

# Enhancing local government for Aucklanders

Response to the  
recommendations of the Local  
Government Commission

22 June 2018

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## Introduction

1. This report responds to recommendations of the Local Government Commission (“the Commission”) made to Auckland Council under Section 31(1) of the Local Government Act 2002. The recommendations were made following the Commission’s consideration of reorganisation proposals arising from an application from the Northern Action Group proposing a separate Unitary Authority for North Rodney.
2. While the recommendations are non-binding, Auckland Council is required to report back to the Commission by 22 June 2018 on its response to the recommendations, and again by 1 November 2018 on progress made against agreed actions.

## Background

3. Auckland Council was established on 1 November 2010, following one of the largest local government reorganisations in New Zealand. The reorganisation followed the Royal Commission of Inquiry into Auckland Governance and was implemented through three key pieces of legislation. The drivers of Auckland’s amalgamation were the need for stronger regional decision-making and greater community engagement and decision-making at the local level<sup>1</sup>.
4. The Royal Commission found that Auckland’s regional council and seven territorial authorities lacked the collective sense of purpose, constitutional ability, and momentum to address issues effectively for the overall good of Auckland. It noted that disputes were regular among councils over urban growth and the development and sharing of key infrastructure, including roads, water and waste facilities, and cultural and sporting amenities.
5. The overarching aim of the reforms was to deliver strong regional decision-making, complemented by local decision-making to meet diverse local needs and interests. Improvements to community engagement were also seen as a key output of the reforms.
6. Eight former councils were disestablished, and Auckland Council became the unitary authority for an area of 4,894 square kilometres stretching from Te Arai in the North to Waiuku in the South. The governance model for Auckland was unique at the time with its two tiered structure of complementary governance arms – the governing body and local boards; a mayor with some executive powers; and a set of substantive council-controlled organisations (CCOs) focussing on effective and efficient delivery of services, balanced with extended accountability provisions.
7. Since Auckland Council’s establishment in 2010, there has been a strong focus on addressing important regional priorities. These have included putting in place the Auckland Plan, the Unitary Plan and consolidated financial and IT systems,

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<sup>1</sup> Report of the Royal Commission on Auckland Governance March 2009

transitioning to a single rating system and set of bylaws and addressing challenges in funding infrastructure for growth.

8. While these were all critical issues, a prolonged focus on regional priorities is not consistent with the policy intent of the governance reforms. In addition, it risks the council being perceived as distant from, and not responsive to, the needs of local communities. Local boards have felt marginalised and frustrated and communities have struggled to understand their role and how it differs from that of the governing body.
9. In 2015, Auckland Council commissioned an independent review of its governance framework. The review reflected on the implementation to date of the new governance model and considered whether it was working optimally in terms of meeting the aims of the 2010 reforms. The intent of the review was not to recommend wholesale changes to the governance structure, but to focus on making the existing framework work better for Auckland.
10. The review was provided to the Governing Body in October 2016 and a political working party of local board and governing body members was established to consider its recommendations. The report of that working party, with associated final recommendations, was considered and ratified by the governing body in September 2017, following extensive consultation with local boards.
11. Many of the issues and concerns identified during the Governance Framework Review are similar to those identified by the Commission during its consideration of the Rodney and Waiheke reorganisation proposals. The findings and recommendations of the review are relevant to this response, as noted by the Commission in its report. The Commission has also raised other matters, including making some recommendations specific to the Rodney and Waiheke communities and some recommendations to the Minister of Local Government.
12. Each of the recommendations of the Commission is set out in the body of this report, with council's response and proposed actions.

## **The Auckland context**

13. Auckland is New Zealand's largest city, with a population of 1.657 million, predicted to reach 2.4 million by 2040. Auckland is home to 37 per cent of New Zealand's population and is a diverse and international city by any standards.
14. The region is experiencing significant growth within a constrained and challenging geographic footprint. Auckland is bound by coastal waters to the west and east and straddles a narrow isthmus girdled by two harbours. The Waitākere and Hunua ranges provide natural western and eastern boundaries, while hill country provides limited scope for expansion to the north, away from the coastal margins.

15. Despite these constraints, Auckland's development has been somewhat piecemeal and there are few pockets of real density outside of the CBD. Suburbs developed along arterial routes creating a series of interconnected villages with strong local identities.
16. Further away from the city, small market towns such as Papakura, Waiuku, Pukekohe, Helensville, Wellsford and Warkworth grew up to service the region's rural hinterland. Over time these towns have become more closely linked to the city's development through patterns of work, commuting, recreation and ongoing marginal growth, although they still retain a rural feel and distinct local identities.
17. This development pattern has created a region of diverse communities that have differing values and priorities. Responding to these diverse communities is a core challenge for council, and one that it will require it to listen to local, feedback and adjust its approach to reflect local priorities and issues if it is to succeed for all Aucklanders.

## **Response to amalgamation**

18. Both the Royal Commission and Parliament determined that the boundaries of the new Auckland Council should extend to encompass almost all of the previous Auckland Regional Council's land area, with some minor adjustments to the southern boundaries.
19. During the governance reform process it became apparent that there were concerns from some members of the community in North Rodney about the inclusion of the entire Rodney District in the Auckland boundaries. There was some debate within government about a proposal arising from Select Committee deliberations to move the northern boundary to the south, and incorporate the northern part of Rodney in Kaipara District, but this was not progressed.
20. In 2009, the Northern Action Group was formed, which went on to propose a reorganisation process to form a North Rodney unitary council. As it progressed the process also considered a proposal from One Waiheke, seeking the establishment of a Waiheke unitary council, separated out of Auckland Council.
21. The final determination of the Local Government Commission was that there was insufficient rationale to proceed with the reorganisation proposals and that the status quo was the preferred option for Auckland governance. However, the Commission did elect the option to make recommendations to Auckland Council under Section 31(1) of the Local Government Act 2002.

## Recommendations of the Local Government Commission

22. The Commission has made twelve recommendations to Auckland Council and two to the Minister of Local Government. The recommendations to Auckland Council are that council:
1. **notes** that good relationships are key to Auckland's success and rely on all parties understanding how and where they fit into the local government system, mutual respect and clear communication on all sides;
  2. **continues** the work done so far on the Governance Framework Review, and
    - 2.1. **further explores** ways to balance regional and local needs without losing the benefits of being part of a large organisation. This could include:
      - 2.1.1. keeping delegations and/or allocations of functions to local boards under active review; and
      - 2.1.2. considering where people benefit from service delivery standardisation and where service delivery could be tailored to different areas;
    - 2.2. **considers** whether to roll out the Waiheke pilot (or aspects of it) elsewhere before the pilot is complete, if it is achieving the desired results;
  3. **notes** there is a widespread lack of understanding of council governance arrangements, in particular the role and responsibilities of the governing body and local boards;
  4. **takes steps** to improve understanding of the council governance arrangements among the public, council and council-controlled organisation staff, and elected members;
  5. **continues** to monitor the effectiveness of the relationships between council-controlled organisations, local boards and the public, and provide direction to council-controlled organisations where they are not meeting expectations;
  6. **takes steps** to build public understanding of the wide range of functions the council undertakes (including regional council functions);
  7. **tailors** communications for different local areas, in particular highlighting the work the council is doing and where rates are being spent locally;
  8. **considers** whether the current funding allocation method for locally-driven initiatives, on a largely per-capita basis, is the best way to meet the different needs of local areas;
  9. **considers** ways to deal with different service levels across the region due to decisions of legacy councils; for example, an increase to the road sealing budget in Rodney;
  10. **continues** to look for ways to improve service delivery for customers and communicate those improvements to the public;

11. **explores** the possibility of the Rodney local board office being physically located in the Rodney Local Board area; and

12. with all relevant parties, including the Waiheke Local Board and council-controlled organisations, **works towards** a solution at Mātiatia on Waiheke Island.

23. The Commission requested that Auckland Council provide a written response to these recommendations by 22 June 2018 and a progress update by 1 November 2018. The following section of this report responds to each of these recommendations.

24. The recommendations to the Minister of Local Government were that she:

- **notes** the recommendations to Auckland Council and the timeline for its response and progress update; and
- **considers** whether amendments to the Local Government (Auckland Council) Act 2009 (LGACA) and the Local Electoral Act 2001 are required to give Auckland Council greater control and flexibility over its representation arrangements.

## Auckland Council response to recommendations

25. We have identified some key themes in the Commission's report and recommendations and have grouped council's primary response under these themes. They are:

- relationships, mutual respect, understanding the respective roles of the different governance arms (Recommendations 1,3 and 4)
- ongoing commitment to localism, devolution, flexibility (Recommendation 2.1)
- active monitoring of council-controlled organisations against governance expectations (Recommendation 5)
- consider appropriateness of local board funding policy settings (Recommendation 8)
- address legacy issues impacting on service level variability across the region (Recommendation 9)
- tailoring local communications, including raising public awareness of council services and service improvements (Recommendations 6,7 and 10)

26. Other recommendations related more specifically to issues identified in Rodney and Waiheke and are addressed in separate sections of this report. They were:

- considering whether to roll out the Waiheke pilot (or aspects of it) elsewhere, before the pilot is complete (Recommendation 2.2)
- work collaboratively towards a sustainable land use solution at Mātiatia in Waiheke (Recommendation 12)
- explore the possibility of the Rodney Local Board Office being located in the Rodney Local Board area (Recommendation 11)
- consider an increase to the road sealing budget in Rodney (Recommendation 9).



## Relationships, mutual respect and role clarity

27. This section responds to recommendations 1,3 and 4.
28. A key feature of the Auckland governance model is that both the governing body and the local boards are responsible and democratically accountable for Auckland Council's decision-making under a shared or complementary structure, rather than a hierarchical model.
29. In broad terms the governing body has responsibility for all regional policies, strategies and plans, region wide initiatives, setting rates and oversight of CCOs. Local boards make decisions on, and have oversight of, a broad range of local activities such as local parks, libraries, events, recreational facilities and community activities. Local boards also have a statutory role to provide input into regional decision-making on behalf of their communities.
30. While on one level this sounds straightforward, in practice many activities require both regional and local decisions and there can be actual or perceived overlap in responsibilities. This can also put the relationships between respective governance arms under tension, when local interests and priorities are at odds with regional ones.
31. While the reforms and legislation contemplate shared and complementary decision-making there is, in reality, an overlap between the roles and powers of the two sets of governors. This is compounded by an organisational structure and culture that has been challenged by the task of advising and supporting twenty two different sets of governors.
32. The complexity and uniqueness of the Auckland governance model means that work is still needed to ensure staff and community understanding. The Governance Framework Review identified the lack of a consistent approach to ensure staff members are well prepared when working with elected members. Feedback from staff highlighted that Auckland Council is working under a unique governance model but staff are not required, or invited, to participate in any kind of consistent training on the governance model and what it means for various roles across the organisation.
33. The need for a full governance training programme for staff was identified during the Governance Framework Review. Topics should include how to work with elected members, obligations to Māori, relationship skills, the detail of the governance model and putting that into practice and expectation of roles as public servants and the separation between governance and management.
34. A two day Fundamentals of Governance programme has been developed has been piloted with a view to it becoming a core element of the governance learning and development programme. The pilot course was delivered to over fifty senior staff over two two-day sessions. The programme is being evaluated and preliminary findings indicate a very positive response in terms of its impact on understanding the governance model and how to engage with elected members.

35. The final evaluation will include options for rolling the programme out to more staff and/or it becoming a core component of induction for key staff members.
36. An ongoing programme of elected member development and training, Kura Kāwana has been in place formally since the start of the 2016-2019 term. The vision of this programme is that “all elected members will have the right skills and knowledge to be effective governors”.
37. Elected member role and capability descriptions form the basis of the programme. These are broadly grouped into four domains: decision-making, strategy and policy, personal effectiveness, and relationships and engagement. These four domains form the organising structure for the programme’s development and training modules and activities.
38. To date, the governance model has been specifically covered in the induction programme “Getting to grips with governance”. Attendance is not compulsory, however 105 of the 170 elected members attended this programme and feedback was very positive.
39. Moving forward, the Kura Kāwana programme will continue to include the governance model as a core part of induction deliverables, and work with internal teams to ensure that learnings from internal programmes such as Fundamentals of Governance can be applied to the elected member audience.
40. Currently, public information about the Auckland Council governance structure is limited. Planning has now begun for the 2019 local body elections. As part of the overall programme of work a project is being established under that will focus on improving public understanding of the Auckland governance model with the goal of increased engagement and voter participation. We will provide you with further information on this project in November.

## **Ongoing commitment to localism, devolution, flexibility**

41. The Commission has recommended that Auckland Council keep delegations and allocations of functions under active review (recommendation 2.1)
42. Local boards acquire decision making powers through three mechanisms. They are:
  - statutory powers provided under section 16 of the Local Government (Auckland Council) Act 2009 (LGACA)
  - decision making responsibilities allocated by the governing body under section 17 of the LGACA
  - decision making responsibilities delegated to the local board or boards under section 31 of the LGACA.
43. In addition, section 54 allows for Auckland Transport to delegate responsibilities, duties, functions and powers to Auckland Council (including local boards).

44. Statutory tests must be met before decisions are allocated or delegated under sections 17 and 31. The LGACA requires the governing body to allocate decision-making responsibility for non-regulatory activities to either the governing body or local boards. This must be undertaken in accordance with certain legislative principles and after considering the views and preferences of each local board.
45. These principles are based around the concept of subsidiarity, which argues that in political systems, decisions should be devolved to the lowest practical level, i.e. handled by the smallest, lowest, or least centralised authority capable of addressing that matter effectively.
46. The allocations and delegations to local boards were reviewed as part of the Governance Framework Review and the section of the LTP that outlines the allocations and delegations to local boards is being updated as part of the current 10-year budget process.
47. A subsequent review will be included in the Local Board Services team work programme to coincide with each LTP i.e. on a triennial basis, although out of cycle changes could be actioned through Annual Plans if required. The Waiheke Pilot is also actively looking at trialling additional delegations during its three year implementation.

## **Active monitoring of council-controlled organisations**

48. Recommendation 5 focuses on the council's role in monitoring the effectiveness of relationships between Auckland Council's council-controlled organisations (CCOs), local boards and the public.
49. Over the last 18 months, Auckland Council has been undertaking an accountability review of CCOs. The objectives of the review are to increase accountability and value for money:
  - by increasing the transparency of CCO decision-making
  - increasing CCO responsiveness to the public and council
  - improving the recognition of ratepayer funding for CCO activity
  - increasing the ability to align CCOs to the direction set by the council.
50. The review has 17 work-streams and is also considering the resource required to ensure effective monitoring of the CCOs. A number of the mechanisms being considered have been developed by council, such as the Governance Manual for Substantive CCOs which describes the enduring expectations by council for CCOs, along with protocols (such as the 'No Surprises' protocol) and templates.
51. The work-streams being progressed in the review include the development of a board performance review framework to enhance board effectiveness and performance, developing protocols for councillor to board workshops, improving how the council specifies the outcomes it wants from CCOs and determines whether CCOs are

delivering what the council (representing the public) wants via its strategic planning framework.

52. Work is also being undertaken on improvements to the quarterly report template. This includes making the performance of each CCO clear (including how well it engages with elected members and the community) and making reporting across the council group more consistent.
53. CCOs are required to develop local board engagement plans to set out the principles for how they will build and maintain relationships with local boards. The 2017-18 Letters of Expectation to CCOs have specifically asked CCOs to prioritise working with local boards and to improve working with each other.
54. Greater clarity is being developed with regard to the roles and responsibilities of local boards and Panuku Development Auckland on public realm projects (new facilities, playgrounds, town centre redevelopments), and consideration is now being given to how we could embed this work, for example through the use of Memoranda of Understanding or Terms of Reference, between individual boards and Panuku.
55. As part of the review, the Accountability Policy for substantive CCOs is being reviewed to update the specific expectations for each CCO, and to introduce a set of core expectations which include: building trust and confidence with the public and understanding the roles of both arms of governance within the council. Embedding these into the Accountability Policy, which is part of the Long-term Plan, creates an explicit expectation that each CCO will perform effectively in these areas.
56. By November, Auckland Council will:
  - have adopted the Accountability Policy<sup>2</sup> and largely completed the Accountability Review.
  - have asked for the final Panuku Statement of Intent to have a timeframe for completion of the work with local boards. This will dictate next steps.
  - have local board engagement plans developed between CCOs and local boards.

## **Local board funding policy settings**

57. The Commission's recommendation 8 proposes that council consider reviewing its funding policy for local boards. Funding allocation to local boards is through a range of mechanisms for a range of activities. Budgets for those services and activities that are classified as "local" are currently in the order of \$350 million of annual operating costs. This funding is made up of three core components of operational funding, along with two capital funds. The operational funding comprises:
  - funding for service delivery in locally governing assets e.g. local parks, community centres, arts facilities, swimming pools, libraries

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<sup>2</sup> The revised accountability policy for CCOs was adopted on 31 May 2018

- renewals funding to ensure council assets are maintained appropriately
  - local discretionary funding, which local boards can allocate according to their own local priorities e.g. through local grants, projects and events.
58. Of this funding, the first two components are allocated primarily on the basis of the number and nature of assets in a given local board area, legacy funding and levels of service. These components make up over eighty per cent of local board funding.
59. While operational budgets are allocated to each local board, in practice, boards only have full discretion over local discretionary initiative (LDI) funding and it is this funding that is distributed according to the Local Boards Funding Policy.
60. Other funding “buckets” that are distributed according to the Local Boards Funding Policy are two local capital funds over which boards have discretionary decision making: the local discretionary initiatives capital fund; and the local transport capital fund. Both of these funds enable local boards to exercise their place shaping role by commissioning local capital projects. The LDI capital fund comprises \$10.000 million distributed across the 21 boards and the local transport capital fund now totals \$20.8 million (this fund was recently increased by 100 per cent as an outcome of the governance framework review).
61. The current Local Boards Funding Policy was developed in 2014, following extensive engagement with local boards. It was formally included in the 2015-25 Long-term Plan. During its development a wide range of options were put forward and considered. Factors that were proposed for inclusion included population, deprivation, geographic isolation, land area, amount of rates collected and growth.
62. The formula recommended by staff was one of 95 per cent of funding allocation based on population, and 5 per cent based on deprivation. This was modified at the Budget Committee to a formula based 90 per cent on population, and five per cent each on deprivation and share of land area, with funding for Great Barrier Island and Waiheke to be agreed each year during the budgeting process.
63. All other local board budgets are allocated based on the number and nature of the assets within a given local board area, legacy funding models and levels of service provided. This creates significant variations based on:
- the number and nature and condition of assets within a local board area e.g. pools, community facilities, parks, libraries
  - the underlying service delivery model e.g. in-house, community delivered, or contracted out
  - the nature of services delivered locally associated with the various assets e.g. programmes in libraries, community and arts centres, galleries, recreation centres.

64. Our view is that in terms of addressing funding distribution issues across local board areas, a review of service level variability (see paragraphs 66-72) is likely to deliver significantly more impact than reviewing the local board funding policy.
65. The desire to keep rates at a level considered affordable, along with the need to address core infrastructure issues has previously made it challenging to address some of the legacy funding issues for local activities and services. This was, however, identified as one of the key projects coming out of the Governance Framework Review and is addressed in the following section.

## **Service level variability across the region**

66. Recommendation 9 relates to service level variability resulting from legacy council decisions, which was one of the key issues the Governance Framework Review considered under its finance and funding workstream.
67. The funding of local boards for operational activities under their governance is still very uneven, however, and primarily based on the funding provided under the legacy councils. The main contributing factors to the uneven funding are:
- the number of assets that each local board has within its boundaries e.g. some have multiple swimming pools, libraries or community centres, others very few
  - the mode of delivery of services e.g. some local boards have council owned and operated facilities, while others provide grants to community run facilities
  - the level of service provided e.g. some local boards have fully staffed community centres offering a range of programmes, while others are run just as venues for hire.
68. There is wide acceptance that the issue of number of assets is related to previous decisions and will only be changed as new assets are developed and/or older ones disposed of. The mode of delivery is also largely accepted as not a major issue, although, over time, local boards are seeking the ability to change the approach.
69. Currently local boards have little discretion and a large proportion of their budget is locked into asset renewal programmes and operating funding for local services.
70. While it is appropriate that asset management programmes are robust and follow best practice, the lack of flexibility limits the boards' ability to respond to community preferences.
71. The Governing Body agreed in September 2017 [GB/2017/118] that, in principle, local boards should have increased flexibility in the use of operational funding for local activities, but that the variability of service levels needed to be better understood and potentially addressed first. They directed further work to be undertaken on:
- existing service levels across local board areas
  - options for moderating service levels between local boards

- options for minimum service levels and to which activities these may apply
- the impacts of organisational support.

72. This work is expected to take twelve months and is currently in the project planning stage. We will provide a progress report to the Commission in November.

## **Local communications and awareness of council services**

73. Three recommendations (6,7 and 10) focus on aspects of communication and engagement with communities about the roles and functions of council, how rates are spent locally and what services are delivered.

74. Auckland Council's Communications and Engagement Department includes several units tasked with delivering a wide and diverse range of communications, marketing, brand and engagement activities both regionally and locally. The local communications team primarily supports Auckland's twenty-one local boards and helps ward councillors tell council's stories at the local level.

75. Ongoing research and insights have underlined the need to make communications content and activity locally relevant wherever possible across the department, with an emphasis on demonstrating how rates are spent locally.

76. Aside from local communications team activity, this may manifest itself in different ways. The following are examples:

- targeted and specific local communications and engagement activities during 10-year budget and other consultations
- local project updates and information to each household with their quarterly rates bills
- Our Auckland magazine, published monthly, with tailored local news and events (all content also shared online)
- Auckland Council Facebook page and twenty-one local board Facebook pages – targeted and paid posting to relevant areas/communities
- localised social media content also shared daily via Auckland Council Twitter and Instagram accounts as well as the community network of Neighbourly.co.nz
- marketing and publicity campaigns targeted to local communities and including strategic engagement through relationships with community partners and their programmes of work.

77. Council measures satisfaction with attendees of local and regional events (two events per local board). Overall satisfaction for local board events last year was at 77 per cent and 87 per cent for regionally-delivered events. Over 60 per cent of attendees at local events said it made them feel more positive towards council.



78. The People's Panel (a growing online resource of over 30,000 individuals) is used to engage with Aucklanders in a locally targeted way during major consultations and at a hyper-local level for other engagement projects focused on specific communities of interest e.g. the Warkworth Structure Plan.
79. Regular research pieces guide and inform communications and engagement planning, while the Citizen Insights Monitor measures levels of trust and confidence in Auckland Council. Improving those levels is an organisation-wide strategic priority.
80. The results of this monitor show consistent, significant improvement in Aucklanders' levels of trust and confidence over the last two years, but also identifies that those levels are significantly lower in Rodney. Our business planning for the coming year will examine specific initiatives that could be targeted to this area to improve these results.
81. By 30 June 2018, Auckland Council will have launched a revised communications strategy to increase both the effectiveness and efficiency of engagement with Aucklanders. The three pillars of this strategy are: To Know Aucklanders, Inform and Inspire, and To Meet Aucklanders Where They Are.
82. Business planning will incorporate this strategy at a department and unit level, with further focus placed on supporting local board areas with strong identities and unique challenges, such as Rodney and Waiheke.
83. A number of initiatives are planned for the new financial year:
- review of current communications channels and fact-finding on gaps and opportunities, particularly in relation to Rodney and Waiheke Local Boards
  - leverage learnings of the Waiheke Pilot programme to enhance communications and investigate new ways of working with Rodney and Waiheke Local Boards
  - activate additional local campaigns to promote benefits and value of regional programmes, activities and initiatives i.e. what your rates dollars deliver locally
  - measure key metrics across print media, online and social media quarterly to assess impacts of and engagement with targeted local communications.

## **Waiheke specific recommendations**

### **Extension of the Waiheke pilot**

84. The Commission has recommended (recommendation 2.2) that council considers rolling out aspects of the Waiheke Pilot ahead of its completion, if it is showing early signs of achieving results.
85. The Waiheke pilot is an outcome of the Governance Framework Review, initiated by Auckland Council in 2016. One of the key themes of that review was that local boards do not feel sufficiently empowered to fulfil their role as envisioned in the governance reforms.



86. The review also considered whether it would be feasible for some local board areas to have differential decision making powers depending on the extent of the regional impact of specific local decisions. It suggested that, as a case study or pilot, this could be implemented on Waiheke given:

- the more clearly defined community of interest on the island (relative to most other local board areas)
- the separation of the island from the wider Auckland network with respect to services such as roading, stormwater or public transport
- the desires of the local board for greater decision-making autonomy, and a feeling that the regionalisation of services across Auckland has failed to reflect the unique nature of the island.

87. The pilot project is running for a three year period from 1 October 2017 and is being formally evaluated to determine to what extent it has been successful and whether any or all of its activities could be transferable to other local boards.

88. The project is based on the following principles:

- subsidiarity - the principle of decisions being made closest to those affected
- local flexibility, speed and responsiveness
- development of the notion of a resilient community
- recognition of the role of volunteer work in contributing to a strong community.

89. These principles guided the pilot's design, which includes a range of operational, policy and community issues, which have been drawn from priority areas identified by the local board over time.

90. The pilot project is subject to evaluation, the purpose of this being to:

- document the changes associated with the pilot, in terms of the nature and extent of the board's decision making power, and the organisational support provided by Auckland Council and CCOs
- identify areas for improvement and any 'course corrections' as the pilot progresses
- measure and report on the outcomes and impacts resulting from the pilot
- provide recommendations relating to the continuation of pilot initiatives within the Waiheke Local Board area following the conclusion of the pilot, as well as roll-out to other local board areas across the region.

91. The outcome of the evaluation will be reported towards the end of the pilot, with recommendations as to whether to continue, modify and/or expand the approaches that have been tested.

92. We have actively considered the recommendation regarding extension of some aspects of the pilot to other areas ahead of the final evaluation results, in particular in the Rodney Local Board area, which is also, arguably, disconnected to a large degree from many of the networks that are in place in the city and surrounding areas e.g. public transport, stormwater, large scale water and wastewater and networked community facilities.
93. The Rodney Local Board is actively engaged in the process of working with staff to identify relevant aspects of the pilot that could be implemented locally and which are relevant to Rodney's critical issues. To date, the local board has identified transport and communication and engagement with local communities as being critical issues.

### **A sustainable land use solution at Mātiatia**

94. Recommendation 12 proposes that a joined up solution be developed in relation to council land holdings at Mātiatia. Since its creation in 2010, the Waiheke Local Board has been seeking resolution of a set of complex land use and development issues at Mātiatia, the gateway to Waiheke. Auckland City Council purchased the bulk of land in the Mātiatia Bay in 2005 to prevent a level of development that was considered excessive.
95. Despite strong and continuous advocacy by the local board, no substantive progress has been made to date. Lack of funding, other council priorities as the new council and its independent arms such as Auckland Transport became established, and the disconnected land management structure, have all contributed to this.
96. In 2016, the Waiheke Local Board engaged Direction Mātiatia Inc. to run a community led process to develop a Mātiatia Strategic Plan. The completion and implementation of this plan has been identified as the board's priority project for the 2018-28 Long-term Plan.
97. The establishment of the Waiheke Governance Pilot Programme provides the best opportunity since 2005 for the local board to take ownership of Mātiatia decisions and outcomes and a delegation to achieve that is being sought from the Governing Body.
98. Past experience and the history outlined above suggest that development at Mātiatia that doesn't meet the aspirations of the Waiheke community and isn't led by the local board will be difficult to implement. It is considered that to successfully develop, agree, fund and implement a Mātiatia Strategic Plan, the Waiheke Local Board needs to lead on this matter.
99. The Governing Body supported a recommendation to delegate non regulatory land use and development decision-making over public land currently managed by Panuku Development Auckland at Mātiatia on 24 May 2018. Both Panuku and Auckland Transport supported the proposal.

100. This delegation will enable the Waiheke Local Board to lead and make decisions on the future use and development of this land. The delegation will relate to non-regulatory matters only. Planning, funding and development will be implemented by the respective operational arms of the council, under the governance of the Waiheke Local Board. In the case of Auckland Transport managed land, decisions will be made in discussion with the Waiheke Local Board.
101. Implicit in this request is an expectation that Waiheke Local Board leadership will enable outcomes that both the Waiheke community and the Auckland Council group can support and implement, to be advanced. To provide certainty and structure to the delegation, the following current and planned staff led processes are in place.
- a Mātiatia Strategic Plan is currently being developed by community, mana whenua and council representatives that will determine the best development option for this land via a public consultation process.
  - an area planning process for Waiheke is about to commence, led by the council's Plans and Places department, and this will support and direct future land use zoning provisions when the Hauraki Gulf Island District Plan is integrated into the Auckland Unitary Plan.
102. Funding is included in the draft regional land transport plan for the transport components of the Mātiatia redevelopment (improvements to park and ride provision and ferry terminal upgrades) and funding has also been provided to continue the strategic planning process and develop a business case for any additional development costs.

## **Rodney specific recommendations**

### **Relocating the Rodney Local Board Office**

103. The Commission has recommended (recommendation 11) that council give consideration to providing a Rodney Local Board office located with the Rodney area. It is currently based in Ōrewa, in the Hibiscus and Bays Local Board area.
104. Due to the planned sale of the ex-Rodney District Council premises (where the board is currently based), sufficient funding is available for a new local board office in Rodney. This timing of the relocation project is expected to align with the plans to dispose of the existing Ōrewa premises, projected to be around 2021, although this will be accelerated if possible.
105. Council staff will work proactively with the Rodney Local Board to find a suitable permanent location in the Rodney board area. The board has also expressed a wish to have a permanent meeting space made available in a shorter timeframe within the Kumeu subdivision boundary.

106. While normally council wouldn't provide two locations for local boards to meet, we recognise the challenges faced by the Rodney Local Board given the size of their board area, and are looking to support them in their desire to hold meetings at both Warkworth and Kumeu.
107. The current options are dependent on investigations into the future viability of the council-owned buildings in Kumeu, particularly the library, which has had weathertightness issues. Once these investigations are complete, we can assess whether we can achieve this request.

### **Increasing the road sealing budget in Rodney**

108. The Commission has noted that the budget for road sealing in Rodney is a long standing legacy issue (recommendation 9) that needs to be addressed over time. Auckland Council is taking action of two fronts to address this: a significant increase to the road sealing budget, and a call to reinstate the NZTA subsidy for seal extensions.
109. Auckland has 7,300 kilometres of legal road, of which approximately 868km (12 per cent) is unsealed. 678km (78 per cent) of the unsealed road network is in Rodney and the remaining 190km is located mainly in Franklin, the Hauraki Gulf Islands, and the Waitākere ranges.
110. While Franklin District Council imposed a series of targeted rates to pay for sealing its rural road network, this was not the case in Rodney. When the New Zealand Transport Agency subsidy for road sealing extensions was largely removed in 2009, making the funding of extensions solely a local authority responsibility, the road sealing programme in Rodney effectively ceased.
111. Currently, Auckland Transport prioritises sealing unsealed roads using the criteria including traffic volume, including heavy commercial vehicles, houses and amenities close to the road, safety, road gradient and regional and local priority. Traffic volume is given the highest weighting for prioritisation as vehicle movements are the primary cause of dust.
112. The proposed budget for road sealing extensions in the 2018-28 Long-term Plan was initially \$12.000 million over the 10 year period. On 30 April, however, the council agreed to consult on a proposed regional fuel tax of 10 cents per litre (ex GST).
113. As is required by Land Transport Management (Regional Fuel Tax) Amendment Act 2017, the proposal outlined where funding raised through the levy would be allocated. The proposal included an increase of the road sealing budget to \$36.000 million over the ten-year period. The majority (if not all) of this funding would be applied in Rodney, given the top twenty roads in Auckland Transport prioritised list for road sealing are within the Rodney Local Board area.
114. In addition, Auckland Transport has made an indicative commitment of an additional \$85.000 million over ten years to road sealing extensions across Auckland in its draft

Regional Land Transport Plan, which is currently undergoing public consultation. The majority of this funding is likely to be spent in Rodney.

115. On 31 May, the Governing Body approved the Regional Fuel Tax proposal, which can now be made operative by Order in Council, following consideration by the Ministers of Finance and Transport. The Regional Land Transport Plan was approved by Auckland Transport on 20 June 2018. These decisions will result in the most significant investment in transport infrastructure (outside of motorway extensions) since amalgamation.
116. Concurrently, the government is consulting on its Government Policy Statement (GPS) on Transport. On 1 May 2018, the Auckland Council submission was approved and incorporated the views of both the Rodney and Franklin Local Boards, that the NZTA subsidy for road-sealing and footpath renewals that was removed in 2009 be reinstated. This would effectively provide a fifty per cent cost reduction to council and put these improvements under the same funding regime as other transport infrastructure. The final GPS is expected to be released at the end of June 2018.

## **Recommendations to the Minister of Local Government**

117. The key issues impacting on Auckland Council's ability to have control over its representation arrangements are:
- the provision in the section 8(1) of the LGACA that the Governing Body will have twenty members
  - the requirement for any changes to local board boundaries to be subject to the reorganisation provisions in the Local Government Act 2002, which creates tension with the Local Electoral Act provisions that local board and ward boundaries should align where possible.
118. Auckland Council is currently undertaking a review of its representation arrangements under the Local Electoral Act 2001 and has found its ability to undertake a thorough review to be significantly constrained by the current lack of flexibility. For example, changes are proposed to ward boundaries (in order to meet representation requirements) that will mean that ward and local board boundaries will no longer align, but local board boundaries are unable to be adjusted.
119. Council staff have had initial discussions with the Department of Internal Affairs on progressing these issues and a submission has been made to the Justice Select Committee on the Local Electoral Matters Bill. The report to the Select Committee will take place in November 2018. Auckland Council will continue to advocate strongly for legislative change to enable it to have the same flexibility as is enjoyed by other local authorities.

## Conclusion

120. The recommendations of the Local Government Commission are largely consistent with the findings of Governance Framework Review and are welcomed by Auckland Council. As noted in this report, work that will respond to the recommendations is already underway in a number of areas, and more will be picked up and implemented in the coming months. In our next report to the Commission we expect to be able to demonstrate significant progress in delivering on our programme of work.
121. The Governance Framework Review found that:
- “A prolonged focus on regional priorities is not consistent with the policy intent of the governance reforms and it may risk the council being perceived as distant from and not responsive to the needs of local communities.”*
122. Progress is being made with respect to community engagement, with the most recent Citizen Insights Monitoring report (December 2017) showing increases in overall satisfaction with council and trust in council decision making. There are, however, some significant variations across Auckland with the lowest scores being in the rural areas and the highest scores being in the central and southern areas. This needs to change so that we are delivering a solid and sustainable level of trust and engagement across the Auckland region.
123. The ongoing implementation of the outcomes of the Governance Framework Review, and the uptake of recommendations made by the Commission, indicate an organisation prepared to accept the necessity for change. This will be an ongoing journey as we seek to get the balance between regional strength and consistency, with local voice and community democracy.
124. We look forward to providing you with further progress reports in November this year.

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