance

Strong party political control (Brisbane).

The present city of Brisbane was established in 1925 as the amalgamation of a number of smaller local authorities. It has had more than 90 years to develop its current approach to metropolitan governance, including establishing the traditions and understandings about "how things work around here".

Today the city of Brisbane has a population of approximately 1,000,000 or around 50% of the Brisbane metropolitan area. It has appealed to New Zealand observers as an example of effective metropolitan governance but certain differences should be noted when assessing its relevance:

- Ever since its establishment, the council has been under party political control, usually by one or other of the principal Australian political parties but occasionally in coalition. The fact that voting in local government elections is compulsory in Queensland has helped contribute to this. What party political control means is that the council is readily able to take significant Brisbane wide decisions, even although the council is elected on a ward basis, because of the effect of party discipline - decisions are worked through in the caucus room of the ruling party and confirmed around the council table (there are some subtleties in this process including the fact that Brisbane has a powerful lord Mayor, and an inner cabinet but the basic principle is political control).
- The State government retains significant regional governance functions including the ownership of bulk water and wastewater infrastructure and responsibility for regional land-use planning.

Local democracy/regional dysfunction (Toronto).

The present city of Toronto was created in 1998 as the merger of what, in New Zealand terms, were six large territorial local authorities and one regional Council. Today Toronto covers approximately 40% of the greater Toronto Metropolitan region commonly referred to as the "Golden horseshoe".

An important objective was creating a unified administration able to address the major strategic issues confronting the core Toronto region (core as in practice the city of Toronto still only covers approximately 40% of the population of the metropolitan area). The clear assumption was that creating a single regionwide structure would result in politicians taking a regional perspective. The council itself comprises an elected mayor (at large) and 44 councillors elected on a ward basis.

The amalgamation took place in 1998. In February 2008 the Fiscal Review Panel appointed by the mayor presented its report³. It had this to say about the council itself:

The politics of Toronto City Hall has been considered highly parochial for years, making it difficult for the City to agree on macro directions and

³ available at http://www.toronto.ca/mayor_miller/pdf/blueprint_report_20080217.pdf you

identify priorities. This has in turn contributed to a "credibility gap" about the effectiveness of Toronto City Council.

Unlike the federal and provincial governments, which have cabinet solidarity and party discipline, Toronto City Council is riven by factions and dependent on having a Mayor with a big personality and persuasive powers sufficient to override local concerns.

The obvious conclusion from the panel, despite the high reputation of David Miller who is the current mayor, is that a Mayor with significant political skills is not sufficient to offset the inherent parochialism of ward-based councillors. The lesson is not that councillors are inherently parochial. The lesson is that electors focus on local concerns and vote for candidates who will support those.

From a local democracy perspective, the Toronto model can be seen as ensuring that the local community voice is still recognised despite the scale of the metropolitan authority. However, from a regionwide perspective, ward-based local democracy is an obstacle to taking significant regionwide decisions.

Decisions are taken by a higher level of government (most Australian states).

The common default option, where strong metropolitan governance does not exist within a metropolitan region, is for a higher tier of government to exercise the regional governance role. This is the situation with most Australian states (indeed all if the role of the Queensland State government in bulk water and wastewater and regional land-use planning is recognised).

It is also a common situation in much of the United Kingdom, especially England, where the major cities apart from London are under significant central government control.

It effectively substitutes the judgement of politicians (and their bureaucrats) at a higher tier of government for the judgement of the local electorate, and the local government politicians whom they support. It can be seen as a way of ensuring that decisions are taken, or at least are not frustrated by ongoing arguments between different local government entities or communities within the metropolitan area. Its effectiveness depends both on the capability and commitment of the higher tier of government, and its willingness to engage effectively with understanding metropolitan concerns.

In New Zealand this option would effectively mean major Auckland decisions being taken in Wellington.

The strong mayor model (London).

The Labour Government elected in 1997 came to office with a commitment to restore regionwide government to London. The then party leader, Tony Blair, had been strongly influenced by observing the performance of powerful Mayors in major US cities (the powers of mayors across the United States vary significantly but in cities such as Chicago and New York are very considerable). The Labour party election manifesto included the following commitment:

London is the only Western capital without an elected city government. Following a referendum to confirm popular demand, there will be a new deal for London, with a strategic authority and a mayor, each directly elected. Both will speak up for the needs of the city and plan for its future.

They will not duplicate the work of the boroughs, but take responsibility for London-wide issues - economic regeneration, planning, policing, transport and environmental protection. London-wide responsibility for its own government is urgently required. We will make it happen. Labour, once elected, moved quickly to deliver on that commitment.

The Greater London Authority Act was passed in 1999 and the authority itself established the following year. It contains two separate elements; an elected executive mayor, and the London Assembly comprising 25 members 11 of whom are elected on a London wide franchise and 14 of whom represent constituencies made up of either two or three London boroughs. Under the Act the mayor's responsibilities include developing the authority's strategies for transport, planning and environment in London, setting the budget for the Authority itself and for its functional bodies (the London Development Agency, the London Fire and Emergency Planning Authority, the Metropolitan Police Authority, and Transport for London). The assembly oversees the mayor's role and has the power, on a two thirds majority, to amend any of his budget decisions. It is also responsible jointly with the Mayor for appointment of senior staff including the chief executive. In addition, although the mayor appoints the boards of the functional bodies, the chair and deputy chair are subject to confirmation hearing by the authority. A further check on the mayoral powers is the operation of what is known as overview and scrutiny, a statutory function under which the members of the assembly can review the mayor's performance including if they'd so decide holding public hearings.

The position of the mayor is widely credited with improving London's performance in areas such as transport (the congestion charge introduced by Ken Livingstone was strongly opposed by the assembly itself, by the media and by public opinion but is now seen as a significant success and has wide support) and in the successful bid for the 2012 Olympics.

The operation of the strong mayor model was not reviewed in any detail by the Royal Commission which effectively rejected it out of hand amongst other things on the grounds that it would not be consistent with New Zealand's political tradition, overlooking that prior to the establishment of the Greater London Authority, the strong mayor model was not consistent with England's political traditions either. As a consequence, knowledge of how the strong mayor model works in practice, and of the checks and balances that would be appropriate in a New Zealand situation has played very little part in discussion of the future governance of Auckland. Indeed, the government's mayoral model has been seen by many observers as being itself a strong mayor model. This contrasts with the view of experienced international observers of metropolitan governance that the mayoral model proposed for Auckland is an extremely weak model and will effectively mean that decision-making is vested in the council itself. In turn this means that unless the structure of the Auckland Council is designed to ensure that councillors themselves will routinely deliver effective regionwide decisions, then the Auckland Council may not satisfy the restructuring objective of being able to resolve Auckland's regionwide decision-making problems.

Appendix 2: comparative size of local authorities

	Pop. (mill.)	Number of basic/ most local authorities	Average pop.	Regions/states?
France	59	36,700 Communes	1,600	22 Régions
Spain	40	8,100 Municipios	4,900	17 Comunidades
Germany	83	16,000 Gemeinden	5,200	16 Länder
Italy	57	8,000 Comuni	7,100	20 Regioni
Belgium	10	589 Gemeenten	17,000	3 Regions
Denmark	5	275 Kommuner	18,200	
Netherlands	16	636 Gemeenten	25,200	
Sweden	9	290 Kommuner	31,300	
(NZ)	4	73 Cities, districts	56,000	
UK (1975)	56	520 (All authorities)	108,000	
UK (2006)	60	468 (All authorities)	128,000	3 'regions'
UK (2009)	60	435 (All authorities)	138,000	3 'regions'