



Select Committee Submission

Local Government (Auckland Council) Bill
Committee Secretariat
Auckland Governance Legislation
Parliament Buildings
Wellington

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Overview

Farmers of New Zealand Inc. a relatively new national rural advocacy organisation representing farmers, small block holders, rural people, and those that have the rural community of New Zealand at heart. We have loyal members throughout New Zealand, some in Australia, and one even as far away as Belgium. Our membership is in excess of a thousand and continues to gather support.

Farmers of New Zealand Inc. was formed by concerned farmers and rural business people due to a belief that the rural community was poorly represented. In days gone by New Zealanders were proud of our nations agricultural heritage but as society changed and fewer people had direct rural roots an increasing gulf has arisen between urban and rural interests. These days continuing reliance on primary exports is often resented and a strong urban population has impacted on political attitudes and public policy to such an extent rural requirements are often put in the too hard basket.

As society changed and expressed different priorities our conservative rural voice did not. Rather than being proactive and finding modern ways to operate the industry simply reacted, often negatively, to issues and events created by others. Politicians focus on urban issues and rural needs, while acknowledged, are secondary.

Farmers of New Zealand Inc. (FONZ) acknowledge central government's commitment to a new Auckland local governance arrangement. However, we also recognise that structural change in Auckland will have downstream effects on the way local government is delivered nationally and has implications on how current resources may be redistributed. We believe local governance change in rural areas requires a rural solution.

FONZ also understands that central government's proposed governance structure attempts to address the inevitable trade-off between local democracy and effective regional decision-making. We do not consider that the correct balance has been reached in the current Bill or that the wider implications for local government service delivery in general have been adequately investigated.

1. Serious consideration should be given to the potential flow on impacts of adopting a unique Auckland approach on the total local government environment in New Zealand. The current model is aimed at addressing Auckland problems. It will set Auckland aside from the rest of the units of local government in the country. The new Auckland will see no need to relate to the wider local government community. They will have no counterbalancing peer in the country and it will be difficult to measure effectiveness or performance.
2. With some reorientation the government's proposed model could be altered so that it has relevance to the rest of the country and provides a template to proactively change the local government governance in general. Such a change would ultimately help the government in its wider reform agenda. In particular the reforms planned for the Resource Management Act 1991 and the formation of an Environmental Protection Agency.
3. FONZ believes a need for a clear functional split between strategic planning and service delivery. The Auckland metropolitan area needs a governance structure that sets strategic direction. Service delivery should be the next tier with service delivery entities based on defined communities of interest. Separation of the thinking from the doing will delivery greater effectiveness and better democracy.
4. FONZ does not support the arguments for a strong mayor. In our opinion a Presidential style leader will be both destructive and counter productive to government and community aims. Mayors are representations of local communities - there to cut ribbons and present plaques - and should be left at a local level. Whereas at a regional level it is more appropriate to follow a corporate professional approach with a Chairman elected from the elected council. A single person with executive powers has very little checks and balances other than a 3yr election cycle where democracy generally chooses on factors of popularity rather than ability. Significant damage can be done in three years.
5. FONZ does not support the idea of designated Maori representation. The Treaty is an issue between the Crown and Maori and should not interfere with the democratic process of local government. Providing a special electoral position based on race is inappropriate in a modern multicultural society. There are always tensions between groups of interest and we could equally argue that for the rural voice to be heard we must have similar privileges'. The argument that Maori have a special role in local government due to Crown Treaty obligations is not a valid argument.

6. We recommend that the actual role of mayor be revisited. The mayor of Auckland will hold considerable political power, which will not be ignored by national politicians. They will be unique, set apart from the rest of the mayors throughout the country by their own definition in legislation. Central government is creating a potential political problem by putting in place a mini state, one that may be controlled by a political party ticket and a presidential style mayor. We would remind the Committee that the Prime Minister is not elected at large in the Westminster system and we believe for very good reasons. FONZ strongly recommends that further consideration be given to adopting the “chairman approach” with the chair being elected by councilors.

7. Mayors, and often councilors, are elected on the basis of being well known. A person may well be an excellent newsreader or teacher but they are often poorly qualified to govern a multi-faceted large corporate entity. One of the areas of concern FONZ has with the current local government system is the extremely poor level of professional governance many councils exhibit. This vacuum is generally filled, for better or worse, by management. We believe poor governance plays a significant role in the mediocre performance of local government. Poor performance is often a function of form rather than size. We do not consider that the current proposal adequately addresses this issue. We believe, at minimum, a level of directors training should be a prerequisite for holding office.

8. The premise that Auckland is somewhat unusual having several local councils and therefore not competitive against other major cities can be questioned by fact - along with the belief that unless Auckland has one council that it cannot achieve its potential. The fact is there is not a single first world city of over one million people that is governed by a single council. The normal governing structure is some form of regional council, and a number of local municipalities, providing two levels of governance. Some European cities have four levels of governance. Others, like Perth and Sydney, have only one. (These elected bodies are typically complemented by single issue agencies dealing with specific regional infrastructure such as roading and water supplies). While some central city councils dominate the region, the population of the City of Perth is only 15,100, within a Metropolitan region of 1,602,559. This pattern of a small central city surrounded by extensive suburban municipalities is common to Melbourne, Darwin, Adelaide, and Hobart.

9. There would appear to be no correlation at all between livability and the number, or size, of municipalities or other governing entities in these cities. Certainly there is nothing to suggest that collapsing all of Auckland's governing authorities into one would suddenly drive it to a higher place on the table. The *Mercer Consulting* survey, which ranked Auckland as 4th most attractive city in the world, did however rank Auckland's infrastructure at 44th equal with Madrid. While Auckland has a regional Council it has not shown the ability, or more likely the will, to provide world-class infrastructure for the region. This we believe is due to its environmental focus having a strong bias against development. Nothing to do with size.

10. FONZ suggests that environmental management of the Auckland region should not be a function of this proposed council. A separate Environmental Management Agency to implement the governments EPA standards may be a better option. The natural consequence would then be to establish say twenty or thirty municipalities (rather than community boards) with a Mayor and a small council to provide local governance for local communities. They would provide healthy competition and compete to provide both employment and affordable housing. They would also ensure healthy competition for council suppliers. A single entity will have a dramatic effect on the current supplier base and this should be investigated and potential economic implications considered.
11. New Zealand local government was significantly reformed in 1989 when approximately 700 councils and special purpose bodies were amalgamated to create 86 local authorities. The quality of local government from our experience did not improve. However, a level of democratic representation and fair service delivery was lost. For instance in the Far North District much of the district resource is now invested in the wealthy Bay of islands at the expense of the western areas of the district. Sound logical argument that such a strategy delivers the best return mirrors similar policy emanating out of central government. However, no consideration of how to improve the other areas of the district is considered and therefore social and economic differences are exacerbated. This continues despite the fact that most of the farming and forestry wealth is created in areas not featured in Council planning. This is dysfunctional and an increasingly cost to central government in its wealth transfer policy's. Changes in size did not deliver expected improvement – the contrary proved true.

12. **Efficiency Gains**

The Bill notes:

“The Auckland local governance changes are expected to produce savings in terms of council expenditure and for these savings to be passed on to council service users. The Royal Commission estimates of efficiency gains for their model have not been examined further, however, under the preferred option it is expected that there would be efficiency gains from using unified services (eg, back office functions like human resources).

Significant savings from the current arrangements are anticipated through—

- *economies of scale and skills with the Auckland Council having the service delivery role across the region; and*
- *the Auckland Council providing back of office functions for the local boards.”*

FONZ does not believe that any major cost savings envisaged will materialise. Wendell Cox*, an international expert on local government and governance, was recently asked by the Centre for Resource Management Studies if large scale amalgamations were typically driven from the left or the right and what was there success.

He replied:

“Regrettably the right and left are of virtually equal distastefulness on the issue. In Toronto, it was a right wing government trying to kill a left wing local government and merge it with more conservative governments, hoping to move things to the right (and get rid of a socialist mayor for whom they had particular dislike). In the US, much of the consolidation movement ... so far getting nowhere... is pushed by the elitist left, with the exception of Indiana, where it is a highly regarded Republican governor who is badly advised on the issue. Often you will find the most vocal proponents of these policies are central city business organizations and central city leftist elites. Then, there are always the misled rightists who think that larger governments will employ fewer people per capita, not realizing that the larger the government the more personnel it needs and trade unions become even more powerful. As I like to say, the only economies of scale in government consolidation are for lobbyists.

The left is better at power and governance (not in terms of quality but in terms of control) and thus routinely takes over the reigns of power. That much power should not be available in a municipal government. Bureaucrats tend to be elitist and generally more left wing, so the advice the councilors and the mayor receives will be more to the left. Democracy is diluted. Taxes are raised from a larger base and spending goes up... not just on personnel.

FONZ asks that the Committee carefully consider these issues in their deliberations.

13. **Conclusion**

FONZ acknowledges that Aucklands governance has been cause of concern for many years. We suspect the standard of governance is similar across the country and more visible in Auckland due to scale.

The setting up of a single entity may well reduce the debates and arguments but it may not by itself improve governance, effectiveness, or much needed outcomes.

We also generally support the Northland Regional Councils submission to the Select Committee on this Bill.

WE WISH TO BE HEARD

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