
REPORT 3
(1215/52/IM)

LOCAL GOVERNMENT NEW ZEALAND CONFERENCE 2010 – REPORT BACK

1. Purpose of report

This paper is a report back on the Local Government New Zealand (LGNZ) Conference 2010, attended by the Mayor, Deputy Mayor and two councillors from 26-28 July 2010.

2. Executive Summary

The Mayor, Deputy Mayor and Councillors Coughlan and Wade-Brown, accompanied by officers, attended the LGNZ Conference in Auckland from 26-28 July 2010.

The theme of the conference was *“Building Prosperous Places”* which was intended to stimulate thinking about the role of local government in delivering economic prosperity for New Zealand.

3. Recommendations

It is recommended that the Strategy & Policy Committee:

1. *Receive the information.*

4. Background

Through a combination of key note addresses and workshop sessions, the conference explored a number of topics relating to the role of local government in economic development. Not surprisingly, much of the discussion centred in what is happening in Auckland.

The Annual General Meeting (AGM) of LGNZ was held on the last day of the conference.

5. Presentations

5.1 *The President of Local Government New Zealand, Lawrence Yule*

Mr Yule opened the conference and set the scene for key topics for discussion during the conference. He emphasized the importance of unity of purpose and championing the role that local government plays in economic development with one strong, consistent and persistent voice. He made the point that there was no place for parochialism: the success of Auckland will affect the success of New Zealand and all councils should have an interest in what is happening there.

5.2 *Prime Minister John Key*

John Key outlined the reasons why it is vital that central and local government work well together – the need to maximise our opportunities to unlock greater growth potential in all our cities and regions. Growing the economy is the only way we will create jobs, boost incomes, raise living standards and provide world-class public services.

He explained the key drivers of the Government's six-point plan to get New Zealand's economy growing faster:

- Changes to the tax system to make it fairer, so that hard work and enterprise are rewarded
- Demanding better, smarter public services
- A multi-billion investment in infrastructure
- Better business innovation and an ambitious trade agenda; and
- Improving education and skills

He covered the changes underway to the planning, decision making and accountability aspects of the Local Government Act to improve transparency, accountability and financial management of councils.

He mentioned that Government is now looking at phase 2 of RMA reforms in specific areas to achieve aims of growing the economy while protecting the environment. Aquaculture is a key focus and infrastructure and urban design will be included. The Government is also reviewing the Building Act. The PM emphasised the important role of local councils in making sure that Rugby World Cup 2011 is a huge success.

He talked about the importance of how councils spend money received from tax- and ratepayers and encouraged councils to keep looking for ways to do things better. Accountability and transparency will become increasingly important, as evidenced by recent media coverage.

Finally, the PM expressed his concern about the declining number of people voting in local body elections, urging attendees to encourage their constituents to vote.

5.3 *Hon. Rodney Hide, Minister of Local Government*

Rodney Hide, Minister of Local Government spoke about the three big tasks he has underway. He briefly touched on the first two, the first being the changes to Auckland's governance structure and the second being the reforms contained in the Local Government Act 2002 Amendment Bill.

He then announced his third task, which he considered to be the biggest and most significant. He intends to commission a first-principles discussion document re the proper constitutional status of local government in New Zealand, how its proper function and structure should be evaluated and assessed, and how central and local government can better mesh both their decision-making and their work programmes to improve the service we provide in the communities we represent.

The purpose of the document will be to establish what the issues are and to seek feedback on how local government can operate better. It is also intended to advance the debate and understanding so that the new government and new parliament post the 2011 General Election are both better placed to work and interact with local government. This project (tentatively called "Smarter Government – Stronger Communities") is expected to commence next year. As part of his explanation of the project, the Minister elaborated on the need for clear and transparent principles and criteria against which to assess any calls for further amalgamations of councils.

5.4 *Phil Goff, The Leader of the Opposition*

Phil Goff emphasized Labour's vision for a strongly democratic local government, responsive to its own community, working alongside central government to create development and provide services. His view was that government is setting up local government with too many restrictions, new costs and controls which will result in councils being less responsive to local communities.

He expressed particular concern about the new Local Government Bill setting aside the requirement to consult on community outcomes in the long term plan or on the sale of important assets. He also pointed out that some core local government services are missing from the new Bill, e.g. involvement in economic development and involvement in protection of the environment. If re-elected, Labour would change the law to guarantee local boards real decision making powers and legislate to restore protection to public assets.

Mr Goff's view is that central government has an obligation to partner local government in finding ways to attract long-term investment funds needed to build infrastructure. One idea is the concept of local government bonds, which would allow local authorities to efficiently access capital markets and lower their cost of funding. He is less persuaded by public-private partnerships, as the cost of private capital will always be higher than the cost to government.

5.5 Lord Mayor Campbell Newman, Mayor of Brisbane

Lord Mayor Campbell Newman, Mayor of Brisbane, talked about the strategies that had been employed to grow Brisbane. The city has drawn strongly on the work of Richard Florida, who argues that a strong creative sector can be a major catalyst for economic growth. He talked about the significant growth which Brisbane is currently enjoying and the emergence of new industries, such as biotechnology, which underpin this. Significant investment has been made (and continues to be made) in transport infrastructure to support the city's growth.

Notwithstanding the picture that was portrayed, it became clear during question time that income from the export of mineral resources is still a key driver of economic growth and has been a major contributor to infrastructural development.

5.6 Peter Biggs, Managing Director, Clemenger/BBDO

Peter Biggs, Managing Director, Clemenger/BBDO spoke about trends happening in marketing, and gave some very powerful (and colourful) examples of effective branding. His key message was that people now choose the marketing messages that they receive and that they participate in shaping campaigns.

He talked about how brands relate to archetypes (recurrent characters who represent the desires and feelings of people all over the world) and how city brands can be analysed (and built) in this way. New York is the hero archetype ("act courageously") and Paris the lover archetype ("find and give love"). He suggested that Wellington was a combination of the ruler archetype ("exert control") and the jester archetype ("have a good time"). This related to the two aspects of Wellington as the seat of Government and a creative/events capital.

5.7 Greg Clark, UK (international authority on city and regional economic development)

Greg Clark firstly focused on big cities, economic development and local government and secondly on the question what Auckland might contribute to national economic success.

Key themes were:

- Globalisation and the knowledge economy have repositioned metropolitan regions as drivers of national economies
- The key ingredients of the local government role in the 21st century are:
 - Representation
 - Services
 - Regulation
 - Development and investment

- Development and investment are roles that require different expertise to the other council roles of representation, services and regulation as they act *within* markets, rather than *upon* them.
- Key roles of local government in achieving economic prosperity are:
 - Vision setter and planner
 - Broker of alliances and coalitions with the region
 - Good local governance and services
 - Information and communication (branding)
 - Physical capacity
 - Local economic management (CBDs, ports etc)
 - Regional and national alliances and coalitions
- There are no successful regions or nations without successful cities
- Managed carefully, big cities complement and don't compete with their neighbours. National networks of cities succeed.
- National support for cities networks is key and central government needs to play a coherent role in city governance
- Metropolitan spatial planning is important
- Strong leadership is essential
- To succeed, Auckland needs:
 - Central government to play its role
 - Recalibration of the constitutional position of local government
 - Effective positioning within a national network of larger cities
 - Catalysts for collaboration (e.g. Rugby World Cup)
 - A good election that produces a clear vision
 - Mayoral leadership
 - An effective spatial plan
 - Good local engagement
- City development success is not accidental, but is the result of effective local economic leadership linking the City Council with national government, institutions, the business sector and the local economic development agency.

6. Themed Workshops

6.1 *Economic Development - The Local Government/Central Government Nexus*

Dr Ganesh Nana, Chief Economist, BERL &

Amanda Lynn, General Manager, BERL

Leon Grice, Rugby World Cup 2011 Office

The Government has set a bold economic growth agenda for New Zealand. It is the responsibility of all sectors to work collectively, and individually, to respond to this call.

This workshop considered the overall contribution of local government towards economic development, and the opportunity that Rugby World Cup 2011 provides to showcase New Zealand to the world and deliver wider economic benefits.

Local government is critical to the delivery of economic development from investment in infrastructure, through to interventions and partnerships with key stakeholders.

In 2010 Local Government New Zealand established the Economic Development Committee, and through project workstreams it has identified that local government's contribution towards economic growth is in the areas of:

- Leadership / Partnership / Facilitation
- Infrastructure/ Planning/ Resource Management
- Regulation
- Services
- Business and Industry Development
- Social and Community

Dr Nana expanded on these areas, and demonstrated local government's contribution through the presentation of specific case studies. He also challenged delegates to map the areas of contribution listed above against the Government's six point plan referred to by the Prime Minister.

6.2 Infrastructure - Future Challenges and Opportunities

Michael Deegan, Infrastructure Coordinator, Infrastructure Australia

Infrastructure Australia was established in 2008. Michael Deegan heads up a team of 12 staff, who are responsible for infrastructure across the whole of nation, with one set of rules.

It was established that \$300-700bn needed to be spent; \$7 billion was spent in the first year of operation. The biggest issue is not money (the USA is similar to Australia in this respect), but public trust.

80% of the population of 22 million lives in 17 cities, which creates issues of population density, race, congestion, and public transport.

Key issues for his team:

- Agreement on Roading solutions ie there are 43 TLAs in Sydney
- Water delivered by TLAs, solutions not coordinated.
- Broadband
 - Pricing, time-of-day charges for infrastructure spending, agreement on user charges?
- Problem definition critical, yet its uncoordinated
- Water is precious – desalination a real requirement - but a very carbon intensive energy cost
- Approval processes
 - None of the local government, state or central government have approvals aligned

Money is not an issue, public trust and confidence is.

David Taylor, Manager, NZ National Infrastructure Unit

David Taylor is responsible to Ministers English and Joyce and has 15 staff in a separate unit within Treasury.

The role of the unit is to address the umbrella infrastructure issue, complementing existing portfolios, i.e. school, hospitals and prisons. In particular, it is responsible for:

- The national infrastructure plan
- PPP guidance
- Capital asset management
- Policy and budget advice

The Government spends \$6 billion a year in addition to:

- \$7.5 billion on road development
- \$11.7 billion on rail metro and freight
- \$1.8 billion on broadband
- \$5 billion on the national grid
- \$30 billion on local government

Private sector spend is additional spend in these areas.

The focus of the unit is on:

- Improving regulation (RMA – related legislation, corrections, Local Government Act, Land Transport Amendment Act etc.)
- National Infrastructure Plan, Version 2 – due early 2011 (Version 1 March 2010). The original plan went until 2020, but Mr. Taylor commented that it was fair to say that it did not really go that far. The intention is to extend the horizon within Version 2 to give longevity and market surety/certainty for future generations.

The challenges for central and local government were portrayed as:

- How to realise the benefits of infrastructure as an enabler of growth
- Sharing information – i.e. leveraging local government's expertise in Asset Management Planning.

Stephen Town, Chief Executive, Tauranga City Council

His address focused on the key planks put in place by Tauranga City in planning their future growth strategy and infrastructure development:

Smart Growth

This is a programme aimed at developing and implementing a plan for economic, environmental and cultural goals that can be achieved in a sustainable way leading up to 2050. It is being led by Environment Bay of Plenty, Tauranga City Council, Western Bay of Plenty District Council, and Tangata Whenua on behalf of the community.

Partnerships

- Western Bay of Plenty/Tauranga/iwi partnerships for a growth driven future
- Measured risk vs investment

- Tauranga port is a nationally significant port:
 - now the largest in NZ
 - the fastest unloader of containers in Australasia

Strategy and Infrastructure Plan

- Significant roads, flyovers and bridges developments, some user pays
- Baypark – a Public Private Partnership, which has been very successful
- Baywave aquatic centre:
 - built in 2005 - 50% capital, balance funded outside of rates, a clear example of community collaboration

Collaboration

This is easy to talk about, but needs enduring leadership on all sides for it to be successful.

Water

Waiari Water supply Scheme, a water supply scheme being developed to support projected growth in the region for next 50 years.

Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC) have a Memorandum of Understanding with regard to developing water supplies for the Western Bay sub-region. This includes sharing the Waiari Stream water between councils, as it provides a long-term security of water supply for the whole sub-region.

This is an example of regional collaboration against a short, medium and long term strategic plan. It is regarded as an investment for the future growth of GDP in the region.

6.3 Local Boards – Are they the Model for the Future?

Peter McKinlay, Director of Local Government Centre, AUT

Mr McKinlay outlined how the Local Boards in Auckland will operate. In summary, they will be responsible for community engagement, limited local decision making, and for providing input into Auckland Council strategies, policies and plans.

It was pointed out that the representation ratio of 10,000:1 for Auckland compares very unfavourably with international benchmarks. Transaction costs and staffing are also expected to be an issue. There will be a need to minimise the transaction costs of dealing with 21 sets of relationships, and there is a possible case for an Auckland Local Boards Association.

Mr McKinlay's view was that Auckland's regional co-ordination issues could have been solved by vesting regional decision making in a separate body. Local boards resulted from the Royal Commission's view that there was scope for significant cost savings by combining all service delivery into a single body, but the record of success in achieving cost savings in Auckland through voluntary co-operation is limited.

Concerns expressed from the floor related to whether the Local Boards would have an effective voice, given that their ability to influence decision making is

entirely at the discretion of the Council. Also of concern was that all advisors to Local Boards will be Council employees, i.e. tensions may arise when advising a Local Board that may or may not agree with Council decisions.

In summary, the Local Board model was considered to present a number of risks to locally based decision making. The model can be made to work, but the extent to which this occurs will depend entirely on the implementation by the new Council.

7. Sector Meetings

Wellington delegates attended the metro sector meeting. The initial discussions centred on whether the metro sector should continue post Super City. It was unanimously agreed that it should and that it was essential that Auckland continue to play an active part. This may mean holding future sector meetings in Auckland.

Ministers Carter, Finlayson and Joyce addressed the meeting to talk about their portfolios and address any concerns.

Minister Carter reiterated Minister Hide's points about the need to have a look at the constitutional role of local government.

Minister Finlayson focused on the additional funding he had been able to secure for the arts and the Historic Places Trust. He made the point that philanthropy would be essential as government funding for his portfolio would never be sufficient.

Minister Joyce focused on the current position re the ultra fast broadband tender and on transport and reinforced his wish that all public servants have a 'pre-disposition to help'. He took on board feedback about how the RMA may be inhibiting decision making by requiring the NZTA to scope and consider three options, when one option was clearly preferable.

8. Annual General Meeting

LGNZ held its Annual General Meeting at the Conference. This was mainly procedural; there were no agenda items which impacted on the metro sector.

9. Conclusion

The LGNZ Conference 2010 was a valuable opportunity to network with colleagues from other Councils and to talk with Government Ministers on a range of issues.

With the future of the sector currently at a major crossroads with the changes happening in Auckland, the conference was particularly valuable in providing an opportunity to share thoughts and ideas, which will shape future strategy.

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