



DRAFT SUBMISSION TO THE ROYAL COMMISSION ON AUCKLAND'S GOVERNANCE

AUCKLAND REGIONAL ECONOMIC DEVELOPMENT ASSOCIATION

1. About the Submitter

- 1.1 The Auckland Regional Economic Development Association (AREDA) is an association of local economic development delivery organisations operating in the Auckland Region.
- 1.2 The members of AREDA are Enterprise Franklin, Enterprising Manukau, Enterprise North Shore, Waitakere Enterprise and Rodney Economic Development Trust.
- 1.3 AREDA has three strategic partners – Auckland's Regional Economic Development Agency, AucklandPlus, AUT's Institute of Public Policy and Auckland City Council.
- 1.4 The objects of AREDA, as listed in its constitution, are;
 - coordinate the strategic and market intelligence of its members to use as a basis for regional strategy and policy development;
 - share information and best practice to build members' capability to improve economic development in the Auckland Region;
 - provide a collaborative and supportive regional forum for all agencies involved in economic development in the Auckland Region;
 - facilitate and implement economic development projects across the Auckland Region;
 - undertake research, information gathering and the dissemination of information regarding the Auckland Region to Members, Strategic Partners and other interested parties, where appropriate, for the benefit of the Auckland Region;
 - use an 'evidence-based' approach to decision-making and economic development projects.
- 1.5 In all, AREDA members have a network of over 30 000 businesses in the organisation and deliver \$10 million of economic development initiatives locally throughout the Region
- 1.6 This submission represents the collective and agreed views of AREDA members.
- 1.7 Individual members of AREDA will be submitting in addition.

2. Introduction

Strategic imperatives such as knowledge economy, knowledge intensive, high value, productivity and innovation are meaningless without the ability to translate these into tangible action that will deliver on these aspirations. (Wilson, Neill and Lambert 2008).

- 2.1 The Government's Economic Transformation Agenda recognises that Auckland must be a world class city in order to compete globally. It states:

New Zealand's economic development strategy – the Economic Transformation Agenda – identifies the critical role that Auckland needs to play in the transformation of New Zealand's economy. As New Zealand's only city of scale, Auckland will need to lead the country's economic transformation and become an international, outward-facing city with a concentration of economic activity that leads to greater specialisation, increased knowledge flows and higher levels of productivity.

- 2.2 The purpose of this submission is to identify institutional governance arrangements that will best enable the Auckland Region to become 'world-class'.
- 2.3 The submission takes a principle and function based approach before articulating the attributes of effective decision making structures.
- 2.4 In addition, it should be noted that economic development delivery at a regional level was recently reviewed in 2004/5. As a result, the Auckland Regional Economic Development Forum and Auckland Plus was established. AREDA is a member of the Forum. In the ensuing time, the collaborative relationships between AREDA and Auckland Plus have matured and strengthened. In addition, the clear added value of regional and local economic development functions have emerged and are widely acknowledged and respected. This submission wishes to acknowledge this and, while some areas of further strengthening are identified, the content of the submission largely reflects and documents an existing and widely supported approach.

3. Some Definitions

'Auckland Region' and 'Regional' refers to the greater Auckland region that is currently defined by the boundaries of the Auckland Regional Council

'Local' refers to sub-regional localities within the Auckland Region, currently defined by territorial local authorities

'Government' refers to the formal institutions of the state and decision making within specific administrative and legal frameworks

'Governance', on the other hand, involves government plus other relevant and affected public, private and not-for-profit sector agencies to achieve desired outcomes. A governance perspective encourages collaboration between the public, private and non-profit sectors to achieve mutual goals.

4. Characteristics of the Auckland Region

- 4.1 The characteristics of the Auckland Region are a key consideration in governance decisions.
- 4.2 The physical geography of Auckland is a major determining factor of constraints and opportunities. This has led to the development of distinct communities of interest and identity.
- 4.3 Research shows that Auckland's diversity is going to continue to increase over the next 25 years. 'Almighty Auckland?' (Carter, Craig and Matthewman, 2004) shows that different areas of Auckland have a unique identity and even culture. Lyons (2007, p57) argues that when communities, (such as Auckland), become more complex through social change and greater mobility and cultural and ethnic diversity, the need for local knowledge and understanding is accentuated.
- 4.4 This identity is reflected in examples from the private sector such as the research based brand change for Stagecoach buses to Go West and North Star (for the North Shore). In addition, the two media competitors in the suburban newspaper market each produce separate additions for the northern, western, central and southern parts of the Auckland region.

5. Guiding Principles

- 5.1 This submission draws from the following guiding principles;

An economy is complex and effective interventions require multi-level approach

Economic functions operate at different levels sub-regionally, intra-regionally, nationally and internationally. For example, labour markets and supply chains operate in local, regional, national and international dimensions. In addition, public, private and not-for-profit sectors all play a critical role within almost all broad economic development functions. AREDA submits that the governance of economic development, therefore, becomes an art of collaboration and co-ordination between local, regional and national levels and across the public, private and not-for-profit sectors.

Subsidiarity

The principle of subsidiarity (Maastricht Treaty on European Union, 1991) establishes that wherever possible, decisions should be 'taken as closely as possible to the citizens'. Higher-level action is expected only where the objectives of an action cannot be sufficiently achieved at the lower level, or where an action, by reason of its scale or effects, can be implemented more successfully at the higher level. In developing this submission and examining the options for improved functional delivery, AREDA has considered subsidiarity to be a core premise.

6. Decision Making and Implementation at a Regional Level

"The rationale for deciding 'who' should be driven from an economic rationale not a political one. Put the resources and the control closest to where the best effect can

be achieved and where the project is of most significance – ie is it local, regional, pan regional, national or international? (Wilson, Neill and Lambert 2008)

- 6.1 AREDA submits that the following decisions should be made at a regional level;
- regional economic development strategy
 - regional economic development priorities
 - integration of economic development strategy and policy into related decision making such as planning, transport, energy, water and broadband
- 6.2 AREDA submits that the following functions should be implemented at a regional level;
- Leadership on and advocacy for the economic development needs of the region
 - Regionally significant economic development infrastructure such as transport, ports and broadband
 - Co-ordinating and facilitating the implementation of regional economic development
 - Implementation of pan-regional economic development initiatives including tourism, industry sector development, major events, regional branding and international investment attraction
 - Facilitating and co-ordinating the regionalisation of successful local innovations and initiatives

Rationale

- 6.3 In accordance with the principle of subsidiarity, regional economic development should be concerned with matters that are of regional significance and/or are pan-regional in nature.
- 6.4 In accordance with the acknowledgement that an economy is a complex combination of multiple actors and effective interventions require multi-level approach, the region can play a critical role in being the interface and regional leader for central government, co-ordinating and facilitating the 'soft infrastructure' across the public, private and not-for-profit sectors to deliver to a regional reach and transformational scale.

7. Decision-making and implementation at a local level

"Local alignment and action on the ground is fundamental for true economic transformation, not more overly compliant policies that tinker at the edges. Economic transformation will be accelerated through the implementation of focused and coordinated policies by local actors." Ifor Fowckes-Williams 2008, former President of The Competitiveness Institute

'... the enduring competitive advantages in a global economy lie increasingly in local things – knowledge, relationships, and motivation that distant rivals cannot match' (Porter, 1998)

7.1 AREDA submits that the following decisions should be made at a local level;

- local economic development priority setting that contributes to the achievement of the regional strategy
- integration of economic development priorities and policy into related local decision making

7.2 AREDA submits that the following should be implemented at a local level;

- Business growth initiatives including information, training, advice, coaching, networks and connection to capital
- Connecting businesses to regional and national bodies that are able to assist their particular stage of growth
- Responses to local skills and education needs
- Local economic development advocacy
- Urban intensification and revitalisation
- Delivery of regionally co-ordinated projects most effectively delivered locally
- Endogenous local development opportunities

7.3 In addition, the following are local contributions to the regional economic development function;

- Provision of 'on-ground' knowledge and experience to inform regional strategy

Rationale

7.3 In accordance with the principle of subsidiarity, wherever possible, decisions should be 'taken as closely as possible to the citizens'. In Auckland, this is achieved through well established and effective existing local mechanisms.

7.4 In accordance with the acknowledgement that an economy is a complex combination of multiple actors and effective interventions require multi-level approach, local agents play a significant role in understanding and being connected to local, regional and national economic actors. In aggregate, this brings a reach and scale not achieved through regional level activity alone. In particular;

- In order to truly transform the Auckland economy, activity at all levels is required. This is particularly acute in a region and nation of small businesses typified by owner/managers working feverishly in, not on, the business. A reduction in a business' time to access information and make connections contributes to economic efficiency and business performance.
- Business support functions such as training, mentoring, information and advice require a clear channel to market that ensures the time cost of travel is not a barrier to participation. This is provided by local agencies.
- Local knowledge, connections and relationships add significant value to the implementation of national and regional initiatives. Examples include, but

are not limited to, identifying economic development opportunity, aggregating public and private sector land holdings to enable an economic development objective to be achieved, converting investment enquiries, facilitating the growth of long established companies of scale whose workforce and suppliers have developed in immediate proximity, delivering labour market initiatives and working with local secondary schools to develop an enterprise culture. Local reach and relationships are fundamental to the success of these initiatives.

- Local agencies are existing infrastructure that provide instant scale to projects. This provides a connectivity to identify and nurture those with high growth potential. This connection, dynamic and scale is a critical component to developing enough globally competitive firms and innovative and productive workplaces to effect economic transformation. Dismantling and attempting to replicate this infrastructure would be an extreme waste of existing, effective investment.
- Local scale allows the regular interaction of multi-disciplinary organisations to exchange, develop and implement ideas. The region's scale prohibits the connectivity that creates the environment for such innovation.
- Local identity is fundamental to the desire for leading business to contribute to their local community, including sharing knowledge and experience with other local businesses and young entrepreneurs and developing private land in a manner that contributes to local economic development objectives. The local economic development agency is central to providing the conduit through which this dynamic occurs.
- Local conditions and scale allow locally significant initiatives to be delivered that may not, at the time, command regional attention. This includes key client management of business that are locally, but not necessarily regionally, significant, and property development. Aggregated, these locally significant initiatives make a fundamental contribution to the achievement of economic transformation.

7.5 A key role for local government in economic development is seeking to providing opportunities for their constituents to engage in the local economy. To do this local government plays a key role in understanding and promoting coordinated and collaborative approaches to development and in advocating for projects of regional and national significance.

"...If we were to provide a more bottom up approach (build capacity and networks at the local level) to coincide with strategic plans at higher levels it would provide a number of benefits:

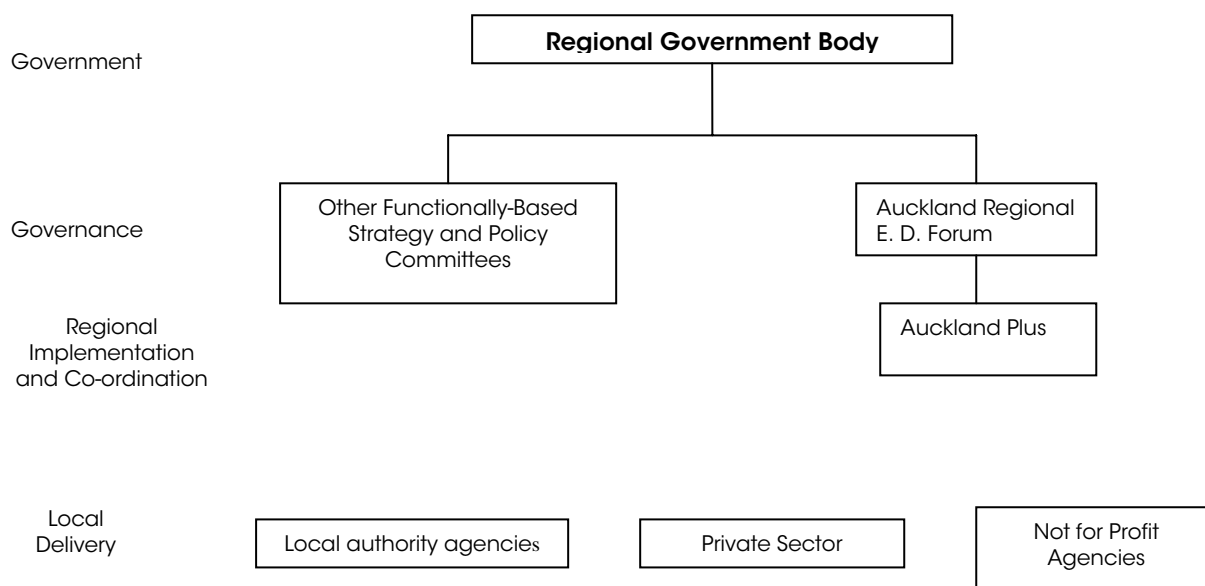
1. *It is practical – working within a defined territory allows a practitioner to know and understand the components and dynamics, strengths and resources of a local economy*
2. *It is empowering – there are things that can be done at the local level that have much wider implications and effects (such as networking and clustering to focus on regional specialisations and service delivery)*

3. *It organises - there is often the capacity to work with many institutions both local, regional and national at the same time while focussing on the business case or economic rationale*
4. *It gets "buy-in" - when people feel they have some influence over how their territory can/will develop they pitch in*
5. *It builds on inherent strengths and capacities - as locals have the best knowledge and understanding of these*
6. *It promotes specialisation - the possibility of local and regional specialisations and collaborations become more apparent as communities realise they can be the authors of their own success through careful planning and strategising. It is also easier to see who will do the work!*
7. *It fosters global connectedness - Communities can feel more globally connected by identifying with similar localities / cities / regions and industry sectors in other places that may have similar products, services or markets (ie identify competitors and opportunities) as well as building a team of service providers that can provide connections to overseas markets." (Wilson, Neill and Lambert 2008)*

8. Governance Arrangements

- 8.1 Because economic functions operate at different levels sub-regionally, intra-regionally, nationally and internationally, governance arrangements need to reflect multiple levels that add value to each other and that there needs to be strong connections between and across them.
- 8.2 AREDA submits a preference for governance arrangement that;
 - has a clear, binding regional strategy
 - establishes integrated strategies, policies and implementation plans to provide the focus for a functional city-region
 - strengthens networks of association
 - mobilises a plurality of autonomous organisations within a co-ordinated and collaborative framework
 - enables local economic development institutions to add their value
 - aligns with the notion of subsidiarity

8.3 AREDA submits that a governance arrangement should have the following elements (each is explained following the diagram);



Regional Government Body

The regional level of government, currently the Auckland Regional Council, should provide the decision making mandate to adopt the current Auckland Regional Economic Development Strategy and its subsequent reviews and to integrate economic development matters into decision making on other related functions such as infrastructure and land use planning.

Auckland Regional Economic Development Forum

The existing Auckland Regional Economic Development Forum draws membership from regional and local government, AREDA, the business community, tertiary education and communities of interest, such as Pacific peoples. This membership recognises the multi-sector, multi-level functionality of a regional economy. This governance arrangement presents a forum for prioritising and implementing the regional strategy and being the primary interface for central government on such matters. The Forum also provides leadership on and advocacy for the economic development needs of the region.

AucklandPlus

Auckland Plus, the Auckland Region's existing regional economic development agency, provides;

- Co-ordinating and facilitating the implementation of regional economic development
- Implementation of pan-regional economic development initiatives including tourism, industry sector development, major events, regional branding and international investment attraction
- Facilitating and co-ordinating the regionalisation of successful local innovations and initiatives

Local Delivery

Local infrastructure through local agencies, private sector and not-for-profit sector delivers;

- Business growth initiatives including information, training, advice, coaching, networks and connection to capital
- Responses to local skills and education needs
- Local economic development advocacy
- Urban intensification and revitalisation

8.4 AREDA submits that the current arrangements would be strengthened by;

- The addition of central government membership to the Auckland Regional Economic Development Forum. This will provide the Forum of the benefit of central government research, information and resource capability and introduce a critical influencer and investor in Auckland to the collaborative attempts to realise shared objectives.
- Auckland Plus having a direct relationship with the Forum. This would give the Forum a crucial implementation capability that it currently does not have.
- A formal and active relationship agreement between AREDA and Auckland Plus. This agreement will be developed over the next 3-6 months and set a strong platform for the future regional and local economic development functions to work in unison to achieve shared objectives.

9. Planning

9.1 Businesses are frustrated with the process to gain consent. This happens in a number of different ways

- Consents are needed from different Councils for the same activity (for example an ARC Resource Consent for earthworks and a Local Authority building consent to build a property at the same site). This does not provide a coordinated and consistent decision making process
- The rules change for local authorities – this can happen on two sides of the same street in instances where city borders cut through a street.
- Consents are delayed for long periods of time causing significant opportunity costs – in the \$millions for land holding costs in many instances

9.2 AREDA submits that:

Effective tools are needed across the region to ensure consistency and reduce the confusion of property owners and developers, particularly those with cross-city holdings and/or projects.

In order to have an effective outcome for the delivery of planning consents:

- There should be one strategic planning document for the entire Auckland Region which integrates economic development, infrastructure and land use
- This Plan should have consistent zoning and rules wherever possible but have enough flexibility to acknowledge the unique, local land use differences including between rural and urban areas
- Local planning documents should be consistent with the regional plan but account for the protection of locality specific features
- To achieve the protection of locality specific features, design rules should become a statutory and enforceable part of local plans
- Regional and local plans should focus heavily on process and consistency of process across the region
- One consent that deals with all issues relating to a particular site should be issued. The issuance of consents should be done by local authorities to ensure decisions are made that take account of the local context of that site. This will simplify the process for applicants, result in shorter consent processing timeframes, eliminate contradictory decisions between consenting authorities and eliminate duplication and the cost to the applicant. In addition it will allow the regional authority to focus on a specialist capability of setting strategy rather than becoming involved in the day-to-day implementation.
- That the Auckland Regional Economic Development Forum be involved in the decision making regarding the one regional planning document to ensure consideration of economic development related matters in terms of content and process.

10. On the 'Super-City'

- 10.1 There has been a significant amount of public debate on the merits of having one Council in Auckland.
- 10.2 In some cases, the super-city proponents also advocate for a dilution of the current 7 local authorities to as many as 30.
- 10.3 AREDA submits that any more than the current 7 local authorities will produce a sub-optimal economic development outcome. Capability at the local level will be diluted, identity fragmented, consistency non-existent and scale below critical mass. These are attributes of a depowered local function.
- 10.4 Should there be just one super-council only, the local economic development dynamic and the value it adds in terms of knowledge, reach, scale, innovation, identity, channel to market of initiatives and ability to deal with locally significant economic development related matters will be lost. This will produce a sub-optimal result with respect to Auckland becoming New Zealand's first world class city.
- 10.5 For these reason's, AREDA does not support;
- The creation of a single Council for Auckland
 - The creation of more than 7 local authorities operating at a sub-regional level
- 10.6 AREDA also notes the contradiction of the efficiency argument applied to having one Council in Auckland not being applied to the local tier of government.

11. References

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12. Request to be Heard

12.1 AREDA requests to be heard during the hearings process