

Title: A Capital Approach for Auckland's Royal Commission**Author:** Joel Cayford**Document Type:** Think Piece for the Royal Commission**Date:** 20th April 2008

Abstract: Through an exploration of various types of capital that are present in the Auckland Region – including social capital, intellectual capital, infrastructure capital, democratic capital, financial capital - this essay suggests an approach which the Royal Commission may find useful in assessing the various options for change which are being submitted for its consideration as it inquires into Auckland's local and regional governance arrangements. The range of governance options considered in this essay is based on the submission of the Auckland Regional Council. The essay's articulation of the issues faced by Auckland draws on relevant findings and ideas presented in Auckland's Metro Report and writings of other authorities.

A Capital Approach for Auckland's Royal Commission**By Joel Cayford****1. Introduction**

Several quite different political initiatives have led to the New Zealand Government decision that a Royal Commission was needed to: “receive representation upon, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future...”

For example, since 2005, Manukau and Waitakere City Councils have sought to have the powers of the Auckland Regional Council (ARC) reduced in regard to the ARC's ability to set the Metropolitan Urban Limit (MUL). Frustration at not being able to act independently and rezone rural land for Greenfield development partly inspired the so-called “Auckland Mayoral Coup” in 2006 which was led by all four city mayors, and which sought to replace the elected ARC with themselves, selected businessmen, govt officials and the Minister for Auckland Issues. The mayors proposed a 'Lord Mayor' who was to be elected from across the whole region.

Countering this initiative, elected councillors advocating for sustainable development, and seeking compact urban development and more energy efficient land use patterns, called for a stronger and more independent regional government, with the power to implement regional strategies such as the Growth Strategy, the Auckland Sustainability Framework, and the Regional Land Transport Strategy.

Business interests in Auckland, frustrated by matters including transport congestion, delays in the completion of the state highway network, and reports about shortages in land supply for commercial development, called for greater involvement in Auckland governance of business leaders. Some went so far as to suggest the whole of Auckland's local governance should be in the hands of a Commission run by government appointed commissioners.

Also in 2006 the Metro Project, run from the ARC's Auckland Regional Economic Development Office (AREDO), commissioned an International Review Team to undertake a visit and review of Auckland and to comment on a series of background papers prepared for the Metro Auckland Project team. The review partners included Auckland business interests, central government departments, academics, and local government representatives. The “Metro Report” made a number

of recommendations relating to Auckland's governance and other matters that attracted the interest of Central Government.

And for the past few years there have been numerous public debates about who should be responsible for the funding and political management of Auckland Philharmonic Orchestra, Motat, and other regional amenities.

These are among the most significant calls for change to Auckland's governance arrangements.

However it is important to note that local government in Auckland is about many more services and activities than those highlighted above. For example: library services; council housing; waste minimisation; community services of all sorts; community development initiatives; parks, beaches and sports fields; leisure services; and community liaison, and arts. In my opinion it is as important to note what is working well in Auckland governance, as it is to enquire into what is not working well. In the fervour of reform it is essential that the baby not be thrown out with the bathwater. It is important to protect what is valued by Auckland communities.

Inevitably, because the question is now being asked by the Royal Commission: what sort of local governance do you want? - any citizen may come forward with a submission and proscription.

For example those who experienced the period of infrastructure development driven by the Auckland Regional Authority (ARA) after it was established in 1963, and those who fondly recall the level of community engagement and local democracy that thrived in small urban authorities such as Devonport Borough Council, may advocate for something similar again.

A note of caution: I expect that beneficiaries of the present structure may want to protect those arrangements from change, but because they are more or less content with their lot may not make a submission. Such groups and people might include: those who play sports across the region in council facilities; patrons of the local library; members of the multitude of council grant assisted community and cultural groups functioning at local level; council housing tenants; and voluntary participants of eco-city and environmental protection and enhancement projects.

Auckland's community of interests is diverse and wide-ranging. Their objectives - while often different and rooted in different cultures, places and times - all have merit, and would be served differently under different local and regional government structures and arrangements. It is likely that the bulk of submissions will come from those not content with present arrangements, and those who want change. There is a risk therefore, that the Royal Commission may not be well informed through submissions about good and valued experiences on the ground arising from present local governance arrangements.

Whatever change is made, there will be winners and losers. But potential losers could include those who did not anticipate or expect change.

Because of this, it is essential that the Royal Commission adopts a comprehensive process for analysing the different options and propositions that are put before it, a process that fairly values the objectives of all proposals considered, as well as their implications for existing services local government provides and which many Auckland citizens presently enjoy and value.

Further, because the Royal Commission is explicitly prevented from inquiring into the purposes and principles of local government as described in the Local Government Act 2002, it is reasonable to assert that the Royal Commission, in its recommendations, should seek to give effect to those purposes and principles. These

include (Hucker, 2008, Pgii): “..a focus on sustainable development and the four community well-beings – social, economic, environmental, and cultural (with intergenerational responsibilities)”, and: “...a pronounced emphasis on local democracy and community participation...”

This essay suggests a process the Royal Commission could adopt to assess submissions for change. The suggestion is that proposed governance arrangements be measured according to their likely performance building Auckland’s capital base, and delivering the purposes of the Local Government Act.

2. What is wrong with Auckland Governance?

The short answer to this question is: it depends who you talk to.

2.1 What’s wrong with Auckland according to the ARC?

As part of the Strengthening Regional Governance project – which was one of the outcomes of the Mayoral Coup and was called for by Central Government – the region’s councils agreed a problem definition in September 2006. Since the 2007 local government elections, and with the advent of the Royal Commission, the ARC has continued to develop this definition. I extract key quotations here from s.3.6 of the ARC’s working draft submission to the Royal Commission. This section of the submission is entitled: “What is not working well in the Auckland Region”:

“Difficulties in implementation of regional strategy... while the ARC has led and facilitated the development of regionally agreed strategies, it has few tools to implement them...

Unclear or poorly defined roles, responsibilities or mandates... the current competitive environment in local government in Auckland, combined with a lack of real incentives for collaboration, has led to fragmentation and resulted in oversupply of some activities and services, and an undersupply of others...

Lack of alignment between national and regional priorities... there are a number of areas where regional objectives are difficult to meet and misalignment between central government and regional priorities acts as a key influence...

Mis-located activities, responsibilities or decisions.. mis-location is partly a result of the respective funding capability of various organisations... leading to mis-located decisions, activities and responsibilities... and a lack of regional control over regional outcomes...

Reliance on joint voluntary or statutory decision-making... results of this reliance include very slow decision-making, hefty transaction costs, or in some cases a lack of action due to misalignment of priorities between various agencies...

Time-consuming, costly and contested nature of the planning/regulatory system... the RMA promotes a highly participatory approach to planning which promotes democratic decision-making but also encourage contestation..

Unique legislative arrangements and constraints in Auckland... current governance arrangements in Auckland prohibit ARC from having a governance role in Watercare... leads to difficulties ensuring infrastructure investment aligns with the Regional Growth Strategy and Regional Land Transport Strategy...

Imbalance between mandate and financial capability... it is estimated that central government spent \$14.4 billion in Auckland region in the 2005 fiscal year, while in the 06/07 year combined TLA and ARC spending was \$2.02 billion in operational expenditure and \$967 million in capex, of which the ARC's share was 11% and 8.2% respectively. This creates an imbalance between mandate and ability to give effect to mandates...

Complexity of the local government legislative, policy and planning framework... there are numerous statutory mechanisms for planning and reporting on council activities and consequent costs on councils are high..."

2.2 What's wrong with Auckland according to the Rodney District Council?

Two major themes emerge from reading Rodney District Council's website (10th April 2008), which is being used to showcase key arguments emerging from residents, one of whom is ex-Mayor Sir Gordon Mason OBE JP. Public submissions will be used to add colour to RDC's submission. The web article reads:

...Sir Gordon, who is now retired, says that at the time of a previous local-body reorganisation he was a supporter of Rodney merging southwards into the Auckland area. But today, he has a different view. "Since then, with the influence of the Auckland Regional Council and the demands of the Auckland City Council, I believe, particularly up here in the north around Warkworth, ratepayers are continually being loaded with extras from which they derive little or no benefit at all." Sir Gordon says the large number of ARC regional parks north of Waiwera was costing the Rodney District ratepayers "a fortune" because no rates are paid by the ARC on these valuable properties. He says large numbers of people from outside the area came in to visit the parks, placing tremendous pressure on infrastructure such as roading and toilets which are funded by Rodney ratepayers. Rodney ratepayers were also expected to contribute large amounts of funding to things such as the Auckland Symphony Orchestra and the Auckland Museum and just about anything else they can think of, with minimal benefit to the local ratepayers, he says. Sir Gordon believes the time is right for some form of re-organisation and that the ARC needs to go. He says the ARC and Transit New Zealand have held up development of the Rodney district over the years. "What do we need it (the ARC) for?" asks Sir Gordon. "We had 30 local authorities in the Auckland Region, now we're down to seven. What harm has it done getting rid of all those old ones? "In those days, the big problem had been trying to get 30 councils to agree to anything. Today, the problem was the ARC making it difficult for councils to operate effectively....

Another Rodney District Council (RDC) web article describes a recent public meeting attended by RDC's Mayor Penny Webster:

Mayor Penny Webster, says her council's submission is likely to include a strong call for simplification of the region's decision-making. The Rodney Council is already calling for the abolition of the Auckland Regional Council. "The ARC is indicative, and probably the worst example, of a bureaucracy run rampant. Nobody questions the intent or the commitment of the people involved, but as (the chart) shows the system is unwieldy, and that's indecisive

and is the slowing growth of the district's economy," claims Mayor Webster. Speaking at the meeting at Warkworth, Mrs Webster pointed to the town's notorious Hill Street intersection as an example of indecision leading to lack of solution. Pointing first to the chart and then to the intersection, she asked, "how can we expect this mess to fix that mess?" (The chart shown shows the network of organizations involved in Auckland Region's transport industry.)

There have been media reports that confirm RDC's concerns with ARC, and RDC's intention to seek the ARC's abolition. Essentially these comments amount to a call for self-determination, and a call for simplification in the process for getting transport projects funded, planned and constructed. It is difficult to untangle in RDC's communications either a clear statement of what needs to be fixed, or its analytical consideration of options for change.

2.3 What's wrong with Auckland according to Devonport Community Board?

The Devonport community has a history of strong community involvement and identity and resisted the last amalgamation in 1989 that abolished Devonport Borough Council. The Devonport Community Board's (DCB) submission to the Royal Commission notes changes that have been observed since amalgamation:

"...as we no longer have dedicated staff, the contractors and staff who work in the area do not have a chance to develop an understanding and empathy for the area. This lack of local knowledge can lead to inappropriate solutions. For example, Devonport has a policy of restoring and reinstating the original blue stone curbing. Unfortunately this information is not always passed onto contractors who sometimes use concrete curbing unless it is noticed by a sharp eyed local. Similarly, staff do not have a chance to develop a sense of ownership for the work they do, nor do they appear to feel accountable for the quality of the work. This leads to a lack of communication and work being redone (often many times). Simple works seem to take much longer to process and be implemented. Overall, there is no sense that there have been financial savings or an improvement in quality or service since the local delegations have been eroded..."

In terms of what is wrong with Auckland, extracts from DCB's submission include:

"...Currently the four key urban Auckland councils (Auckland; North Shore; Waitakere; Manukau) seem to compete with each other to be seen as "successful" cities. While there are some examples of co-operation, the overall impression is one of a lack of co-operation, poor communication and duplication of resources... We need a governance structure that reflects how residents use the Auckland Region. For example, we may live on the North Shore but work in Manukau, use the arts facilities in Auckland City and the regional parks in Waitakere. Residents have an interest in all of the Auckland Region but currently, they only have a strong voice in one area. Strong local communities produce great cities where residents have real engagement with and power over their local areas. While policy needs to be set at a regional level, the implementation of those policies and the accountability for their

delivery, needs to be devolved as far down as possible. **We support a three tier system with increased responsibilities at Regional and Community Board levels...**(bold added) The challenge is to achieve consistency and efficiency, while not interfering with the local character of any community. The risk of poor decision-making increases markedly when a Board area contains more than one community of interest - then its citizens become further removed from their local governance. We have Community Boards in the Auckland region that have larger populations than most cities in New Zealand. This situation would be worsened if some interest groups that having been advocating for fewer Boards have their way, as potentially this could increase Community Board populations to 60,000 to 100,000, making them larger than Napier or Hastings....”

Devonport’s submission is presented in the form of answers to the questions set out by the Royal Commission in its consultation document. Again, the submission is a mixed statement of problem and solution.

This brief account of the problems identified in three different submissions highlights the breadth of the challenge that is faced by the Royal Commission.

3. What options are there to fix Auckland?

I will use the ARC’s submission, which is based on the work done with the region’s TLAs since 2006, to highlight the various approaches and reform options that are being considered by the region’s councils. Needless to say, there are many variants of each of these. Fine-tuning can change and adjust these to meet different objectives. In setting out the broad options for changes to Auckland’s governance arrangements, I quote here from ARC’s draft submission to the Royal Commission:

Option 1: Status Quo

Option 2: Three unitary councils. Three city councils that cover the whole Auckland region, supported at local level by Community Boards. These councils would jointly own several Council Controlled Organisations (CCOs) for transport, water, economic development and regional planning.

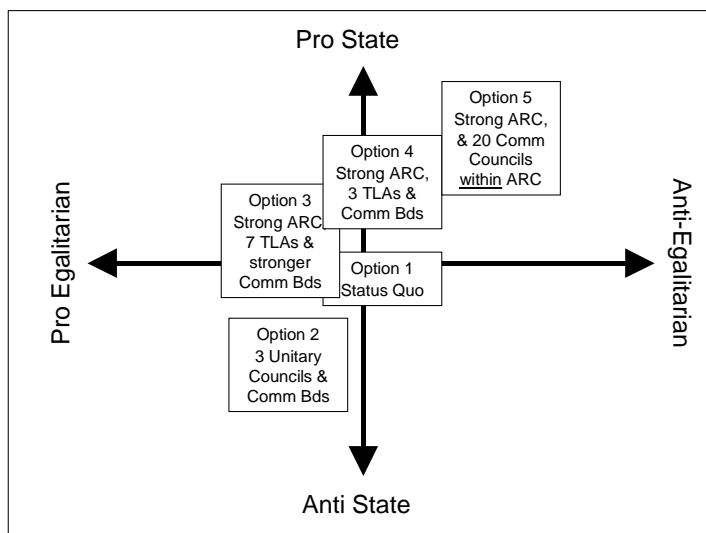
Option 3: Strengthened regional council with seven TLAs and a series of community boards. This option is distinguished from the status quo: by a clear sense of hierarchy in the RMA and regional decision-making; strengthened roles and transfer of assets and responsibilities to the regional council in areas such as property development, arterial roads, economic development and regional facilities. The regional council would be responsible for bulk water and wastewater. TLAs would retail water and wastewater and manage stormwater assets, administer locally focussed projects such as town centre development and local roads, community and cultural facilities, and environmental education....

Option 4: Strengthened regional council with three TLAs and a series of community boards. There are variations of this model – possibly having 4 TLAs. The model would look similar to Option 3, with the major difference being amalgamation of some existing TLAs into larger entities.

Option 5: Single unitary authority with community councils. The United Auckland Authority (UAA) would combine many of the responsibilities of

present TLAs and the ARC. It would be responsible for preparing the Regional Policy Statement (RPS), regional plans and all district plans, and for issuing consents under these plans. Community Councils (CCs) would develop community plans. These CCs would take responsibility for local events and programmes, local safety, and environmental education, and the UAA could devolve responsibilities for management of main streets, local parks, and local recreation facilities to CCs.... Rates would be collected on a single rates bill by the UAA, which could allocate some of that funding to CCs.

ACC's draft proposal is a variant of Option 5 – but without the Community Councils - and where the present 7 TLAs are amalgamated into 4 Area Committees of the Regional Council – each with its own mayor and several locally elected councillors. MCC, NSCC and WCC are recommending a version of Option 3 – with TLA representation on the Regional Council. ARC has rejected Options 1, 2, 3 and 4, and is recommending an Option 5 which envisages 20 or so Community Councils that would be part of the Regional Body, subject to its policy decisions, and be funded by it. I felt it helpful to classify these broad options according to their likely political effect. Please refer to the following diagram:



Political Classification of Auckland Governance Options

I have placed the Status Quo at the centre of the axis, as a point of reference.

Because of Option 5's structure of one central authority, controlling incorporated Community Councils or District Committees, it is clearly the most "Pro State". I would describe it as a form of Democratic Centralism. In addition, the proposed abolition of TLAs and their replacement with proposed Community Councils (ARC) or the District Committees (ACC) that are subject to the control of the regional body – suggest an anti-egalitarian bias. At the opposite end of that scale is Option 2 – which isn't supported by any of the councils. This option divides the Auckland Region vertically into three separate cities that share the management of key infrastructure service providers. The option tends to de-centralise and localise decision-making, and de-emphasises the need for central control of regional planning and regional development.

Option 4 centralises certain functions – thereby being more pro-state than the status quo, while retaining three tiers of government and maintaining similar levels of democratic input as the status quo.

There is some variability in the forms of Option 3 supported by NSCC, WCC and myself in my own submission. However they do share the objective of increasing the power and control of the regional authority – and hence are more pro-state than status quo. The extent Option 3 is more pro-egalitarian than status quo is according to the amount of power and functional responsibility is devolved to Community Boards.

4. The Local Government Act and the Royal Commission

It is worth re-iterating that the Royal Commission is explicitly prevented from inquiring into the purpose and principles of the Local Government Act (LGA) 2002 (see its terms of reference). I interpret this as indicating that the Royal Commission should not act inconsistently with the purpose and principles of that Act. Expressed more positively, it is not unreasonable to suggest that the Royal Commission, in its deliberations and recommendations, should give effect to the purpose and principles of the LGA 2002.

So what are these principles and purposes?

Hucker, 2007, has analysed the Local Government Act 2002. He draws attention to key features of the LGA: “...local democracy is embedded in a section of the Act specifying the purpose of local government as enabling democratic local decision-making and action by, and on behalf of, communities (s.10(a)). Its importance is reinforced in a series of principles relating to local authorities including enjoining openness, transparency, and democratic accountability (s.12(1)(a)(i)) and indicating a responsibility for a local authority to ascertain and have regard to the views of all of its communities (s.14(1)(b)). In its decision-making the need to take account of the diversity of the community and the community’s interests is stressed (s14(1)(c)(i)).”

Hucker, 2007, goes on to assert that under the LGA councils are to be representative democratic institutions, “...but their operations are defined in a way reminiscent of the term ‘maximum feasible participation’ which originated in the United States...”. In other words the LGA has a pro-egalitarian purpose.

Hucker, 2007, emphasises the sustainable development approach enshrined in the LGA, quoting s.14(1)(h): “..in taking a sustainable development approach, a local authority should take into account- (i) the social, economic and cultural well-being of people and communities; and (ii) the need to maintain and enhance the quality of the environment; and (iii) the reasonable foreseeable needs of future generations...”, and asserting: “the sustainable development provisions of the Act... are value laden... They reflect the values embedded in social democratic, green and even conservative political philosophies. They are, however, incompatible with neo-liberalism, because of the degree of public intervention required to implement them. A pure free-market approach with its creation of winners and losers and its shorter term focus is simply unable to deliver the quadruple-bottom-line well-beings let alone the intergenerational responsibilities...”

In bringing this analysis together, Hucker, 2007, describes four implications of the LGA. I have summarised them here:

- The primary purpose of a local authority includes a new focus on sustainable development and its social, environmental, economic and cultural dimensions.
- The Act provides new possibilities for local and regional authorities to work in partnership with other institutions (including central government, private sector and community organizations)

- The Act heralds a possible change in the division of labour between central and local government (traditionally local government has been about the four “R’s”: rubbish, roads, rats and rates. Planning and community development have rested uneasily on this narrow base... More local investment in sustainable development has the potential to attract more central government investment that can benefit regions, cities and districts...)
- The Act provides for Long Term Council Community Planning.

These implications should be born in mind by the Royal Commission. The question then becomes: how?

5. What does Sustainable Development mean for Auckland?

In this section I draw on the analysis of Filion 1995, and my own experiences.

Auckland has been at a cross-roads re-assessing its future direction for some time. Our urban region shares many of the same problems confronted around the world now by Western cities whose development over the past forty years has been shaped by consensus support for the automobile. This period and process of city development – sometimes known as “Fordism” - coincides with mass-production of consumer goods, mass consumption, general belief in the infallibility of science, and strong middle-class support for traditional family values. This broad consensus and associated prosperity encouraged central and regional governments to intervene strongly with supportive investment programs for infrastructure such as roading, water and energy projects.

The Auckland Regional Authority (ARA) was a key part of this period in Auckland. It is said that: “the ARA built Auckland”. The ARA built the airport, the modern port, and major water infrastructure, while the Ministry of Works built most of the motorway network. Throughout this period Auckland expanded dramatically. Its CBD was entirely reshaped by motorways. Greenfield development accelerated. The combination of urban expressways and urban sprawl made the car indispensable. The 1973 oil crisis had an impact in Auckland, but quickly recovered from it, continuing as if it were business as usual. However it did mark the start of changing times. Sex, drugs and rock ‘n’ roll played a part, so did the Vietnam war. This was a time when discontent began growing around the standardisation of products and lifestyles, questions began to be asked about whether progress was always a good thing, was the Western way of life the only way? did science truly legitimise infrastructure projects? And was serious environmental damage being done in the name of progress?

Here in Auckland, change over the last fifteen years has been marked by the availability of the best coffee in the world, world-beating local wines and cheeses, internationally recognised restaurants, cultural diversity that goes way beyond simple Maori/Pakeha bi-culturalism, Hollywood-class local cinema production, and lauded innovation in sports and internet science.

But while there is an increased awareness and concern for environmental protection, and calls for sustainable development, there have been barely any changes in Auckland’s urban form and patterns of development. In part this is due to continuing belief in the old idea that all growth is good for the economy.

In Cayford’s (2006) analysis of the economics of transport, he notes that when road-lobbyists speak of economic development, they emphasise the benefits for the

construction industry economy and anticipated economic benefits from congestion reduction. These are short-lived benefits. When the Real Estate Industry speaks of economic development, they emphasise the benefits for the building and property development industry – especially the gains when greenfield land is transformed to urban. And these are medium term benefits. But it is still rare to hear in Auckland of the long term economic development benefits that accrue from efficient development of land and infrastructure – measures such as: GDP/hectare, employees/hectare, investment/hectare by area, income/capita by area, energy & water consumption/hectare, transport mode split by area, commute trip length/capita by area, and similar, assess this. These are the sorts of measures used in cities interested in the relationship between compact urban form, economic efficiency, sustainability, and city productivity in the long term. They are measures of sustainable development.

Today, Auckland's urban progress is increasingly out of step with its cultural progress, and is inconsistent with growing popular demands for a clean environment and a smaller ecological footprint. There is growing scepticism towards large-scale projects – such as State Highway 20. At the same time we see the unravelling of the consensus that underpinned the construction of Auckland's urban form today – with its motorway-oriented and pedestrian unfriendly character, and its casual destruction of older villages, heritage buildings and human scale urban landscapes.

Instead there is an explosion of diversity, of conflicting interest groups who increasingly criticise the type of progress once thought so necessary, and who today challenge projects that would once have gone ahead without much more than a murmur of dissent.

These groups demand to be heard and insist their views be taken into account. These groups do not universally call for cycle-lanes and public transport – there are advocates of the completion of SH20. Nor is there universal support for the compact city ideal - a key objective of urban change – leaky buildings and poor examples of medium and high-density housing have been major setbacks. And despite today's fragile consensus among Auckland's local authorities that the region does need to move toward a more compact urban form and be more sustainable, much of the development we actually see on the ground continues to entrench the car's domination and forces more low-density development.

Today Auckland's destructive preoccupation with real estate speculation is on hold, but the lure of short term profit-taking from greenfield subdivision persists. Strong and consistent leadership and appropriate incentives will be needed to encourage a more long-term approach to Auckland's urban economic development.

Current funding sources include rates, development levies, and Government funding – especially for transport projects.

If any entity is guilty of continuing to force road-driven urbanism onto Auckland, it is Central Government with its steadfast 100% funding commitment to state highway construction, alongside its relatively feeble support for other modes and other forms of economic development intervention. Government funding is a potent incentive to continue Auckland's historic and unsustainable development patterns.

Government needs to become a fully signed up partner to delivering compact city economic development outcomes in Auckland. Delivering and funding sustainable development in the Auckland region will require a governance partnership between central, regional, district and community levels. This partnership needs to deliver a more sustainable and economically efficient urban form; function democratically and effectively within Auckland's changing environment; and reliably

deliver development projects that are consistent with and increase confidence in the compact urban form idea. The new partnership must recognise the changing demands for local involvement and participation arising from the emergence of Auckland civil society and its diversity of expectations.

Local partnerships with effective community participation will be less likely when governance arrangements are pro-state and anti-egalitarian.

6. Auckland's Capital Makeup

Ideas about social capital, financial capital, intellectual capital and environmental capital are in reasonably common parlance.

Hucker, 2008, proposes that Manukau City Council, in coming to a better understanding of the Community Development work it is doing, needs to measure the amount of social capital that is present in Manukau communities - what builds it, and whether local social capital is increasing or decreasing.

The Metro Report also draws attention to different types of capital: "...Advanced companies such as Healey & Baker Cushman Wakefield, and Price Waterhouse Coopers (PWC) have recently produced their assessment of what makes metro-regions competitive or successful. PWC, in their report *Cities of the Future*, global competition – local leadership, emphasise the need for:

- Intellectual and Social Capital
- Democratic Capital
- Cultural and Leisure Capital
- Environmental Capital
- Technical Capital
- Financial Capital..."

I would add to this list: Infrastructure Capital, Business Capital, Natural Resource Capital, Heritage Capital and Partnership Capital, as measures respectively of: the quality and quantity of critical infrastructure; opportunities for business and private wealth creation; the sustainability and efficiency of natural resources including air, land, soil and water; the extent of conservation, preservation, interpretation and guardianship that is afforded the historic built environment, heritage and urban fabric; and the effectiveness and history of institutional arrangements in fostering partnerships across levels of government, with the community, and with business.

Intellectual Capital measures the ability of Auckland to foster intelligence, to retain it, and to attract it from other places. It also includes the idea of creative capital, as espoused by Richard Florida writing about creative classes and creative cities. Cities with high intellectual capital are characterised by attractive city centres and waterfronts, energetic cultural environments, diversity, authenticity, and heritage.

Democratic Capital is a measure of the real extent of involvement and participation of people and communities in local decision-making. It can be fostered through careful institutional design and location of decision-making powers. And it can be easily undermined by distancing real decisions away from local communities, and placing power in the hands of the few. Pro-egalitarian governance leads to an increase in democratic capital.

Cultural Capital is a measure of creative energies and expressions including street art, ethnic diversity in the form of authentic restaurants and galleries and

theatre, and cultural authenticity which in Auckland includes empowering especially Maori and Pacific cultures (rare in downtown Auckland).

Leisure Capital is a measure of the diversity and accessibility of lifestyles outside of work, and the provision of amenities and facilities that enable affordable public access.

Environmental Capital is different from Natural Resource Capital, and is a measure of the quality of natural landscapes, parks including the Hauraki Gulf, as well built landscapes, and accessibility to that Capital.

Technical Capital is a measure of innovation and adaptation applied to public services and designs such as public transport, street design, cycle infrastructure, street lighting, use of rainwater, wastewater – smart technologies – and the capacity and willingness to apply them. In my experience diversity and difference drives innovation and builds technical capital.

Financial Capital is a measure of the finance available for investment. For Auckland local government this measure is affected by Central Government's willingness to fund local projects – be it a waterfront-stadium or rail electrification.

The Capital Types described here span the purpose and principles of the LGA, and concretise outcomes which the Royal Commission needs to bear in mind as it assesses the impacts and effectiveness of submissions for change. In the matrix below I set out my preliminary assessment of the impact the various local governance options might have on the capital components I have suggested can be used to measure Auckland's performance in delivering the purposes of the LGA 2002. I have taken Option 1 – the status quo – as my zero base. The “no change” option. A smiley face indicates an increase in capital, while a sad face indicates a decrease in capital.

LGA Purpose	Capital Type	Option 1	Option 2	Option 3	Option 4	Option 5
Sustainable development	Natural Resource	☹	☹	☺	☺	☹
	Partnership	☹	☺	☺	☺	☹
Social wellbeing	Social	☹	☹	☹	☹	☹
	Leisure	☹	☹	☹	☹	☹
	Intellectual	☹	☹	☹	☹	☹
Cultural wellbeing	Cultural	☹	☹	☺	☺	☹
	Heritage	☹	☹	☺	☺	☹
Economic wellbeing	Technical	☹	☹	☺	☺	☹
	Financial	☹	☺	☺	☺	☺
	Business	☹	☹	☹	☹	☺
	Infrastructure	☹	☺	☺	☺	☺
Environmental wellbeing	Environmental	☹	☹	☺	☺	☹
Maximum participation	Democratic	☹	☹	☺	☺	☹
Partnerships	Partnership	☹	☺	☺	☺	☹

Broadly, I would expect a decline in the resources allocated to social wellbeing, with increasing centralisation and associated decline in local service provision. I would also expect a decline in cultural wellbeing with increasing centralisation because of the associated decline in diversity of governance forms and representation

levels. Conversely, I would expect increasing centralisation to be good for economic wellbeing and business, it would effectively bring back the ARA, and bring in more straightforward processes for major infrastructure projects.

In my opinion, some sort of fine-grained and concrete analysis against all of the purposes of the LGA, and which considers all of the services provided through local government, is essential for the Royal Commission's consideration of governance options for Auckland. The capital typology suggested here will assist.

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