The Future Governance of the Auckland Region

Hearings material additional to the Submission to the Royal Commission on Auckland Governance from the Local Government Centre

June 2008

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1.   Introduction

This material has been prepared by the Local Government Centre for the hearing by the Royal Commission on Auckland Governance on the Centre's submission. The focus is on what the Centre regards as the key points in its original submission. The material amplifies and expands on that provided in the original submission, drawing on work done by the Centre since that submission was lodged with the Royal Commission, including findings from discussions with a wide range of informants in England and British Columbia during the first half of May.

The matters covered are:

> ➢ The nature of metropolitan governance.
> ➢ Metropolitan leadership.
> ➢ Governance not just Government.
> ➢ Functional versus administrative boundaries.
> ➢ Checks and balances.
> ➢ District level Governance - the role of shared services.
> ➢ Local governance.

2.   The nature of Metropolitan Governance

As the Local Government Centre both reads the research on metropolitan governance, and understands the points made in various discussions held with people involved with metropolitan governance in major metropolitan centres such as London, metropolitan governance is something which although superficially similar to local government is in practice fundamentally different.

There is a qualitative difference between the major metropolitan centre or centres in any single political entity (that is nationstate, or state or province in a federal system), and other urban centres. Typically, the major metropolitan centre will be an order of magnitude larger both in population, and in share of gross domestic product, than any other urban centre. The size and scale, the impact on the national economy and society, and the nature of the metropolis's international linkages are all such that strategic management from the national capital, and by the central (state or provincial) government, is not sufficient by itself to lift the performance of the metropolis. The metropolis needs to be more than just a recipient of centrally determined policies and initiatives. It needs to be a full partner in their development. This is in contrast with the situation which applies to smaller (but often still large) urban centres.

The most important implication of the difference is that the role of metropolitan governance is primarily strategic, with a regionwide or regionwide plus focus. It was best described by people working closely with or monitoring the Greater London Authority and its relationship with the London boroughs. In essence, if a function is both strategic and has regionwide implications, then it was a matter for the GLA. If it is regionwide but not strategic, or strategic but local then it belongs with the boroughs. Associated with this is a growing understanding of the differences in terms of skills, focus and capability required for regionwide strategic activity on the one hand, especially when the region needs to be seen in functional rather than simply administrative terms, and local or even regionwide service delivery on the other (with the qualification that some regionwide service activities are so inherently intertwined with the associated strategic role, that they are appropriately a metropolitan function - public transport, and regional or arterial roading are examples of such services).

3. Metropolitan Leadership - the Emergence of the Executive Mayor

Even in jurisdictions where the need for metropolitan governance is accepted, there remains some controversy about the form which Metropolitan leadership should take. As can be seen from a number of the submissions which the Royal Commission has received, there is a significant measure of resistance to the concept of directly elected Metropolitan leadership, either in the sense of a metropolitan level council all of whose members are directly elected, or in the sense of a separate and directly elected mayor.

Instead there is a strong preference for at least part of the membership of the metropolitan level Council being appointed by lower tier authorities within the metropolitan area and, even more importantly, for the council leader to be elected by his or her fellow elected members, rather than by the electorate at large.

The best known New Zealand experience of region wide councils being made up of members appointed from amongst the elected members of constituent authorities is the united councils which preceded our current regional councils. With few exceptions, councillors on united councils acted in the interests of their own authorities, rather than in the regional interest.

Since the Centre's submission was lodged with the Royal Commission we have looked further at two leading examples relevant for considering what form of Metropolitan leadership might best suit Auckland. They are the regional districts of British Columbia and the executive mayor plus elected assembly example of the Greater London Authority.

Regional districts

British Columbia's regional districts have been held out as examples of an approach to regional or metropolitan governance which can be very effective based on a collaborative approach amongst territorial authorities within the regional district.

In our submission we drew on the judgement of Andrew Sancton, one of Canada's most respected local government academics, who had this to say about the regional district system:

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

He goes on to conclude that:

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

We were also aware of the view held by the Ministry of Community Services, the British Columbia ministry responsible for local government, that the regional district system had enabled very substantial inter-municipal collaboration on matters which needed a regional focus.

The success of the regional district system, at least as represented by the literature, suggested that this approach could be worth considering for metropolitan governance in Auckland. In order to test this, the Centre's director met with people involved in Regional District activity in British Columbia, including one of the province's most experienced Regional District chief executives, academics, officials and other observers of metropolitan and regional governance.

Regrettably, this produced a somewhat different picture. The Regional District approach has been extremely effective, over a period of 40 years, in building a culture of working collaboratively on service delivery - a shared services approach. Unfortunately, it has been much less effective as a means of securing agreement on strategic regionwide initiatives, especially when those might be seen as having the potential to produce differential outcomes. The chief executive gave as an example seeking to persuade his board (made up of the mayors of constituent districts) to become involved with regional economic development. This was rejected out of hand. Individual mayors saw this as potentially threatening their ability to compete to secure new economic activity. Another observer referred to an interview he had attended between a researcher and an experienced mayor. The researcher had asked the mayor whether he understood what was meant by the regional interest (in response to an earlier reply from the mayor which had suggested a somewhat parochial approach). The mayor's response was that he understood perfectly well what was meant by the regional interest but that, if the regional interest was in conflict with the interests of his municipality, then he would vote following the local interest.

These experiences confirm the general scepticism regarding the ability of regionwide entities to take hard decisions if their decision-makers are people who are officeholders at a lower tier within the region.

Direct election, by itself, does not necessarily solve the underlying problem. There is good reason to believe that electing a metropolitan wide entity on a ward basis basically becomes another means of entrenching local loyalty as candidates campaign on the basis of what they will do in the interests of the ward. The alternative of electing members "at large" may address this problem but creates another - there is evidence that the propensity to vote varies by socio-economic status and locality - in the days when Auckland city councillors were elected at large, virtually all came from the eastern suburbs.

This is one reason amongst others why England has been looking seriously at the elected mayor option. We turn now to the GLA model.

Greater London Authority

The recent mayoral election looks to have been a real turning point in public understanding of the position and power of the executive mayor. The turnout in the mayoral election was 45%, up nearly a third from the previous election in 2004, and a contrast with the average 35% turnout in other local authorities.

It is virtually unparalleled for any local authority election to see such a major increase in turnout without the trigger of some substantive change in the electoral framework (as with the initial impact in New Zealand of the shift to postal voting). As a consequence the result is being seen as an endorsement of the proposition that the public are much more likely to engage when given a real choice - now very much the case in London with the major strategic powers which the mayor holds.

One immediate consequence is that the present government is looking more closely at requiring other English local authorities to adopt the executive mayor model (all have the choice, but few have exercised it, preferring the alternative of the council electing a leader from amongst its members).

The 2008 election may also mark a maturing in the mayoral role itself. It is only the third election since the office was established. The Centre's director was told by close observers of the GLA that a number of prominent people considered standing for Mayor at the time of the first election but, after considering the legal powers which the Mayor would have, concluded that it was more in the nature of a non-job and decided not to put themselves forward. Ken Livingstone took the different approach of recognizing the power which the office of Mayor of London could create purely by virtue of the office itself almost independenlyt of the formal legal powers it had.

In practice he was successful in elevating its influence far beyond what many had expected but still with something of a question mark over whether the influence was inherent in the office or a function of Ken Livingstone's own background and personality.

At the time of the second election in 2004, Ken Livingstone was seen as virtually unassailable, especially as the Conservative party (the obvious ticket for any serious alternative contender) was going through a very weak phase.

For the 2008 mayoral election, the Conservative party went to candidate selection during Gordon Brown's honeymoon as new Prime Minister. The Labour Party was surging in opinion polls, and again Ken Livingstone looked unassailable so a number of prominent conservatives who might have sought selection decided not to.

At the time of the election itself, the political environment had changed. The Labour Party nationally was performing very poorly (in the general local authority elections

which took place at the same time, it achieved its poorest result in over 40 years) and Ken Livingstone himself was coming under some pressure. The result was that the Conservative candidate, Boris Johnson, won by a relatively comfortable margin.

The campaign itself was the first which really emphasised the importance of the mayoral position, and the significance of the election for London. It highlighted the fact that there were real choices around major strategic issues (especially given the expansion of mayoral powers which had taken place in 2007).

Subsequent to the election, the new mayor has really built on a public sense of the importance of the mayoral role, taking a number of steps which were designed to define the mayoral role as one for all Londoners, and not simply for the people who voted for the successful candidate. He has established a pattern of working collaboratively with other organisations and signed a memorandum of agreement with London Councils for the development of a charter for the governance of London.

The response from observers seems to be one of recognizing that a quantum shift is taking place, with the position of executive mayor seen not only as a major leadership position both regionally and nationally, but also potentially as a unifying role. From the perspective of long-term supporters of the executive mayor model it is also seen as supporting their contention that effective urban or metropolitan leadership requires not just clear accountability, but also structural arrangements that enable decisions to be taken in a timely and effective way.

The main outstanding issue, referred to again below, is the exact nature of the checks and balances required to underpin the executive mayor role. It is clear that those for the GLA are still evolving. In part this is because of what many see as the relatively weak role of the GLA under current arrangements. This highlights that any equivalent structure for Auckland would need to be very carefully designed, and ensure that not only the mayor, but also other regionwide politicians had clear and significant roles, and the institutional capability needed to deliver on them.

4. Governance not just Government

The Centre's submission made the point that the focus for the future governance of Auckland needed to be on **governance** and not just on **government** in the sense of the formal authority that current instruments of local government within the region actually have.

This was reinforced in discussions, particularly in London in terms of what was required to underpin London's status as a world city. One example raised was the level of skill required for London's future workforce as compared with the workforce of the remainder of England. The point was made that the nature of London's economy, and its competitive position internationally, mean that the metropolis requires a higher average level of skills. This is not just an issue for employers in terms of their recruitment and retention policies - although some of the need will be met by inward migration, the fact that the bulk of the future labour force for the metropolis is already living within its boundaries puts a strong emphasis on "grow your own" as an important strategy for meeting future skill needs.

It is this type of challenge which is central to developing the full potential of a country's main metropolis. Addressing this is more than just a matter of education policy - the objectives, outcomes, funding, resources and so on which would need to work together in combination to deliver what the metropolis needed - it is a matter of building a broad coalition.

It requires buy-in from a wide range of interests within the metropolis itself, including obviously the education community but also business, employer interests, the voluntary and community sector, ethnic communities and last but not least central government. It also requires the understanding and political courage to be prepared to accept that the national interest is best served by recognizing the need for differential outcomes as between the metropolis and other parts of the country.

The emphasis on governance rather than government is also an emphasis on ensuring that decisions about the future governance of metropolitan Auckland encompass all of the major institutions and drivers which need to be engaged to get the outcomes Auckland seeks regardless of whether or not they are currently within the formal structure of local government. Two local examples stand out. They are the Auckland Energy Consumers Trust in its role as the 75.1% majority owner of Vector which owns the retail energy distribution networks across metropolitan Auckland, and the ASB Trust.

Each needs to be brought within the general purview of metropolitan governance so that its activities are properly aligned with the needs of the metropolitan region. This is not to suggest, for example, that current property rights in the distribution of AECT surplus or capital should be forfeit without compensation. It is to suggest that the governance, ownership and management arrangements for the AECT should support metropolitan governance generally - it seems somewhat bizarre when matters such as the quality of infrastructure, including energy infrastructure are so central to the future prosperity and quality of life within Auckland, that the publicly owned controller of energy networks should claim to be exempt from any review of Auckland governance.

Similarly, the ASB Trust as the major discretionary funder of community-based activities within the Auckland region should also be brought within the general ambit of alignment and accountability. This is not to say that its resources should be forfeit to some future metropolitan governance structure. It is to say that the ASB Trust should be seen as part of the region's governance structure, and should have at least the same nature and quality of accountability to the community it serves as do other locally-based public entities (this may well include raising questions about how trustees are appointed).

5. Functional versus Administrative Boundaries

Virtually all current discussion of metropolitan governance emphasises the importance of focusing on functional boundaries rather than administrative boundaries. As an example, the recent report of the Lyons Inquiry in considering the economic development role of local government commented:

> Economic theory suggests that decisions on issues relevant to economic activity should ideally be taken at a spatial scale which reflects the pattern of that activity if they are to take into account all of the costs and benefits, and there are widespread concerns that since the current structure of local authority boundaries does not reflect economic geography, local authorities are not appropriate bodies to which to devolve greater powers.
>
> Analysis in a host of recent publications including that of the Centre for Cities and various Government documents illustrates this point, though it has been a live issue at least since cityregions were raised in the context of the Redcliffe-Maud report of 1969. To give just one example, the 2001 Census shows that 40 per cent of people crossed at least one local authority boundary when travelling to work, and that number is higher if one looks just at highly skilled individuals. Decisions made solely on the basis of an authority's administrative boundary will not therefore usually reflect the reality of where local people actually work, or where local firms find their employees. Issues like this provide the rationale for making a number of decisions related to economic development at the level of the region or even the nation as a whole.

The point is sound but also creates a very real dilemma for governing entities used to operating within defined administrative boundaries. For the Auckland metropolitan region, there are clear differences between administrative boundaries on the one hand, and functional boundaries on the other in areas such as regional economic development, regional spatial planning, and regional transport planning. As an example, it clearly makes very little sense to plan for the future transport needs of the Auckland region looking solely at what happens within the regional boundaries. As New Zealand's major export and import centre, its regional transport planning needs to focus both on maintaining international competitiveness and, as a consequence, on what are the most sustainable options in the long run, not just what can be achieved within the region's boundaries. To take what might be seen as a somewhat extreme example, whatever decisions are made on the governance of these three functions, any arrangements should recognize the possibility that the optimal outcome for metropolitan Auckland, as far as its export and import trade is concerned, might reduce or even eliminate the international trade role of the Ports of Auckland in favour of Northland and Tauranga in combination with rail.

More generally, the design of the future governance arrangements for Auckland should recognize both the risks to their ongoing viability if administrative and

functional boundaries are significantly out of line, and the desirability of including relatively easy means of ensuring ongoing alignment. Two examples are pertinent:

> The restructuring of the city of Toronto in 1998 included merging Metro, which had been established in 1954 as a metropolitan governance body for the Toronto region, Toronto into the enlarged City of Toronto. This was essentially a function of a failure to maintain alignment. When Metro Toronto was established, it covered the entire metropolitan region. By 1971 its coverage had fallen to 72% and by 1996 to 52%, thus effectively undermining its claim to provide metropolitan governance.

> The same issue confronted the provincial government of British Columbia and the Greater Vancouver Regional District in the recent restructuring of TransLink. Its arrangements have been designed so that additional municipalities, outside the current boundaries of TransLink, can be invited to join TransLink as there is a need to extend its service boundaries to cope with continuing growth.

If the TransLink option were chosen, it probably makes sense to do it function by function, rather than for metropolitan governance as a whole both because different functions have different functional boundaries at any one time, and because there are inherently greater rigidities in some functional areas than others (regional spatial planning is an obvious one).

There is another issue of functional boundaries which we would draw to the Royal Commission's attention. This is the boundary between functions, rather than the geographical boundary of individual functions.

The history of TransLink is important in terms of its current governance and operation. Specifically, regional planning within the Greater Vancouver Regional District was closely integrated with and preceded regional transport planning so that the major initiatives in TransLink's strategic plan actually arose out of and were agreed amongst the GVRD's municipalities through their regional planning process. This was helped by a somewhat unique circumstance, the fact that enabling legislation for regional planning was not enacted until after the regional plan had been substantially agreed. The at times almost seamless relationship between regional spatial planning and regional transport planning is an important factor in the legitimacy of TransLink's current strategic plan and will certainly play a role in the acceptance of the new governance model (especially as the major reason for moving to a new model, TransLink's reluctance under a mayoral board to accept a provincial government initiative which did not fit with the regional planning/regional transport planning background to TransLink, is an inherently destabilising factor).

The TransLink experience does suggest that although the two tier board model, with significant power vested in a professional board, has attractions, it is very dependent on the history which lies behind it.

6.   Checks and Balances

An executive mayor role carries with it an obvious tension between two competing objectives:

> ➢ Minimising the risk of abuse of power, incompetent decision-making and the other possible consequences of vesting significant power over major metropolitan issues in a single person.

> ➢ Ensuring that the executive mayor is not so encumbered by constraints that he or she is unable to be effective in exercising the leadership and decision-making roles which are the rationale for creating the position in the first place.

Managing the balance between these two objectives, at least in the GLA context, is handled in a number of different ways. We categorise and discuss them as:

> ➢ Powers.

> ➢ Budgetary.

> ➢ Structural.

> ➢ Administrative.

> ➢ Overview and scrutiny.

Powers

The obvious point to make is that an executive mayor can only exercise those powers which are conferred on the mayoral office. London provides an example. The initial conferral of powers was relatively limited. It was significantly expanded in 2007 with the addition of some major new strategic powers, seemingly after both the government and other stakeholders such as the London boroughs had developed confidence in the GLA's performance.

In an Auckland context the same issue would arise - what powers should the executive mayor be given initially and then long-term. Certainly, the initial grant of powers would need to be sufficient so that the position was genuinely one of executive mayor - the title without authority would not deal with Auckland's issues.

Budgetary

The main constraint the London Mayor faces is that the London Assembly can, by a two thirds majority, reject part or all of the mayor's budget. There are examples of this happening with relatively minor matters but also a general sense that, at least under the GLA structure, the power is relatively unlikely to be effective. First,

because of the effect of proportional representation, it is very hard to put together a two thirds majority against a mayoral proposal. Secondly, a politically skilled mayor can be quite adept at "buying" support to ensure that any potential opposition is undermined.

There is a more significant issue to consider from the New Zealand perspective. Although the mayoral budget is apparently enormous, in practice the mayor has little budgetary influence. Most of the funding is either grants from central government for specific activities such as the Metropolitan police, or user pays revenue - more than 3 million passengers a day use the services of Transport for London.

Next, although the mayor does have the statutory power to pre-empt on the London Boroughs, the total amount raised in this way is subject to the same cap as applies to the council tax generally - currently 5%.

An executive mayor for Auckland, at least under current legislation, would have much more significant powers to impose rates, and to borrow. On the assumption that any metropolitan level council for Auckland would start with some agreed revenue base there may be a need to impose a constraint such that if the mayor wished to levy rates, or borrow, beyond a certain limit, the consent of the Council would be required.

Structural

The major activities of the Greater London Authority are undertaken through four arm's-length entities, the Metropolitan Police Authority, Transport for London, the London Fire and Emergency Planning Authority and the London Development Agency. Each of these entities has its own separate legal identity and governing body. The mayor appoints members of the governing bodies, and may himself act as chair if he so decides, but they are still separate entities with their own decision-making powers. This means that the mayor has a somewhat more hands off relationship than would be the case if the entities were simply business units within the GLA.

For a number of Auckland's regionwide functions there is a very good case from a governance perspective that they should either remain or be structured as arms length entities under any future Metropolitan Council. The desirability of ensuring some checks and balances on mayoral powers reinforces the case for separate governance.

Administrative

The Mayor and the Business Management and Appointments Committee of the Assembly jointly make appointments to the posts of the three statutory officers (Head of Paid Service, Monitoring Officer and the Chief Finance Officer). Other staff are appointed by the Head of Paid Service. These arrangements mean that the mayor cannot simply appoint people who will do his bidding.

A further constraint on mayoral appointment powers is the new requirement that appointments to 10 key positions across the arm's-length entities may be subject to confirmation hearings by the Assembly. The positions are Chair and Deputy Chair of: the Metropolitan Police Authority (MPA), the London Development Agency (LDA), Transport for London (TfL) and the London Pensions Fund Authority. Chair of: LFEPA and the London Cultural Consortium.

The Assembly's recommendations are non-binding but the public nature of the process could make it difficult for a mayor to ignore the Assembly.

Finally, the majority of the "in-house" activities of the assembly are concerned with the development of major strategies most of which are subject to requirements for due process and consultation which themselves provide a form of constraint over mayoral activity.

Overview and Scrutiny

This is potentially the most important set of constraints. Overview and scrutiny is a function which was introduced by the Local Government Act 2000 as part of the arrangements for the introduction of executive government within English local government (virtually all English local authorities now operate on the basis that an inner core of "executive" councillors form the equivalent of a cabinet exercising the council's decision-making powers and with oversight of implementation. The remaining councillors, normally very much the majority, are described as non-executives. Their main function is overview and scrutiny).

The overview function enables non-executive councillors to review council policy making and, in some circumstances, to require that decisions be recalled. Scrutiny involves reviewing the performance of council activities. In the exercise of this power, scrutiny committees can require the council to produce documents and senior management and executive councillors to appear before them and give testimony.
They may also hold public hearings, invite submissions from the public and publish their findings, quite often as detailed reports.

The rationale behind the power is that the non-executive councillors are empowered to act as the voice of the community, monitoring the performance of the council including the executive councillors. The Centre for Public Scrutiny which undertakes an ongoing overview of the role of scrutiny within the public sector generally describes the scrutiny cycle as:

- ➢ Provides 'critical friend' challenge to executive policy-makers and decision-makers.

- ➢ Enables the voice and concerns of the public.

- ➢ Is carried out by 'independent minded governors' who lead and own the scrutiny role.

- ➢ Drives improvement in public services.

In practice, overview and scrutiny within local government is highly variable. One difficulty is that the scrutiny function is embedded within the very organisation subject to scrutiny. This raises obvious problems regarding, for example, funding and resourcing of scrutiny - how enthusiastic will a local authority chief executive (or executive leader) be to ensure that scrutiny is well resourced if they do not like what scrutiny has to say about their performance?

Sir Michael Lyons, in his recent report, had this to say:

> Scrutiny by non-executive councillors of the executive's decisions, policies and strategies is increasingly playing an important role in the accountability of local government; strengthening public engagement and improving council performance. Scrutiny has a core role to play in placeshaping.

> Done well, it can provide a focus for community and stakeholder engagement, harness local expertise, challenge current performance and service priorities and secure changes that mean services better meet local needs. There are many examples of effective scrutiny but there is also evidence that in practice the use of scrutiny as a tool for local accountability is mixed. There are also major differences in the extent to which councils prioritise and resource the scrutiny role. There is a need for councils and other participants to resource scrutiny appropriately and to link it to local partnership work.

In discussions in London, the Centre's director was told that there appear to be particular difficulties with the scrutiny function within the Greater London Assembly. In part this was attributed to the very small size of the assembly (as compared with most English councils) and in part to the relative weakness of the assembly itself (something attributed to the effect of proportional representation amongst other influences).

As one consequence, there are a number of options currently being explored to see whether a different approach to GLA scrutiny could be put in place which would allow for a more effective performance of this important function.

Any consideration of an executive mayor model for Auckland should look very seriously at whether the overview and scrutiny function could be adapted as one of the constraints on (and supports for) the mayoral role. Indeed there would be merit in considering this function almost regardless of what structural recommendations the Royal Commission makes for Auckland's future governance.

7.   District Level Governance - the Role of Shared Services

In respect of district level local authorities we have little to add to what we saidin the section on implications in our submission, which we repeat below for convenience.

One additional point which we would make concerns the view that at least some of Auckland's local authorities should be broken up because of a lack of community of interest between different parts of the district. An example is the contrast between Howick and Pakuranga on the one hand and Manurewa and Otara on the other within Manukau City Council.

This type of argument has a long history in debates over the structure of local government in the United States. On the one hand so-called "public choice" advocates argue for small local authorities structured on the premise that people ought to be able to choose the range of services for which they are prepared to pay (and by extension able to pay). On the other hand so-called "consolidationists" argue that unless you have large local authorities encompassing areas with quite different socioeconomic conditions, then local government will be unable to exercise any form of redistributive function with the consequence that poorer areas will be denied access to essential services simply because their inhabitants cannot afford the cost.

In New Zealand, the appropriate compromise is almost certainly to strengthen local government at the sub-district level so that individual communities have a considerable say over what happens within their area coupled with the ability to raise their own funds for sub-district specific services but with the district council itself being responsible for core funding and services.

(From our submission) There is no compelling case for further amalgamation of territorial local authorities within Auckland. Instead in terms both of improving the effectiveness and efficiency of territorial local authorities, and helping achieve the system of future governance which Auckland requires, the following measures should suffice:

> ➢ Placing at the Metropolitan level functions which are either genuinely regional, or where there is potentially some doubt, but benefits in efficiency terms from building a single organisation. The Centre is aware that some submitters will argue that the retail water and wastewater function comes into this category and should be part of the same organisation as is responsible for bulk water supply.

> ➢ Requiring local authorities to enter into shared services arrangements where it is feasible and efficient to do so. This will require some careful handling as simply instructing local authorities to do something which

their managements may not want to do is unlikely to prove effective. Instead, it would be appropriate to recommend an approach which contained within it significant incentives for local authorities to embrace shared services.

➢ Where regulatory functions are retained at a territorial level (land use planning, building consents, dog control, health inspection as examples), encourage individual authorities to adopt common rules and standards, and shared administration, unless there are compelling reasons not to do so.

8.   Local Governance

Again, we have little to add to our submission other than the two following points:

There is an increasing emphasis, internationally, on the importance of local governance, that is, governance arrangements which allow people at a community or neighbourhood level to make or at least significantly influence decisions whose only or principal impact will be confined to their community or neighbourhood. As an example, a major initiative for the United Kingdom government is the forthcoming White Paper on empowering communities (which will apply only in respect of England and Wales; Scotland has separate arrangements for local government). It is seen both as a very significant initiative, and one of some complexity. In a discussion with the official who is leading the work on the development of the White Paper, the Centre's director was told that the more they become involved with the work, the more they have come to realise that empowerment is a much more complex and sophisticated issue than they had first realised. For them, it varies by topic/service and across the country (local history and context are both important).

There has been a relative neglect in New Zealand of local governance, in the community or neighbourhood sense, since the reforms of the late 1980s. New Zealand is increasingly out of line in terms of the ratio of elected representation to residents and a relative underperformer in terms of effective community engagement. One issue which the Royal Commission should consider is how to rebuild public confidence that engaging with local government, or in community governance processes, is worth the investment of time and resource which it requires. To this end, overseas initiatives such as community planning, participatory budgeting, and asset transfers may be well worth considering. If the Royal Commission decides that it should recommend a strengthened form of neighbourhood or community governance for Auckland, the Local Government Centre would suggest that it ensures at least two conditions apply. The first is that staff are accountable to the neighbourhood or community level, and not the parent Council and the second is that there should be some independent fund raising capability to address what are inherently neighbourhood or community matters.