

The Fundamentals of Great Policy

Auckland : Towards the Super City

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The genesis of this presentation stems from a poem by Kevin Ireland, entitled, 'Pity about the Gulls'. Ireland's poem was featured in a book on "Auckland: The City in Literature", edited by Witi Ihimaera :

Walking along the beach this morning
you could see yachts putting out
the white flags of their sails to sue

for peace on Earth, jaunty waves
leaning up against the horizon,
shelling out buckets of small change,
and an ocean liner,
with a toothpaste
smile, sporting Rangitoto
on its beam like a cocked hat.

Pity about the gulls
Heads down, backs hunched,
They humped the misery of the world,

drilling screams into the cliffs,
rubbing the shine off the day.
Always some bastard has to spoil it

(from Selected Poems)

As the policy process has unfolded in establishing what is euphemistically referred to as Auckland's 'supercity', Kevin Ireland's poem has impressed as being both relevant and insightful. Its relevance is clear if we focus on the physical attributes of this city region we refer to as Auckland. Tamaki of a thousand lovers – the place desired by many – a metropolitan city steeped in Pacific history and culture – a spectacular physical environment that is consistently rated one of the most desirable cities in the world. Where else can one stand atop an extinct volcano in the centre of a city and see mud and mangrove creeks reaching into the epicentre of the city from two alternative coastlines. If like me, you share Maurice Gee's enthusiasm (as only a true Aucklander can) then it is that place where the Pacific Ocean meets the Tasman Sea – the global city we call Auckland.

"Pity about the gulls" Their handiwork is evident in the demolition of heritage buildings and in the way in which bulldozers have been allowed to plough tracks through some of our most distinctive volcanic cones. It is graphically illustrated by the substandard high rise apartments that dominate the regions centre – by a public transport system which is among the worst of any major city in the developed world – by the antiquated physical infrastructure and utilities which have been the subject of a series of reports dating back several decades. Ten years ago in a joint report with the economic forecasting group BERL we wrote:

Much of the regions infrastructure is reaching design capacity and needs urgent upgrading with shortcomings evident in the provision of water, sewage treatment and transport. (We could have added power and telecommunications)

Yet for some of us who have been directly involved in the development of Auckland over the past decade and beyond, the most destructive elements today are to be found in the policies that have been pursued in establishing the new regional 'SuperCity'. These policies, both in terms of content and process, fail to address the distinctive characteristics of Auckland, its population profile and its potential. They effectively replace local government with a corporate structure where the major beneficiaries will be the exclusive brethren of big business, merchant bankers and a narrow range of consultants dominated by legal and accountancy firms.

The advertising guru who promoted the concept of picture frames to capture the essence of Auckland best illustrates my central concern. The picture frames were placed in the Waitakere ranges and in other scenic spots across the region thereby illustrating the 100% pure New Zealand image which we continue to promote overseas.

As we New Zealanders well know the landscapes captured in those frames portray a selective picture of this country which is becoming increasingly difficult to sustain. It is essentially a fabrication. Picture-perfect landscapes devoid of buildings, pastoral animals and above all human beings are merely snapshots of development that may be relevant to chocolate box manufacturers but a complete distortion of everyday life. These snapshots exemplify the policy process that has dominated regional development in Auckland since the tabling of the Royal Commission's report on the 'governance of Auckland' in 2008. They stem from an approach to public policy which mirrors the narrow economic agenda advanced by successive governments in the late 1980's and early 1990's. In content terms the policies are driven by a form of economic fundamentalism which equates 'governance' with managing 'a business' and reduces democracy to a token engagement in the decision-making systems of local and regional government. The policy process has not just ignored the lessons of history – its proponents have written their own history of Auckland as a means of justifying a secret agenda which will inevitably undermine the trust and confidence of the public and the credibility of 'government'.

These comments are not made lightly – they are based on a series of research studies as well as engagement with public policy in Auckland which I can trace back over more than 30 years. It is a personal history which began with a research report into the impact of urban renewal in the inner-city suburb of Freemans Bay and it continues today with my membership of the Auckland Regional Economic Development Forum. In the course of this personal history I have seen the representative structures of Auckland become more attuned to the population groups of the region, a shift which owes much to the introduction of the ward system – and the merging of the 34 local authorities and boroughs some twenty years ago to form the pattern of local and regional governance that is in place today. As any authentic assessment of this history will show, there has been a significant increase in collaboration between local and regional government, especially over the past 10 years, with the Auckland Regional Council in particular making an invaluable contribution, especially in

the environmental sphere and in the establishment of regional parks – there have also been major advances in collaboration between local and regional government in strategic areas of economic and social development. These are merely examples of the myriad of ways in which local and regional government has adapted to the changing dynamics of Auckland's population as well as to erratic policy prescriptions emanating out of Wellington. Two examples of the latter will suffice – the first centred on attempts by the last Labour government to build a stadium on the waterfront – and the second by the current government to foist a plastic installation (referred to as 'party central') on the ratepayers of Auckland – both of these initiatives have been interpreted as Auckland's inability to make decisions – in reality, these proposals had about as much support in the region as the ACT party enjoys in the opinion polls which is consistently below the margin of error.

If we concentrate our review of the policy process within the timeframe of the past ten years, then this represents a decade in which the Institute of Public Policy has been intimately involved in the economic and social development of Auckland. It began with the Auckland Regional Economic Development Strategy (AREDS) and the establishment of the Auckland Regional Economic Development Association – building local Economic Development Agencies into a collaborative relationship with local and regional government from a community base and in partnership with business and industry groups across the region.

The AREDS initiative articulated a vision for the region of a great place to live, work and do business. The aim was to build a platform of exceptional people, cultures, environment and infrastructure. Because of the widespread engagement of the different population groups and interests across Auckland it had significant support from within the region.

Outside Auckland, other interpretations dominated. These alternative views were vigorously expressed at an Economic Development Conference in 2003 at which Auckland was described as the 'basket case' of the country – a drain on the nation's economic performance – a failure when measured against other global cities across the developed world.

Although the empirical foundation on which these claims were made was patently false, it provided the motivation to build a programme of work that might establish an evidential base for economic and social development in Auckland. That was the basis of the Metropolitan Auckland Project. Soon after the Timaru Conference I prepared a draft paper which proposed a regional action plan aimed at giving substance to the AREDS strategy. In order to advance this proposal, the Institute of Public Policy formed a partnership with the Committee for Auckland (a Business lobby group) and the Auckland Regional Council. This partnership was responsible for launching the Metropolitan Auckland Project and for engaging the international team which made a significant contribution to the formation of an action plan for the region

Regional Development

The Metro Project Action Plan became the working document for the Auckland Regional Economic Development Forum and as such it provided an integrated approach to regional development. In describing 'why Auckland matters' the regional action-plan highlighted two fundamental elements. The first centred on the population base of Auckland in terms of its density, diversity and potential. As the region containing approximately 1/3 of New Zealand's population comprised of around 190 different ethnic groups, Auckland is the population portal for New Zealand. It contains more than a third of the paid workforce and hosts the most socially and culturally diverse communities in the country. More than half of New Zealand's population lives within a 200 km radius of Auckland and it is this size and population density that enables the region to provide business with economies of scale in population, marketing and sales. More than any other factor it is the population base which defines the character of Auckland and nowhere is this potential more evident than in the development of the creative industries and in particular industry sectors such as film, entertainment, sport, tourism and hospitality.

The downside of the region's population base was identified in a 2001 Treasury report which concluded that just on 36% of the most deprived neighbourhoods of the country were concentrated in Auckland. During the AREDS process the deprived neighbourhoods of the region were identified as a major impediment to regional and national economic development. We now have considerable evidence to show that these disparities are increasing with the most disconcerting aspect of these trends being the relationship that exists between deprivation and a wide range of social deficits such as ill health, unemployment, violence and crime. The impact of these trends is evident in a resurgence of preventable childhood diseases associated with factors such as material deprivation and in labour market segmentation that has produced 'work rich' and 'work poor' households.

It is not surprising to those of us who have been analysing population trends in the region over the past decade, that Auckland dominates national population growth and this growth continues to be disproportionately driven by minority ethnic groups, especially Asian and Pacific peoples. The population profile of Auckland is radically different from New Zealand's profile as a whole and within Auckland itself, local communities and neighbourhoods have become increasingly differentiated on the basis of ethnicity, age, household structure, income and work. The most significant consequence of this process of differentiation is evident in creating what Bill Jordan refers to as communities of 'choice' and communities of 'fate' – the polarisation of communities into enclaves that tend to become mutually exclusive.

This means in effect, that households with the highest incomes cluster around the most desirable sites and enjoy the best collective goods. At the other end of the scale communities of 'fate' consist of districts or neighbourhoods whose residents are bound into long-term interdependencies because of their lack of resources. They have few opportunities to move and little choice over the bundle of collective goods available, including education and health services, well paid formal work, and the ability to participate in the social and cultural life of the community.

If we take Pacific households by way of illustration, then they are characterised by a youthful age profile, relatively low incomes and higher than average financial commitments. In New Zealand, nearly half of Pacific people are under 20 years of age. In Auckland, nearly one quarter of children under 10 live in Pacific households and 40% of those households are in Manukau.

Pacific households have significantly lower average incomes than the rest of the New Zealand population. In Auckland, the average Pasifika weekly wage was between 62% and 78% of the average weekly wage in Auckland for the period 1998-2008 – since 2008, these disparities have increased. As a population group, Pacific families have virtually no asset base and resources beyond household income.

It is reasonable to ask how the new supercity will address the aspirations and needs of Pacific peoples? Based on the governments corporate model of development, Pacific engagement will be limited to an advisory group and other council 'clip ons' controlled by Wellington – there is no effective structure or system for addressing the needs and aspirations of Pacific communities in the corporate model of governance.

Regional Boundaries

A second element underpinning Auckland's strategic significance is its role as a 'junction' or 'portal' for both the national and global economies. Auckland is the major commercial centre, service hub and gateway to the world and this role is fundamental to New Zealand's global competitiveness. A central proposition in building a sustainable economic base for metropolitan cities such as Auckland suggests that connectivity is a far more significant factor than notions such as agglomeration, land use or population growth. Likewise in domestic terms the strength and potential of the Auckland economy stems from its connections with provincial economies. The way in which it is able to add value to exports through professional and financial services, business management and marketing is in many ways the core business of the Auckland Economy. The arbitrary demarcation of regions has little relevance to industry sectors, business services or the flow of goods through the 'ports' of Auckland. Yet despite this reality, policy bodies continue to be preoccupied with regional boundaries based on geographic or political assumptions. The boundaries being imposed by the local government commission and the myopic approach to representation in the governance of Auckland are classic examples of spatial and political determinism.

Beyond the population base and the fundamental drivers of the regional economy, the Metropolitan Auckland Project proposed a springboard for action. The international team placed emphasis on the region's quality of life, its distinctive population characteristics and its role in the national economy – New Zealand's global city. It referred specifically to investment, transport options and skilled workers and it identified the need for better regional coordination and integration. The Governance of Auckland subsequently became the focus of a Royal Commission which reported in 2009.

Governance and 'the Supercity'

The Royal Commission which was established in 2007, conducted a far-reaching inquiry into the governance of Auckland, including a public submission process, formal hearings, workshops, and the commissioning of background papers and research. It was a comprehensive review conducted over a period of 14 months, with the four volume report acknowledging that « there is much in Auckland local government that works, and should be retained »

The most significant feature of the Royal Commission's report centred on its appreciation of the diverse populations and cultural traditions living and working in greater Auckland and its determination to propose an integrated governance structure which would « draw people into well-informed debates about choices »

The Commission was concerned 'not to create an organisational monolith, unconnected to the people it serves' and it therefore sought to reinforce local democracy 'through six elected local councils operating within the unitary Auckland Council'. At the heart of the Commission's report was a governance model based on shared responsibility between local and central government. In operational terms it placed emphasis on the implementation of public sector performance and management practices in order to ensure 'the highest standards of accountability and transparency'.

Within days of the publication of the Royal Commission's report on the Governance of Auckland, the Minister of Local Government circumvented the integrated approach to governance as proposed by the Commission and introduced a badly conceived strategy that effectively undermines local government in Auckland. As a series of reports and select committee submissions have subsequently noted, the strategy advanced by the Government ignores history, fails to connect in any meaningful way with the diverse populations and neighbourhoods of the region and in the process it has established a corporate framework and process that will have considerable difficulty in gaining the trust and confidence of ratepayers.

The corporate model advanced by the ACT/National government retains the essence of the regional council as proposed by the Royal Commission, but simultaneously demolishes local government which was an important element in the Commission's integrated approach. In place of local government a number of community boards will be created but the current prescriptions for these boards and the minimal allocation of support services make it clear that the boards will be largely irrelevant in regional decision-making. At the same time the government has decided that 75% of the public assets of Auckland will be transferred to seven Council Controlled Organisations, with the majority of directors to be appointed by government Ministers.

The hastily conceived, ideologically driven model of corporate control has been subjected to a significant public backlash which has seen Ministers defending the indefensible and a series of minor adjustments aimed at making the 'package' more palatable. In reality, the proposed modifications are incidental – the substance of the corporate model remains.

FUNDAMENTAL PROBLEMS WITH THE CORPORATE MODEL

The fundamental problems with the Corporate model of regional administration as proposed by the government, stem from the lack of democratic representation, the form of governance being advanced, and the 'privatisation' of public assets and public accountability.

Instead of engaging with the communities of the region the government proposes a structure which will see Auckland massively under-represented by world standards. In the urban centres of the United Kingdom on average, one councillor represents 2,605 citizens. In France the ratio is one councillor for every 116 citizens – in Germany 250 citizens – in Italy 397 citizens – Spain 597 citizens – Sweden 667 citizens – and Denmark 1,084 citizens. In Auckland, if you include all elected members, the ratio proposed is 1 to 8,462 citizens. If you analyse the proposed ratio of Local Board members it is 1 to 9,654. Furthermore, the ward boundaries proposed by the Local Government Commission will deliver huge variations in the level of representation from one ward to another.

It is not just the level of representation which is a major concern in the establishment of the so-called 'super city' but also the form of governance being advocated. Recent comments from both business and government representatives equates city governance with the running of a business. While there are areas in which private sector management principles have relevance for public sector administration, there are also significant differences which have both political and constitutional ramifications.

These differences relate to the role and functions of government, the constitutional principles that require different loyalties and obligations, and ultimately accountability measures and outcomes. Whereas profit is the primary performance measure for private sector entities or firms, government (national/regional/local) is required to implement programmes with multiple and sometimes conflicting objectives. By suggesting that public and private sectors are similar or (in the case of management) synonymous, inevitably undermines the constitutional and political responsibilities of government. Not only is the 'public interest' devalued, but democracy itself is demeaned.

TOWARD THE SUPERCITY

Although progress has been made in the region's local and regional governance over recent years, it has been politically expedient to cast Auckland's management as fragmented, competitive, inefficient and confused. The greatest confusion however, stems from the way in which 'governance' has been reinterpreted as 'management'. The Royal commission proposed an approach to local government in Auckland which would build on the governance of the region with significant emphasis on ensuring public access to the decision-making process. Central governments response effectively discarded this approach and in the process established a system of management and administration that has already significantly disenfranchised the citizens of Auckland.

An Auckland Transition Agency was established by central government with the aim of putting these management systems in place. The Transition Agency, headed by what the New Zealand Herald called 'the invisible autocrat', has proceeded, away from any public scrutiny or review, to remove local government from Auckland and replace it with a corporate structure and ethos. As Joseph Stiglitz has suggested – there can be democratic accountability, **only** if those to whom public institutions are supposed to be accountable are well informed about what they are doing – including, what choices they confronted and how these decisions were made. This seems particularly relevant in the Transition Agency's appointment of a new Chief Executive, whose major credentials for the post stem from his management roles in the liquor industry. He has no experience in local or regional government and the public has no way of assessing whether or not he is capable of distinguishing between 'government' and 'corporate management'. The same argument applies to other senior 'public sector' positions within the 'supercity'. Who represents the public in this process ?

The Lyons Inquiry into Local Government in the United Kingdom had a very clear understanding of local government and governance. In his 2007 report, Sir Michael Lyons reaffirmed local governments contribution to development as part of a **single system** of government thereby allowing different communities to make choices for themselves, as well as relating and shaping the actions of government and the public sector to the needs of the locality. Government, according to Lyons, is a device that provides a framework for enforcing rules and laws for behaviour, managing the provision of public services, redistributing resources, and managing frameworks for long-term economic, social and environmental sustainability.

The Lyons Inquiry articulated four areas where it saw local government playing an important role.

First in providing safe and secure places to live, where communities are cohesive and integrated ; second, in helping to foster the greater prosperity which benefits individuals and allows us to fund public servicesand third, in addressing the impact we are having on the environment by taking steps to make our lifestyles more sustainable through engagement with citizens and through the performance of its statutory functions.

The fourth area and perhaps the greatest challenge facing all forms of government concerns trust. If the systems of government we put in place fail to establish trust, then it inevitably undermines the constitutional integrity of both government and governance. Trust is vital to the effective functioning of the public sector, as it seeks to balance the interests of future generations, protects the integrity of judicial and electoral systems, and makes transparent the way in which government represents 'the public interest' and the 'common good' (Cook and Hughes,2010).

Conclusion

It is not difficult to see how the issues I have raised today will be dealt with by those driving the democratically flawed model of regional management being pursued in Auckland. Ever since the Royal Commissions report was discarded in favour of a fundamentalist ideology (effectively removing local government from Auckland) the Institute of Public Policy among others has continued to make submissions through the limited Select Committee process. Apart from minor cosmetic changes aimed at pacifying any expressions of discontent, central government has ploughed on with its demolition of local government and its antiquated approach to representation. Perhaps this conference can now appreciate the relevance of Kevin Ireland's poem, and the significance of its title : 'Pity about the gulls !

The platform for the building of New Zealand's supercity is not in question. It stems from the the diverse and culturally rich population base of the region and from a spectacular physical environment that is consistently rated one of the most desirable cities in the world. As a metropolitan city it is steeped in Pacific history and culture. It has always been a place desired by many – Tamaki of a thousand lovers – that place where the Pacific Ocean meets the Tasman Sea

It is also New Zealand's global city with its development inextricably linked to our performance as a nation. Auckland's strategic direction has been the subject of major initiatives over the past 10 years aimed at advancing the region's development with considerable progress made in a number of industry sectors such as tourism and hospitality, marine, film and the creative industries. These industry sectors in turn build on Aucklands myriad of small and medium sized businesses that have historically provided the foundation for professional and financial services, which are not only significant within Auckland but also across the wider economy, adding value to products and commodities on which the national economy depends.

The aim of streamlining the regions governance systems (as proposed by the Metropolitan Auckland project) was centred on providing an integrated approach to government which would enhance Auckland's potential whilst at the same time addressing the challenges or obstacles to development. There are strong and compelling arguments in favour of local government as a system for taking collective action and making choices about the use of public revenues.

In this respect, the key areas of accountability as outlined by the Lyons report have particular relevance in Auckland. These accountability mechanisms include clarity about the respective roles of central and local government and a governance framework aimed at promoting public engagement and transparency. The constitutional settlement proposed by the Lyons report was based on a contractual agreement between central and local government - it was ultimately aimed at ensuring public trust and satisfaction through 'closer engagement, honest debate and transparent decision-making'.

The management systems currently being put in place for Auckland will inevitably fail to provide an effective local government structure for the region. They will not facilitate closer engagement, honest debate or transparent decision-making. As a consequence, they will

struggle to gain the trust and confidence of ratepayers. When they do fail, the ratepayers and citizens of greater Auckland will become increasingly vocal in demanding a more effective system of local government which better reflects their diverse needs and aspirations.

It is here that agencies (such as the Institute of Public Policy) who have been engaged in the region's development over the past decade can continue to play a significant role in Auckland's economic and social development. First, in rebuilding local government in Auckland – secondly, in developing a Charter of Local Government similar to the European Charter – and thirdly, in working with local communities to advance their interests and aspirations – to progress policies and services in the public interest and for the common good.