

Making Links: Taking Action

Part I

Emma Davies and Elizabeth Rowe (Eds)

Part I

Table of contents

Acknowledgements	1
Executive Summary and Suggestions for Change.....	2
Economic Development.....	3
Social Development.....	3
Social and Economic Development.....	4
Introduction.....	6
About this report.....	6
Auckland governance and development: legislative and policy framework.....	7
Limitations of this report.....	9
Social Development – <i>Elizabeth Rowe, Emma Davies, Rex Hewitt, Tony Spelman</i>	10
Thinking about social development.....	10
Auckland Council and social development.....	19
Making the new structures work for social development.....	24
Economic Development – <i>David Wilson</i>	30
Thinking about economic development.....	30
Local government and economic development.....	40
Making structures work for economic development.....	47
Linking Social and Economic Development.....	52
About the authors	54

List of figures

Figure 1: Distribution of births in 2007 by NZ Deprivation Index Decile in Counties Manukau DHB.....	11
Figure 2: Rate of return to investment in human capital	15
Figure 3: MICH Application of a Tiriti / Treaty Relationships Framework.....	17

Acknowledgements

The authors would like to thank the following organisations for their financial support of this research: The ASB Community Trust, City of Manukau Education Trust (COMET), Enterprise North Shore, Enterprising Manukau, Waitakere and Manukau City Councils.

The authors would also like to thank the following people for their advice during the course of this project: Gaelle Deighton (Enterprising Manukau), Chloe Harwood (The ASB Community Trust), Dr Grant Hewison (Kensington Swan), Rex Hewitt (Manukau City Council), Terry Hoskins (Enterprise North Shore), Tony Rae (Waitakere City Council), Tony Spelman (Spelman Associates) and Bernadine Vester (City of Manukau Education Trust - COMET). These people's contributions as advisory group members and as individual commentators on drafts has been invaluable.

Thanks also to the interviewees who gave their time and thoughts to inform the case studies documented in Part II of this report; and to the peer reviewers, including Peter McKinley, Love Chile and Karen Webster, who offered comment on the social development section of Part I of this report.

While feedback was sought and considered from this broad range of individuals, the final document has not been seen by these people who contributed so much to this research. Nor did all feedback concur. Therefore, the views documented here are solely the responsibility of the respective authors.

Executive Summary and Suggestions for Change

Section 10 of the Local Government Act 2002 sets out the purpose of local government as:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural wellbeing of communities, in the present and for the future.

The Local Government (Auckland Council) Act 2009 has been enacted, and the Cabinet's decision on the composition and role of the Social Policy Forum has also been released. This framework establishes social and economic development as important dimensions of the role of local government. The changes have also cemented the importance of coordinating action across central and local government, and within local government across the region. However, the Bill for the reform of the Local Government Act 2002 and the next Bill for Auckland governance are due to be introduced to Parliament before the end of 2009. Both may impact on Council actions to promote social wellbeing and economic development. Therefore, this report should be read as a work in progress.

Part I of this report has two main sections. The first covers social dimensions of development and the second, economic dimensions of development. The last section briefly draws them together as they depend on each other. A strong economy requires a healthy and well-educated population, where all Auckland's peoples can participate in generating wealth for the country, the city and themselves.

Economic and social development at the regional level have different foci. Economic development looks to help shape the future of the regional economy in such a way that it can engage internationally and provide jobs for its citizens, with central government acting as a partner in bringing knowledge about offshore markets and opportunities to decision-making. Social development, in contrast, looks across the region as a whole, to decide what the priorities are if all Aucklanders are to achieve the most they can, socially and economically. Therefore, the sections in Part I can also be read independently.

Part I reflects the respective authors' knowledge and experience gained from working in central government, local government, health, tertiary education, and the private and community sectors. It also draws from the ten case studies of good practice documented in Part II. Each case study tells its own story and can be read independently. Taken as a whole, they offer the reader concrete examples of the vast array of roles undertaken by local government in 2009 that contribute to Auckland's social and economic development. Councils purchase, invest, lease land, influence, facilitate, build trust, shape, regulate and advocate. They also deliver community services, support and coordinate local initiatives.

Social and economic development are closely linked at the local level, as the Wiri Improvement case study and the Tamaki Transformation Programme show. Improving literacy levels, as is happening in a small way in COMET's Family Literacy case study, will provide a more skilled workforce when it happens on a bigger scale. Local economic development agencies can provide work opportunities: sound public transport decisions will bring workers and business together, and zoning and development approval processes can balance social, economic and environmental objectives.

Political leadership, the infrastructure to act, an independent evidence base and strong policy advice functions within the new Auckland Council will be critical to Auckland's success. A summary of our suggestions follows in the social and economic development sections of the report to make these elements concrete.

Economic Development

1. A **Regional Economic Development Forum** that sets the strategic direction for economic development in the Auckland region at the political level. Members of the Forum would be the key economic ministers – Finance and Economic Development, and those whose portfolios impact significantly on economic development – Labour, Immigration and Research Science and Technology, the Mayor of Auckland and the Chairs of the relevant Council Committees. The purpose of the Forum is to identify regional priorities for the region. Therefore, the Forum needs to bring other key sector interests to the table – business, education, unions, Tangata Whenua and Tagata Pasifika. The best mechanism for this needs careful thought, to ensure the Forum is comprised only of interests who can command and bring resources (fiscal, human, cultural) to bear on economic development challenges that face the region and remain sufficiently compact to work well.
2. A **Regional Economic Development Agency (REDA)** that is a Council Controlled Organisation. REDA would be governed by a board comprising people chosen for their expertise in economic development. The purpose of REDA is to lead and facilitate the key strategic economic development actions for Auckland to support the regional priorities set by the Regional Economic Development Forum. This will mean substantially increasing capacity and capability at the regional level, and taking advantage of the local level EDA expertise that currently exists. This would see one employer, the REDA, with local hubs (current EDA operations are the least-cost pathway to retaining local level economic development expertise), but with greater industry sector expertise than at present, increased business development expertise, and expertise in tourism, conferences and major events facilitation, regional branding, marketing and promotion, and inward investment.
3. A **strong in-house economic development policy and strategy unit** in the new Auckland Council. The draft organisational structure proposed by the Auckland Transition Agency suggests that this is likely to happen. It should be tasked with supporting the Regional Forum and the REDA in developing Auckland's economic development plan and objectives. This plan should drop down to actions with clearly articulated roles for leadership and delivery of work-streams (with associated intervention logic, budget allocation/funding proposal and risk assessments). The Auckland council economic development unit should also be tasked with supporting the Mayor and councillors; supporting council board member/s and working across other functions within council (and CCOs at arm's-length to council) that are affected by or have an effect on economic development, such as transport, land use policies, resource management and regulatory processes, community and social development. This work would be done in support of an agreed regional economic development plan.

Social Development

4. The **Social Policy Forum** has already been agreed by the Cabinet to progress social issues at the political level. Members of the Forum will be the Minister for Social Development, the Mayor of Auckland and the Chairs of the relevant Council Commit-

tees. A number of local/central government forums exist already but they have lacked strong leadership and a political mandate. This forum will fill that gap and encourage priority-setting for the region. More players need to be brought in to the game: all the relevant central government agencies (and District Health Boards (DHBs)) should be at the Forum's Advisory Group with a mandate to act, as not every decision needs to go to the Forum. There also needs to be an expansion from the current binary focus on central and local government to bring in other key sectors including Tangata Whenua, Tagata Pasifika, NGOs, private and philanthropic sectors. How and where this should happen will need to be thought through over the coming months.

5. The Social Policy Forum is tasked with identifying priority social issues and communities. Cabinet supplemented these decisions by commenting that local community level work for social outcomes is important; funding must be preserved for grass-roots initiatives; local boards are the appropriate mechanisms to provide community views on priorities; and the boards will have a formal role in securing funding for community initiatives. In this matrix of decision-makers, the Forum will need a way of getting a good connection between what is decided and what happens on the ground. It will also need to be sufficiently flexible to accommodate what emerges from the Council's engagement with its communities, the Mayor's vision for Auckland and the priorities and interests of local boards and residents.

The Forum needs mechanisms to engage well with residents, bringing them into the decision-making and change processes. We suggest a 'flying squad' with a rolling programme of intensive, geographically-based interventions to make sure change happens. The focus will be on developing and releasing residents' knowledge and skills, to build on community strengths so that they can take decisions for action. The squad would also bring in other agencies to support local initiatives.

6. A **strong in-house social policy and strategy unit** in the new Auckland Council. The new Auckland Council will need internal capacity to provide evidence-based advice to the Chief Executive, and the Mayor, on the mid- and long-term social strategies to improve the lives of all Aucklanders. We support the establishment of a social strategy unit, at the same rank as that envisaged for economic development, within the new Council structures. This needs to be reflected in the transition arrangements. At this stage, the draft organisational structure proposed by the Auckland Transition Agency is missing Social Policy as a stand-alone function.

Social and Economic Development

7. Social and economic decisions must be informed by the best possible information. Auckland needs independent analytical capacity that links regional and local social and economic data (as well as, for example, demographic, environmental, housing and transport data where they impact on social and economic development). We propose a 'brain', a council controlled organisation that could integrate, make sense of and disseminate existing data so that it is more useful to those striving to improve Auckland's performance. The independence of such an institution is important so that it can **supply information** to the many people and organisations striving to improve Auckland's performance.

We would not expect the 'brain' to be a decision-maker, nor routinely to provide advice on what strategies are to be adopted, nor to carry out evaluations. This organisation could make sense of regional and neighbourhood level data alongside evidence about what is most likely to work to address identified issues and agreed

priorities and local knowledge (often “soft”, non-quantifiable, historical and personal knowledge). This would give Auckland’s people, organisations and decision-makers at local and regional level an information set that enables them to be clear about the causes of issues they wish to address, be confident they know what will work to make the changes they want in their communities, and measures to track changes. Translating information so it is useful for each audience will be crucial.

8. A central mechanism in Council to **integrate action across the four well beings** (social, economic, environmental and cultural) is critical to make best use of taxpayers’ and ratepayers’ money. The new Council will need the capacity and capability to gather, interpret and integrate knowledge from the perspective of each well-being, and to add a sensitive appreciation of political imperatives at local, regional, and central government levels.

Introduction

We have entered the urban millennium. At their best, cities are engines of growth and incubators of civilization. They are crossroads of ideas, places of great intellectual ferment and innovation...[But]...cities can also be places of exploitation, disease, violent crime, unemployment, underemployment and extreme poverty.¹

Auckland is home to approximately one third of New Zealand's population. In common with other parts of the country, the population is ageing. One difference is that nearly 40% of Auckland's citizens are under 25, rising to as high as 52% in some suburbs. This is the youngest population in the country. It is also the most ethnically diverse. There are more than 190 different ethnic groups in the Auckland region, with 46% of the population identifying as Tangata Whenua, Tagata Pasifika, Asian, Middle-Eastern, Latin-American, African or 'other'.²

It is increasingly recognised that Auckland is a key to New Zealand's ongoing competitiveness on the world stage. It also holds the greatest risk in terms of rapid urbanisation and urban decay, increasing disparities among people and lack of access to services.

People are attracted to Auckland for employment, education, excitement, entertainment, diversity and culture – in a nutshell a better standard of living. But a better standard of living is more than a decent job (although this is a great start!). It includes things like safe neighbourhoods, being able to move around the city easily, having access to a decent education, health services and housing, well-maintained beaches, parks and open spaces and cultural activities that enrich urban life. These all attract and retain talented people and investment; they are the means to promote both social and economic development of all Auckland's citizens and communities now, and in the future.

About this report

This report is written at a turning point in the history of Auckland's governance. Its purpose is to contribute ideas and facts to the public debate on how to improve Auckland's performance socially and economically. The key message is that local government is critical to Auckland's economic and social success.

This report is a work in progress, as public debate will continue and much is still to be decided about Auckland's future in the coming months. The authors hope that this report will spark conversations and they welcome feedback during this time.

Part I of this report has two main sections: Social Development and Economic Development. These sections can be read independently or together. They are written by different people. They reflect the respective authors' knowledge and experience gained from within central government, local government, health, tertiary education, and the private and community sectors. The authors of each section analyse the social or economic landscape and offer four suggestions for change to fill gaps in Auckland's proposed structures and processes. The last short section links social and economic development. It offers a

¹ Kofi Annan (2000). Inaugural address to Urban 21: Global Conference on the Urban Future, Berlin. Reported in Royal Commission on Auckland Governance (2009). P. 49

² Ministry of Social Development (2008). The Social Landscape in the Auckland Region. See research papers at www.royalcommission.govt.nz

few examples of how social and economic success depends on each other, recognising their different contributions and mechanisms for action.

Part II documents ten case studies of good practice in local government's engagement in social and economic wellbeing. The data collection methods for these case studies are outlined in the introduction to Part II (see Part II, page 1). Each case study tells its own story and can be read independently. Taken as a whole, they offer the reader concrete examples of the vast array of roles undertaken by local government in 2009 that contribute to Auckland's social and economic development. Councils purchase, invest, lease land, influence, facilitate, build trust, shape, regulate and advocate. They also deliver community services, support and coordinate local initiatives.

Auckland governance and development: legislative and policy framework

Current decisions

The Local Government (Auckland Council) Act 2009 has been enacted, and the Cabinet's decision on the composition and role of the Social Policy Forum has been released. The framework is now established for social and economic development in the Auckland region under the new local government structures.

What remains the same ...

It would be easy to overestimate the degree of change the new structures will bring. While they give the new Mayor and Council unique powers and new opportunities, the overall purpose of local government set out in the Local Government Act 2002 remains the same: the purpose of local government is still as enunciated in the Local Government Act 2002:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural wellbeing of communities, in the present and for the future (2002 S 10)

Local authorities must adhere to principles of, among others, transparency and accountability, regard for the views of all its communities, now and in the future (taking account of community diversity); the likely impact of its decisions on each of the four wellbeings (now and in the future); and prudent stewardship (2002 S 14). The principles and requirements in the 2002 Act that are "intended to facilitate participation by Māori in local authority decision-making processes" (S 4) also continue to apply.

... and what changes:

Nonetheless the Local Government (Auckland Council) Act 2009 (the 2009 Act) has introduced significant legislative change. In summary the most important changes, from the perspective of social and economic development, have been:

- The **Mayor**, who is elected at large, is to articulate and promote a vision for Auckland, and provide leadership in achieving that vision. He/she is responsible for ensuring effective engagement between the Auckland Council and the people of Auckland. The Mayor also appoints the Deputy Mayor, establishes committees and appoints the chairs of committees (S 9);
- A two-tier governance structure for the new Council – a **governing body** (the mayor and twenty elected councillors) and 20 – 30 **local boards**. The governing body and the boards will sit alongside each other, with distinct roles (S 7);
- The purpose of **local boards** is to better enable democratic decision making by, and on behalf of, communities in their area. They are to be sufficiently empowered

to adequately represent, advocate for, and make decisions on behalf of their communities (S 10).

Other Cabinet decisions, not reflected in legislation, look likely also to have an impact on social development in particular. The government has said that it is working to find better ways to align central and local government actions on social wellbeing. The Social Policy Forum agreed by the Cabinet on 4 May ((09) 15/12) will have as its main purpose progressing social issues in Auckland *at the political level*. Members are the Minister for Social Development and Employment as Chair, the Mayor of Auckland Council, and chairs of relevant Auckland Council Committees, together with “some select representation for local boards”.

How the Social Policy Forum will interact with the mechanisms in the Act is not completely clear. At the time of writing, we understand that work is underway now on how to make these structures work well.

Further legislation

The scope of the 2009 Act, and the language used, implies that the next Bill for Auckland governance may not provide greater specificity about how social development will be dealt with under the new arrangements as this is primarily the business of the new Council, though it is likely to provide greater detail about the continuation of current Council functions.

There remains the possibility that the next Bill will put a large proportion of Council’s functions into Council controlled organisations, as has been the case with the new Transport Authority. This paper includes some discussion of how such structures could work to help or hinder social and economic development.

The Bill for the reform of the Local Government Act 2002, which the Minister hopes to introduce before Christmas 2009, may well have more impact on Council actions to promote social wellbeing and economic development. The Society of Local Government Managers (SOLGM)’s newsletter of 4 November, which summarises the decisions which are likely to be in the Bill, says:

Earlier in the year there was a good deal of public debate and comment on the possibility that the Government might have been considering restricting councils to a list of identified ‘core services’. That has not materialised in the decisions – there are no mandatory restrictions on council activity, other than what is already in legislation.

However the Government is proposing to make an amendment to section 12 LGA (the so-called empowerment clause) that would “require councils to have a particular regard to” or “give priority to” certain services that “the public expects (councils to) ensure satisfactory provision of these types of service before undertaking other services”.

As we understand it the services currently included are:

- the delivery of infrastructural services (transport networks, water supply, sewage treatment and disposal, stormwater drainage, and flood protection works) and the purchase of public transport services;
- ensuring the adequacy of solid waste collection and disposal services;
- the mitigation of risk and protection of communities from natural hazards and disasters;
- libraries, reserves and recreational activities;
- the preservation and development of people’s culture and heritage;

and
– the performance of its regulatory responsibilities and other statutory duties.
.....Of course, there are things missing from the above list that are important parts of a council's contribution to community wellbeing – especially economic development, social development and community development.

Some appear to view the above change as “harmless window dressing”.... we see no need for such a provision and consider this has risks.³

As the newsletter notes, there is no suggestion that Councils may carry out only those activities that are nominated as core business. What sits behind these apparently contradictory actions about social wellbeing (setting up a Social Policy Forum on the one hand, and leaving social development out of the core business of councils on the other) is an as-yet unresolved debate about the extent to which social wellbeing is the business of local government. The authors are of the view that social wellbeing is core to both central and local government: each has powers that can make a material difference. This point is expanded in the discussion in the body of this report.

The transition to the new structures

The Auckland Transition Agency has recently released a draft discussion document to help shape the new Auckland Council. While it does not yet have any formal status, it provides an insight into the thinking of those who are tasked with putting the legislative and policy framework into action.

The discussion document includes a draft organisational structure. One of the three most senior positions proposed for the new structure is the Chief Planning Officer, who will have responsibility for “all aspects of regional planning”. The Chief Planning Officer has managers responsible for “environmental strategy and policy”, for “economic development,” and “community and cultural strategy” as direct reports, but social development is absent as a stand-alone function. This is surprising, and disappointing, given Cabinet's establishment of a Social Policy Forum, which clearly signals the importance of getting the social dimension right if Auckland is to prosper.

Limitations of this report

The majority of the case studies are drawn from the work of two councils – Waitakere and Manukau. The innovative work of the smaller councils is not discussed; nor is the work of the Auckland Council, except for a brief mention of the Tamaki Transformation Project. We expect that, if these were included, they would add even more diversity to the critical roles councils play in social and economic development.

³ Society of Local Government Managers, Transparency, Accountability and Financial Management Review (TAFM) Announcements ,SOLGM Special member update, November 2009,2-3

Social Development

– Elizabeth Rowe, Emma Davies, Rex Hewitt, Tony Spelman

Thinking about social development

What does the data say?

Data points to three critical dimensions to the wellbeing of Auckland's citizens – age, ethnicity and location. The majority of Aucklanders fare well. However, people who are worse off tend to live in particular suburbs, and they are disproportionately Tangata Whenua, Tagata Pasifika or migrants from non-English speaking nations, particularly refugees. The most vulnerable Auckland citizens are disproportionately children, people with disabilities and those with low incomes. All these groups overlap.

The Royal Commission documented considerable differences between current councils on a range of indicators. For example, infant mortality and overcrowding are highest in Manukau and lowest in Rodney District; life expectancy at birth in 2000-2002 was highest in North Shore City and lowest in Papakura District; the highest rates of unemployment in 2008 were in Papakura and the lowest in North Shore City. In 2006, the largest population with low incomes lived in Manukau City, and the smallest population with low incomes lived in North Shore City.

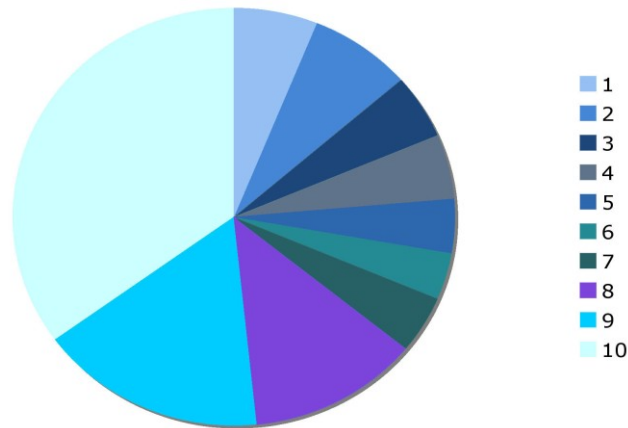
Regional level data like this masks significant differences between suburbs. In Auckland District Health Board's area, there were roughly double the births in the most deprived areas compared with the least deprived areas: 43.5% compared with 21.8%. The birth rate in Counties Manukau District Health Board's most deprived areas by New Zealand Deprivation Index was more than three times the birth rate than in the least deprived areas: 64.3% of births in Counties Manakau (for deciles 8 to 10) compared to 18.5% (for deciles 1 to 3) (Figure 1).

The distribution of births in Auckland's fastest growing population, Counties Manukau, suggests that disparities are likely to worsen. Figure 1 shows the distribution of births in 2007 in Counties Manukau by the NZ Deprivation Index.

Nearly 16 percent of Auckland's people live in overcrowded housing. In common with other social issues, there are significant regional and ethnic disparities. Approximately one quarter of Manukau City's population lives in overcrowded housing, compared with a rate around five times lower in the Rodney District. Thirty seven percent of Tagata Pasifika lives in the most deprived neighbourhoods, and within these neighbourhoods, around the same percentage live in overcrowded housing.⁴ They are disproportionately children: while nearly 14 percent of the region's population identifies with at least one Pacific nation, 24 percent of Tagata Pasifika is under 15 years of age.⁵

⁴ *ibid* p. 237

⁵ *ibid*



NZDep Decile	Number	% of Births
Counties Manukau		
1	556	6.1
2	678	7.5
3	447	4.9
4	469	5.2
5	374	4.1
6	329	3.6
7	389	4.3
8	1,147	12.6
9	1,508	16.6
10	3,183	35.1
Total	9,080	100.0

Figure 1: Distribution of births in 2007 by NZ Deprivation Index Decile in Counties Manukau DHB

Poverty is a part of the problem. Even prior to the recession in 2006/7, 22 percent of New Zealand's children (230,000) lived in households with incomes below 60 percent of the median income, after taking account of housing costs. This is more than the entire population of North Shore City. This national data showed the same unequal distribution as in Auckland. Children in single parent households, Māori and Pasifika children, and children in households where no adult is in paid work were far more likely to be living in poverty than other children. It is too easy to label all adults in receipt of long-term benefits as unworthy. Disabled children, and others in need of most care, are over-represented in the families with no adult in paid work. For example, 40 percent of New Zealand's children for whom a universal child disability allowance was paid in 2006/7 lived in benefit-dependent or superannuitant families.⁶

The relationship between poverty, neighbourhood deprivation, overcrowding and poor health is well documented. Infectious diseases spread more easily in overcrowded and poor conditions. As a result, Manukau City had the highest rate of meningococcal disease at the height of the epidemic in 2006 and there were 18 cases of tuberculosis, which is no longer seen at all in other parts of Auckland.⁷ A poor child is three times more likely to be sick, and hospitalisation rates for children from low income areas are significantly higher than for those from wealthier areas.⁸

There is also a correlation between deprived neighbourhoods and higher risks of child physical abuse, an issue of much public concern. Although most parents find ways to

⁶ Fletcher & Dwyer, 2007

⁷ Ministry of Social Development (2008). *The Social Landscape in Auckland region*....p.7

⁸ Turner, N. & Asher, I. (2008). *Chapter 8: Health perspectives on child poverty*. In: *Left Behind: How social and income inequalities damage New Zealand children*. Child Poverty Action Group.

overcome disadvantage, deprived neighbourhoods exacerbate the conditions under which child neglect and physical abuse can flourish.⁹

What does the data mean?

The statistics paint a complex picture of Auckland's social issues now and in the future. Not all children in poverty or all children living in deprived areas will have poor limited adult lives or experience family dysfunction or violence. However, children whose infancy is marked by inadequate housing, unpredictability and violence are likely to fill Auckland's hospitals with recurrent health issues and struggle to keep up at school. Young children who lack food, warmth and stimulation, live in boring empty neighbourhoods and are deprived of frequent positive human interaction, have much of their life's potential stolen. Some traumatised and neglected children may become aggressive; others may dissociate and shut down; some truant from school.¹⁰ Some end up filling New Zealand's prisons.¹¹

Poverty hugely increases stresses on communities, families and children and the probability of poorer health, income and employment in adulthood. This leads to an increased inter-generational risk of poverty and hardship. This has a toll not just for individual children and their families, but for Auckland as a whole, both in terms of 'negative social spending' (for example on special education, youth justice, prisons, health and mental health services), and lost opportunity, because these children are not able to achieve their full potential, socially, culturally or economically.

It is in all of Auckland's interests to improve life for the most disadvantaged, not only because there is a cost in terms of social services, nor solely because of notions of fairness, but because international evidence shows that the middle classes *and* the poor fare better in environments with fewer disparities. The middle classes are more likely to live longer, be healthier, be more involved in community life, be more trusting and be less likely to be victims of violence in societies with less inequality.¹²

'Business as usual', with no concerted effort across all sectors to improve the most disadvantaged areas, is likely to exacerbate divisions between communities and lead to increased tensions between the haves and have-nots, as we can see in the violence in some other cities around the globe.

Pragmatism, fear of the results of increasing division and fair play demand that better ways are found, on the basis of the best available evidence, to increase the chances that all can contribute to and benefit from Auckland's success

Investing in Auckland's people: many players

Achieving good social outcomes depends on many actors at many stages, from family members, community organisations and residents' groups, to non-government organisations, businesses, councils and central government agencies. To achieve best value for

⁹ Coulton, C. J., Korbin, J. E., & Su, M. (1999). Neighbourhoods and child maltreatment: A multi-level study. *Child Abuse & Neglect*, 23: 1019–1040; Drake, B & Pandey, B. (1996). Understanding the relationship between neighbourhood poverty and specific types of child maltreatment. *Child Abuse & Neglect*, 20: 1003–1018.

¹⁰ Between 2004 and 2006 truancy rates for all ethnic groups increased with the largest increase of 17% occurring for Māori students.

¹¹ In New Zealand, there were up to 4000 people in prison in 1990; 6,000 in 2003, and just over 8000 in 2007. By September 2011, the number is likely to be approximately 9000. Māori are persistently over-represented in the prison population, as are Pacific people to a lesser extent, with the root causes of both clustering around socio-economic factors. In Smith, M. (2007). *Investigation into issues involving the Criminal Justice Sector*. Wellington: Ombudsman.

¹² Wilkinson, R. & Pickett, K. (2009) *The Spirit Level: Why more equal societies always do better*. London: Allen Lane

public money, well thought-through cross-sectoral collaboration is important. As the case studies in Part II show, local government frequently plays a critical facilitation role.

It is useful to think about investment in Auckland's people through a lens of human development. Through the life-cycle we all make transitions which help to build the next stage from pregnancy, through birth and the early years, through entry to school and the middle years of childhood and adolescence, through entry to adulthood and (usually) the paid workforce, through middle-age and the older years of life.

Auckland's oldest citizens have particular health, housing, transport and recreational needs. Many will maintain paid employment longer than previous generations, so continuing to contribute to the economy; many parent and care for their grandchildren. Socially, intellectually and physically active older citizens contribute much to the vibrancy of urban life. They need safe streets, good public transport, and neighbourhoods where people like to walk to maintain their physical and mental health.

Earlier in the life-cycle, in adulthood and middle age, mental and physical health issues often become more acute. As with older people, it makes sense to promote healthy lifestyles through facilities and services that can reduce the costs of preventable acute mental and physical illnesses. In some communities, services need to go further, to increase basic knowledge and skills. For example, improving adults' literacy alongside their children's simultaneously improves children's learning and adults' access to further education and decent employment. Results from the City of Manukau Education Trust (COMET)'s Manukau Family Literacy Programme, one of the case studies in Part II, show that well-designed programmes can improve family income, and adults' self-efficacy and long-term aspirations (see Part II, page 13).

It is well known that young people's transition from school to the workforce is an important point of intervention. Recession often hits young people hard: the number of Auckland's young people who do not have paid employment was four times higher in September 2009 than a year earlier.¹³ Youth employment programmes are one important dimension of investing in the future of Auckland's young people, and the public and private sectors are both active. The government's *Youth Opportunities* package and *Youth Transition Services* are concrete examples of due government attention to this important stage in life. They continue and expand earlier work by COMET (see Part II, page 4). The private sector's contribution through the Auckland Chamber of Commerce on the Cadet MAX programme is showing signs of success.

Young people's contribution to society is about more than employment. Local and central government agencies, alongside philanthropic and private sector organisations, invest in a range of youth development programmes. Despite the majority of young people achieving a successful transition to adulthood, the numbers of young people who get their sense of belonging from affiliation to gangs has received much public attention. Well-coordinated work between community groups, local and central government agencies in Counties Manukau Police District has successfully reduced youth offending in the area with youth apprehensions falling by 9 percent, compared with a 3 percent increase nationwide.¹⁴

Nevertheless, the success of these initiatives on long-term results will in part depend on young people's experiences earlier in the life-cycle.

“Policies that seek to remedy deficits incurred in early years are much more costly than early investments wisely made, and do not restore lost

¹³ Auckland Regional Plan, MSD 2009/10

¹⁴ Centre for Social Research and Evaluation (2009). Review of the Plan of Action: Improving outcomes for young people in Counties Manukau. Wellington: Ministry of Social Development

capacities even when large costs are incurred. The later in life we attempt to repair early deficits, the costlier the remediation becomes.' (Heckman, 2000, p5)

In the last fifteen years or so, there has been a convergence of thinking in neuroscience, sociology, criminology, paediatrics and longitudinal studies of human development about the critical importance of the early years. There is increasing recognition by governments, scientists and economists of the need to invest early in the life-cycle so people can reach their full potential.¹⁵ In the words of the Prime Minister's Chief Scientific Advisor, Professor Peter Gluckman:

The scientific logic is clear. The humanity and equity of the approach is obvious. We will have to devote a greater proportion of our resources to promoting optimal conditions for the early years of our lives.¹⁶

This is the foundation on which Auckland's success partially depends. Support for Auckland's youngest citizens is one of the most powerful investments New Zealand can make, with rates of return likely to be many times the size of the investment made.¹⁷ These rates of return are highest from investment in the early years, when it is easier to make change, and because society has the longest period to recoup the investment.

Good support in early childhood can substantially improve children's attachment to others, social skills and motivation to engage with their world. With a good start in life they will be equipped to build connections with others, to trust and be trustworthy, and to act well by others in the expectation others will act well by them. These networks of trust and reciprocity are an important dimension of healthy successful cities.¹⁸ If people don't experience this reciprocity and trust through healthy attachments in infancy, it is much harder for them to act in this way in adolescence and adulthood.

Figure 2 shows an estimated rate of return on human capital spending (primarily education and employment expenditure) as a function of the age at which the investment was made.¹⁹ Education spending is primarily focused on children, but even with the increased expenditure on early childhood education, more money is spent later in the lifecycle. Auckland's health spending is almost the opposite to the graph, with the vast majority of expenditure occurring on acute adult conditions and the last few years of life. At this stage in Auckland's development, it is not possible to break down expenditure in this way across all, or even the majority of areas of social spending.

Successive central governments have understood the importance of a good foundation in life, and have invested in child health, family income, social support services and early childhood education. Improvements to family income are applied universally, although those families who have no one in paid work have received less help than those in work.

¹⁵ This point is made in repeated Briefing Papers to the Incoming Minister (Ministry of Health and Ministry of Social Development), the Royal Commission's report on Auckland Governance, and National Party policy discussion documents.

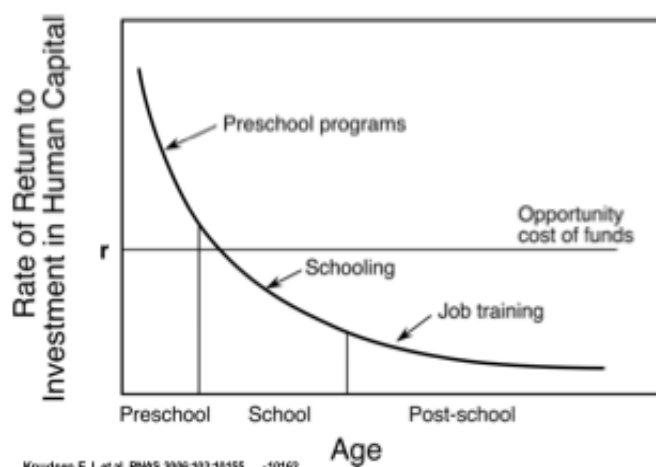
¹⁶ Gluckman, P. & Hanson, M. (2006). *Mismatch: Why our world no longer fits our bodies*. New York: Oxford University Press. p210

¹⁷ Irwin, LC, Siddiqi, A., & Hertzman, C. (2007). *Early Child Development: A Powerful Equalizer*. Final Report for the World Health Organisation's Commission on the Social Determinants of Health.

¹⁸ Putnam, R.D. (1993) *Making Democracy Work*. Civic Traditions in Modern Italy (Princeton, NJ: Princeton University Press).

¹⁹ Knudsen, EI, Heckman, JJ, Cameron, JL & Shonkoff, JP (2006), Economic, neurobiological and behavioural perspectives on building America's future workforce. *Proceedings of the National Academy of Sciences of the United States of America*. 103, 27, 10155-62

Rates of return to investment in human capital as function of age when the investment was initiated



©2006 by National Academy of Sciences

PNAS

Figure 2: Rate of return to investment in human capital

Different communities have had different access to services, with the least well off sometimes missing out. For example, Manukau City had the lowest participation rate in early childhood education of any city in New Zealand in 2007. Despite the substantial increases in funding nationally, enrolment in early childhood education in Manukau did not increase between 2004 and 2006. Participation rates between areas and communities were unequal. Māori and Pasifika children and children living in some wards (in particular Manurewa and Māngere) had least access to early childhood services (COMET, 2007). Local government has helped redress these imbalances. One of the case studies in Part II documents Manukau City Council's recent roles in the development of early childhood education, including leasing land for 40 centres (see Part II, page 51).

There is still much to be done.²⁰ Central government agencies still don't have an integrated programme of work in this area, and despite the Local Government Act (2002), the critical contribution of local government to social wellbeing is not well recognised. Families with less space and resources at home rely more on services provided by local government such as playgrounds, swimming pools, libraries, community centres, and public transport. Better ways of working together need to be found in order to get better results from existing expenditure. Sharing responsibilities among the Auckland Council, local boards, central government agencies, Tangata Whenua, non-government organisations and residents' groups is particularly important in times of constrained resources. This is not about social engineering. It is a pragmatic approach to investing in Aucklanders at the right time in order to develop and sustain a thriving economy and civilised society.

Countries should invest more resources during the period from conception until entry into compulsory schooling when outcomes are more malleable and foundations for future success are laid. If interventions are well designed, concentrating them into early childhood can enhance both social efficiency and social equity.

(OECD, 2009, p. 179)

²⁰ Recent international comparisons on child indicators can be found in OECD (2009), *Doing Better for Children*. Paris: OECD

Cultural capital: doing things differently

Auckland's multicultural and diverse population contributes to the richness of urban life and is an asset in the international marketplace for talent. The city, including some of the most deprived areas, has a healthy mix of people from a wide range of cultural backgrounds. If the right processes are put in place, this 'cultural capital' in Auckland's communities could help us get better social, as well as economic, results.

A whānau-centred approach to Māori wellbeing is currently under discussion by the government.²¹ The discussion paper outlines the principles underpinning this approach and explores ways agencies can be more responsive to whānau, hapū and iwi aspirations, by focusing more attention on service *with* not *to* whānau, and on *relational* rather than *transactional* contracting with service providers. These key messages will resonate with many of Auckland's communities and could seed opportunities for new ways of delivering services that work for the people who receive them. It remains to be seen whether these changes will help Auckland's poorest urban Māori communities to use their cultural capital to its best effect.

For local authorities, improving social wellbeing for Māori will require a holistic, strengths-based approach which recognises and addresses the deprivation that exists. This will involve shifting away from a deficit-based approach to focus on what is working well, utilisation of existing and emerging opportunities and prioritising strategies that enhance resilience and positive development. This points to the need for proper engagement and representation, and complementary and appropriate responsibilities as Treaty partners.²²

Tangata Whenua are not simply the vulnerable. Treaty settlements have built an economic base which is becoming part of Auckland's economic powerhouse. Local and central government agencies will need to work out how to work with Māori holistically, as Treaty partners, as Mana Whenua with kaitiaki responsibilities for the land on which Auckland sits, as urban Māori authorities, as serious economic players and as some of Auckland's most vulnerable citizens.

We can be fairly confident that many interventions which place people in passive roles and do things *to* people are less likely to work than competent interventions where individuals, family, whānau and communities actively plan and make decisions about things that are important to them. One hallmark of successful decision-making is the level of ownership by the people the intervention is designed to serve. This is a fundamental principle behind one of the case studies in Part II, the Māngere Integrated Community Health initiative MICH (see Part II, page 58). The initiative uses a Tiriti/Treaty relationships framework to integrate different approaches to development when working together. The framework is reproduced in Figure 3 and more fully explained in the case study.

This approach starts from the aspirations and perceptions of different parts of the community. This is the primary driver of action. It is also a reference point for local and national politicians, public servants and service providers, who need to respond with resources, information and support in various forms. With the best of intentions, this is hard for public servants in large central and local government bureaucracies to do. Their primary driver is accountability to politicians, and their need to construct solutions and manage risk can inadvertently be counter-productive to transformation across communities. There is little incentive to respond holistically.

²¹ Whānau Ora Taskforce (September, 2009). Whānau Ora: A Whānau centred approach to Māori wellbeing. Ministry of Social Development.

²² Royal Commission on Auckland governance. Page 235

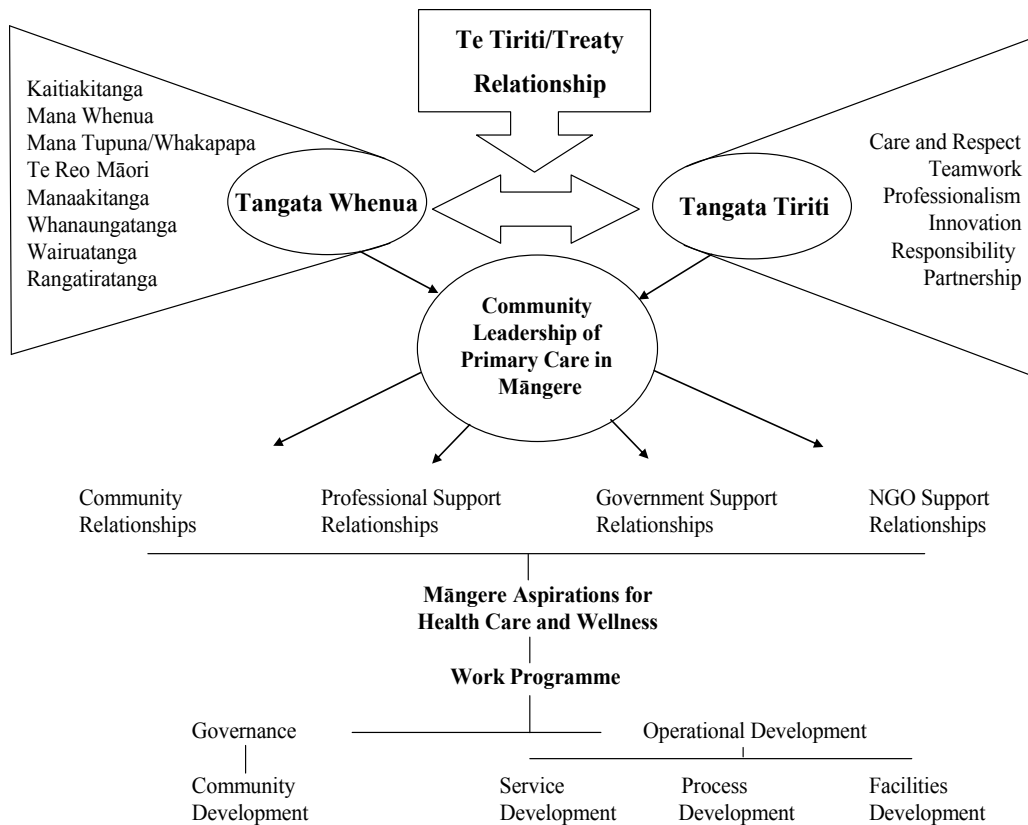


Figure 3: MICH Application of a Tiriti / Treaty Relationships Framework

There are signs that, at the central government level, new ways of working are being explored, with greater emphasis on co-management of the targeting and delivery of social services at the regional and local level. Whanau ora is one example. One of the case studies, Project Twin Streams is an example of local government also trying to drive new ways of working at the local level (see Part II, page 81).

Doing things 'to people' doesn't create enduring change. It can perpetuate the problem.

The key concept here is the level of ownership of the decision and these days, for most, the ownership of the process. This approach draws from Te Ao Māori and western community development thinking and any plan to introduce it into the local government process would need some thought about such things as the nature of the model which needs to frame this activity, the capability of communities to practise this way of working and the capability of local government politicians and local government infrastructure to work differently.

Outcomes for communities do matter and if the aspirations of communities are developed by communities in a way that make sense to them, the identification of outcomes is a natural consequence of this process. The benefit of this is that if there is ownership of the content and the process of developing community aspirations, there will be ownership of the outcomes that derive from those aspirations. Realistically this is likely to be an itera-

tive process and would need to be managed as such around those matters communities can handle at any one time.

The importance of place

People's pride of place is as important to social development as it is to economic development. The importance of local government's role in 'place-shaping' was recognised by the UK Lyons Inquiry into Local Government²³ and by Auckland's Royal Commission. The section on economic development gives a fuller account of the Lyons Inquiry's discussion of place shaping (see Part I, page 41).

Good urban planning helps create public spaces where people want to be. This is as important in Auckland City's suburbs as the waterfront. Devonport and Wiri are in the same city but they are worlds apart. Both are important to Auckland's success.

What is most striking about social wellbeing in Auckland is the spatial distribution of advantage and disadvantage. We will get the best out of investment in Aucklanders if we concentrate on the most deprived areas. If the inequalities among Aucklanders can be reduced, everyone will be better off. And we will get the best out of investment if we concentrate on the first few years of life. The fact that there is 2-3 times the birth rate in Auckland's most deprived areas than the least deprived means concentrating on the most deprived areas will simultaneously target most of the deprived babies and children in Auckland.

Place-based initiatives can simultaneously improve a range of social and economic dimensions of wellbeing in a disadvantaged neighbourhood, such as decent employment, healthy child development, educational achievement and family functioning. Local government is uniquely placed to understand and articulate community priorities, and view communities 'in the round'. But local authorities are currently hampered by a significant lack of information. It is very hard to get place-specific data about the socio-demographic and economic characteristics of communities/neighbourhoods, the social and economic challenges they face and the resources available to them to meet these challenges. This includes communities' own human, social and cultural capital; resources provided by central and local government (such as health and social services, facilities, infrastructure such as roads and public transport routes, and social housing); and those provided by the private and philanthropic sectors, such as employment. There are no accessible maps that combine multiple sources of data to clearly frame the challenges facing a community, and the available resources to deal with them. There is patchy use of wise local knowledge to inform decisions.

Strong community engagement is one important dimension of this place-based development. Transience will remain a challenge. For example, nearly 60 percent of the people in the catchment area for Project Twin Streams, had been in the same residence for less than five years (see Part II, page 81). The success of Project Twin Streams, however, shows that even very transient neighbourhoods have the potential for vibrant community development. The Twin Streams project has high engagement with thousands of people from diverse cultural communities, and groups often perceived as hard-to-reach, such as young people at risk. It should be feasible to build on what we can learn from the way Project Twin Streams achieved this level of engagement to further enhance Auckland's development. We need to be aware, though, that community engagement and development is *not the same* as social wellbeing: it is one of the ways to get good social results,

²³ Lyons, M, Lyons Inquiry into Local Government: Place Shaping: a shared ambition for the future of local government.

but decisions that lie outside the community's orbit, such as the statutory decisions of the new Auckland Council, and central government social policies, are also critical.

Most of Auckland's current local authorities do not systematically use the power of their core business – regulation of land use, provision of public transport, provision and placement of facilities – to work with communities to improve the position of the most disadvantaged places and people in the region. One of the case studies, the Wiri Improvement Project is a notable exception – it takes steps in this direction (see Part II, page 98). More than a third of the residents in Wiri over 15 years have no qualifications, and many are currently under-employed or unemployed, and could benefit from re-training. There are mid-sized employers close by 'as the crow flies', but distant by public transport. Bringing employers and trained or up-skilled young people together needs decisions on transport, education and childcare to be made simultaneously, hand-in-hand with residents. Looking after the needs of pregnant women and families with young children could increase the potential of the next generation. Joint planning, targeted facilities and programmes will realise the potential of Wiri's people: business as usual will not.

The communities of successful cities are able to adjust to the types of societal changes encountered by Auckland in recent years including immigration, other demographic shifts, and the challenge of maintaining the affordability of a decent standard of living, including housing. The Commission observed in the cities it visited that local governments often play a facilitative role, spearheading acceptance of the benefits of diversity, proactively addressing developing social problems, and factoring the needs of communities into decisions about urban form and public transport planning.²⁴

Auckland Council and social development

Unique powers, unique opportunities

There is more scope for local government action on social development in the 2009 Act (and through the Social Policy Forum) than might have been anticipated when the Government's response to the Royal Commission's report was first announced, and local boards have been endorsed as playing a key role in ensuring the priorities and preferences of communities, in all their diversity, are acted on. The Act as passed also envisages local boards and the governing body of the Council working together to achieve good outcomes for Auckland, though the governing body (the Mayor and the twenty councillors), decides whether a particular activity is carried out by a local board or the governing body.

Auckland Council

The new Auckland Council will be a unitary authority, combining the powers of a regional council and a territorial authority. Its governing body will be responsible for decision-making for all regulatory activities, some of which will have social impacts. It will also make non-regulatory decisions if their scale or scope warrants (S 17). It is the Council that will implement the agreement that is reached with local boards about what activities are to be carried out at the local level and establishes the long term council community plan (LTCCP).

²⁴ Royal Commission on Auckland Governance, Volume 1, p. 55

The new Council will be unique in its scale, covering nearly a third of New Zealand's residents, and this in itself will present new opportunities to use its place-shaping powers and its responsibility for social and economic wellbeing to accelerate improvements.

We noted in the Introduction the lack of emphasis on strategic thinking about social development in the Auckland Transition Agency's draft organisational structure. We believe this to be a serious omission: the Chief Executive, and the Mayor, must be able to call on the best mid-term and long-term advice about improving the lives of Aucklanders, not just through economic development, environmental sustainability and community and cultural strategy, but also through dealing directly with the social challenges that face the region. Integration of these advice functions is critical. They also need the best possible advice about how to take advantage of Auckland's youthful multiculturalism.

The most radical changes to current arrangements, apart from the scale of the new Council, lie in the local boards, and in the power and functions of the mayor.

Local boards: Working effectively with residents

The status of local boards as complementary to the governing body is in contrast to the limited and subordinate powers of current community boards. Local boards will be much greater in scale than current community boards. With the exception of Waiheke and Great Barrier Islands, local boards are likely to have between approximately 50,000 and 80,000 citizens and be able to encompass communities of interest, rather than arbitrary geographic areas. At the time of writing, the Local Government Commission is drawing the boundaries to provide "effective representation of communities of interest" (S 34 (2) (c)); and the Auckland Transition Agency will be the initial decision-makers about what constitutes the "non-regulatory activities" of the Council.

As noted above, a purpose of local boards is to promote the four wellbeings in the board's area, now and in the future. Their first purpose under the legislation, however, is to enable "democratic decision making by, and on behalf of" communities within the local board area. As in the current legislation, there is no guidance in the new legislation as to how communities are to make decisions as a collective. This could increase or decrease participatory democracy, depending on how a local board decides to operate. It opens up opportunities to look at decision-making in a different way – if the board is sharing power vertically (that is, with the Auckland Council), then it may choose to do so with the communities that both levels of local government are there to serve.

There are already some examples of local bodies seeking to share power with their communities in the case studies: both Massey Matters and Project Twin Streams have spent considerable time and effort working through how to set up structures for community governance of the projects (see Part II, pages 69-97). Progress has been slow, and one of the issues that has proved most difficult has been the question of mandate: how is the community as a whole to be given governance? What processes for participation will result in clear decision-making? How do we ensure community representation is not another layer between citizens and power? Both projects have as their aim the transformation of their communities, and both share an approach that participatory democracy matters more than representational democracy in transformational community development. Both have also confronted the need to work at the pace of the local community, offering the expertise the community (and parts of the community) finds useful and timely.

Another case study, the Māngere Integrated Community Health (MICH) aims to facilitate the Māngere community taking charge of its own health and wellbeing (see Part II, page 58). MICH's principles of a Tiriti/Treaty relationship approach, the community as principal stakeholder, an emphasis on wellness rather than illness, and health services, central

agencies, NGOs, Council and others working in support of the community's aspirations, may provide an example in the future of a truly community-led approach that is relationships-driven.

The questions of mandate, community (rather than agency) priorities and pace, have marked the first few years of the Tamaki Transformation Programme (TTP).²⁵ We expect they will produce some of the biggest challenges in making the most of the new opportunities presented by local boards.

Local boards have another set of functions that put them at the intersection of community interests and council activity. They are to develop plans that reflect community priorities about what local activities will be provided by the Auckland Council (and about its strategies and bylaws); inform the development of the next Long Term Council Community Plan (LTCCP); provide a basis for accountability of the local board to their communities; and provide an opportunity for people to "participate in decision-making processes". It's clear that local boards are not just a tool of the Council, but an advocate for their own and maybe other localities.

Local boards then make an agreement, based on community priorities, with the Auckland Council, and these are identified in the Council's long term and annual plans. The agreement must be "as far as practicable" consistent with the local board plan, unless the local board decides the plan no longer reflects the preferences of its communities; the Council decides the indicative budget is "significantly inaccurate"; or the plan is contrary to any law. The local board must monitor and report on the implementation of the plan for its area.

The Act doesn't constrain the Council, or local boards, from taking actions to improve Aucklanders' lives that are not reflected in local plans or agreements, but such actions by local boards would not be funded from rates revenue unless the board recommended a local rate and the Auckland Council accepted that recommendation. Local boards will also be able to continue working as councils do now, with central agencies and others who are willing to commit money, resources and facilities to the work they do together. We expect this will continue to be the case where strong networks between central and local government and communities already exist.

Taken together, these powers support subsidiarity: placing decision-making as close as possible to those who will be affected. They could make local boards much stronger actors with and for communities than either current councils or community boards. We believe the local level is the place where others, such as the private sector, NGOs, philanthropic organisations, and iwi, can have most impact by working together.²⁶ The case studies already show the difference that local business can make (as it did, for example, when it got behind COMET's early work to get young people into jobs); the power of NGOs to connect hard-to-reach groups with neighbourhood improvement and environmental action (as in Project Twin Streams) .

There are, however, two significant constraints on the boards: regulatory matters (which often affect social issues) remain with the governing body; and decisions on non-regulatory matters will be made by the governing body if they are best dealt with on an Auckland-wide basis. The 2009 Act says this will be the case where the Council decides, after considering the views and preferences of each local board:

the nature of the activity is such that decision making on an Auckland-wide basis will better promote the wellbeing of the communities across

²⁵ www.hnzc.co.nz/tamaki-transformation

²⁶ For Tangata Whenua, there is also be a precondition of appropriate representation at the top table.

Auckland because—

- (i) the impact of the decision will extend beyond a single local board area; or
- (ii) effective decision-making will require alignment or integration with other decisions that are the responsibility of the governing body; or
- (iii) the benefits of a consistent or coordinated approach across Auckland will outweigh the benefits of reflecting the diverse needs and preferences of the communities within each local board area. (S 17 (2) (b))

Subsidiarity, and with it participatory democracy, is not guaranteed.

Local boards also face constraints in terms of the resources they can contribute to social issues. Local governments' funds are much less than those of central government, which is still the major provider of social services, spending close to \$12 billion per annum in the Auckland region.

Boards remain dependent for their budget on the Council, whose funding policy must provide an 'equitable capacity' for each board, taking their community's dependence on social services into account (given the socio-economic status, population, age profile and other demographic characteristics of the area), the cost of services, rates revenue and other factors such as geographic isolation (S 19 (4)). In the future, transfers of funds across different local boards will be more transparent, as commercial rates revenue in, say, the CBD, is used to maintain spending in more deprived local board areas. As a result, we may see increased pressure on central government resources to fund community services that are currently funded through local government. We are likely to see the same debate about redistribution emerging at the regional level as is already evident in national politics. It remains to be seen if such transfers are resisted, or endorsed by leaders and others as a just redistribution of resources from the rich to the poor.

The Mayor: Setting vision and the terms of the engagement with Aucklanders

It is the Mayor who could set the tone of much of the debate, and the Mayor who could help determine how diverse peoples' views are heard. For the first time the Mayor of Auckland is charged with articulating and promoting the vision for Auckland, and ensuring there is effective engagement between the Auckland Council and the people of Auckland "whether generally or particularly (for example, the people of a cultural, ethnic, geographic, or other community of interest)" (S 9 (3) (a)). The Mayor will also appoint the deputy mayor, set up committees of the governing body, appoint the chairs of committees (and may appoint themselves), and have an office with its own budget. A mayor would be well advised to put emphasis on both economic and social development, as each depends on the other to be fully effective. Within the social sphere, the processes he or she sets up for the Council to engage with different communities are likely to affect the local board priorities that feed into the LTTCP, as well as the issues that are brought to the table of the Social Issues Forum, which is the primary link between local and central government.

In our view it is the Mayor who is the linchpin of the whole system: the process for feeding individual board priorities into the Council, and the construction of the LTCCP, are unlikely to result in a clear sense of the most important issues facing Auckland, for good or ill. How the Mayor articulates his or her vision for Auckland; how the Mayor ranks the importance of economic and social wellbeing (and environmental and cultural wellbeing also), and the role of the Auckland Council in achieving them, will probably do more to set priorities than any other action. The authors have argued for a focus on the most deprived people and the most deprived areas, and an emphasis on the first years of life, as the

best means to achieve good social outcomes for all Aucklanders. The Mayor's perspective will be crucial.

Social Policy Forum

A number of local/central government forums exist already, such as the Regional Policy Steering Group, comprising strategy directors from councils and central government officials, with a wide brief, including social issues. Central government also looks to bring its Auckland social sector work together through the Auckland Social Sectors Leaders Group, which is a central government regional managers' forum with membership from all the social sector agencies, and Te Puni Kōkiri and the Ministry of Pacific Island Affairs. While these forums have made some progress over recent years, they have lacked strong leadership and a political mandate. As noted above, the new Social Policy Forum is expected to fill that gap.

The Forum will have as its main purpose progressing social issues in Auckland at the political level. It will do that by (among other things):

- setting a clear strategic direction for social issues in Auckland;
- driving alignment of thinking and action, including:
 - identifying guiding social priorities and discussing proposed social policy responses and strategies, both at a regional level and for specific geographic communities (our emphasis);
 - agreeing on joint actions, identifying opportunities for avoiding waste and improving outcomes, and influencing wider regional strategies; and
 - monitoring and reporting on agency activities, plus social outcomes at regional and prioritised neighbourhood levels.

Members of the Forum are the Minister for Social Development and Employment as Chair, the Mayor of Auckland Council, and Chairs of relevant Auckland Council Committees, together with "some select representation for local boards". There is no comment in the Cabinet paper about how the Forum will interact with any structures set up for economic development.

The Forum will be supported by an Auckland Social Policy Advisory Group, comprising officials from the Ministry of Social Development, other agencies as appropriate, and from Auckland local government. (The Cabinet paper suggests the Chief Executive of the Ministry for Social Development and the Chief Executive of the Auckland Council will be on this group.)

Cabinet supplemented these decisions by commenting that local community level work for social outcomes is important; funding must be preserved for grass-roots initiatives; local boards are the appropriate mechanisms to provide community views on priorities; and the boards will have a formal role in securing funding for community initiatives.

The focus on central government agencies is relatively weak in the Cabinet paper: only the Ministry of Social Development (MSD) is mentioned by name and District Health Boards (DHBs) are absent from the discussion, as are Education and Housing New Zealand.

While this particular Cabinet decision leaves many details still to be sorted out, it does:

- provide a mechanism for central and local government to work closely together;
- encourage priority-setting, for the region and for particular geographic communities; and

- give local boards legitimacy as a community voice on social issues, and opens the way for them to have a role in identifying priority local areas and initiatives.

It will be important that the Forum takes a broad approach, covering both social protection (looking after vulnerable members of our society, through things like paying for social assistance and arranging care and protection for children) and social investment (acting before people need help, as with some of the health and most of the education system).

The public documentation on the Forum represents government's early thinking on social issues, which will have evolved in the intervening months as the 2009 Act has progressed through the House. More players need to be brought into the game: all the relevant central government agencies (and DHBs) should be at the Advisory Group table with a mandate to act, as not every decision needs to go to the Forum. There also needs to be an expansion from the current binary focus on central and local government to bring in iwi and the private, non-government, and philanthropic sectors. How and where this should happen – whether it is best to expand the Advisory Group, and/or bring iwi and the non-government sectors in at the local level – will need to be thought through over the coming months.

The current set of functions for the Forum does not sit easily with the community decision-making envisaged in the 2009 Act; gives very little room for participatory democracy; is silent about how the Forum's and communities' timetables for action are to be meshed; and sketches a one-way (upwards) flow of information to aid decision-making. It is to these matters that we now turn.

Making the new structures work for social development

The 2009 Act and the Social Policy Forum have established clearly that social wellbeing is an important dimension of the role of local government. The Council will need to make sure it has the in-house capacity to deliver. The changes have also cemented the importance of coordinating action across central and local government, and within local government across the region. At the same time we have seen the Auckland Transition Agency diminish the importance of social development in its proposals for new structures, and the Minister for Local Government omit social and economic development from proposals for 'core' council functions.

The authors are of the view that social wellbeing is core to *both* central and local government: each has powers that can make a material difference. For the most part, the big money and universal policies lie with central government. But every policy has to be put into effect in a place, and that is where councils have unique knowledge and particular powers.

We have argued above that Councils have a set of 'place-shaping' powers that can make a material difference to social wellbeing. They include economic development, transport (though this may change with the new transport agency), urban design and development, environmental planning, parks and open spaces, and Resource Management Act administration. They zone land, affecting where facilities such as early childhood centres, schools and hospitals can be sited. They also make smaller-scale decisions that affect the urban environment – where a library will be put; whether a swimming pool will be built; what buildings will be available for community groups. Under the Act, all of the 'place shaping' powers that rest on regulation will be the responsibility of the governing body. (However we expect these very local decisions are likely to be delegated to local boards).

As the case studies in Part II of this report clearly show, councils also fund community groups, support local initiatives, commit significant land to social and community devel-

opment (for example, for early childhood centres in Māngere) facilitate transformational community development (as in Project Twin Streams, and Māngere Integrated Community Health), and multi-faceted community actions (as in Massey Matters). They support Council Controlled Organisations (CCOs) such as COMET which links schools, early childhood centres and tertiary providers to each other and to families, community organisations, the Ministry of Education, and business. These council functions are all crucially dependent on local insight, and happen most usefully at the local level although some (such as Project Twin Streams and COMET) may need to be governed regionally because the boundaries of the project will extend beyond the reach of any one local board in the new structure. The many roles of local government to promote social wellbeing – planner, landlord, advocate, analyst, facilitator, funder, coordinator and deliverer of services – are all critical to Auckland’s success.

The best of the current councils (and this is likely to be even more true for the new local boards) know their communities much better than central government, or the Auckland Council, can hope to: they know what resources are there already, what the problems are, and what’s been tried before. Such locally-focused knowledge is essential for the ‘us and them’ divide between residents and central government to be bridged.

Integrate – sense – advise – act

Looking across the diversity of case studies for this report, we can identify four key components that are needed for the new structures to work well:

- a. A central mechanism in Council to integrate action across the four wellbeings. **(INTEGRATE)**
- b. An independent analytical capacity, that brings together and makes sense of:
 - i. data analysis (including neighbourhood level data across sectors);
 - ii. evidence about what is most likely to work to address identified issues and agreed priorities, and
 - iii. local knowledge (often ‘soft’, non-quantifiable, historical and personal knowledge) to give residents’ groups and decision-makers at local and regional level an information set that enables them to be clear about the causes of issues they wish to address, be confident they know what will work to make the changes they want in their communities, and measures to track changes. Translating information so it is useful for each audience will be crucial. **(SENSE)**
- c. Capacity within Council to provide evidence-based advice to the Chief Executive and the Mayor, on the mid and long-term social strategies to improve the lives of all Aucklanders. **(ADVISE)**
- d. Mechanisms to engage well with residents, bringing them into the decision-making and change processes. **(ACT)**

Integrate

Under the new governance arrangements social issues will have a separate mechanism (the Social Policy Forum) from the other three wellbeings. This reflects the importance of central government’s involvement in social issues and the significant roles that local government plays. It will make it even more important that there is a capacity within the Council to gather, interpret and integrate knowledge from the perspective of each wellbeing, and to add a sensitive appreciation of political imperatives at local, regional, and central government levels. From this should flow an integrated strategy for Council’s action, along with ways to measure the impact of such action. The ‘brain’ (the ‘sense’

function described below) will be the source of such information for developing social and economic wellbeing.

Sense (the 'brain')

Social decisions must be informed by the best possible information. The case studies in Part II highlight the need for an independent analytical capacity, that brings together data analysis (including neighbourhood level data) across sectors; evidence about what is most likely to work to address the issues under consideration and local knowledge (often 'soft', non-quantifiable, historical and personal knowledge). Residents and decision-makers (including NGOs and philanthropic organisations) at local and regional level need an information set to be clear about the causes of the issues confronting them, they need to be confident they know what will work to make the changes they want in their communities, and they need to have measures to track changes. Translating information so it is useful for each audience will be crucial.

We expect the core functions of the 'brain' to be to integrate data and information from central, regional, and local and international sources; design frameworks for integrating the data; design tools for monitoring the impact of actions taken to improve social wellbeing; monitor impact and provide the information to *all* those who will find it useful: the Mayor, Council (as above), local boards, the Social Policy Forum, and local communities and residents. The information collected by the 'brain' will span all the areas that impact on social issues: this means, for example, that some areas that are normally thought of as primarily economic (such as information about emerging international markets) will be within scope, as it will help inform tertiary education, and likely career paths for Auckland's young people. The information will be particularly useful for any priority issues and/or communities identified by the Forum.

There is an important qualifier: if information is to be useful to communities and residents, it must be tailored to their geographic area, and provided on an iterative basis, so it is progressively refined to fit their needs. This will entail working with diverse community leaders and influencers as well as local boards to decide the form and content that is most useful.

We would not expect the 'brain' to be a decision-maker, nor routinely to provide advice on what strategies are to be adopted, nor to carry out evaluations. These functions could put its independence at risk, or, at the least, consume most of its resources. Evaluations should be externally contracted, to help distribute knowledge and therefore power. Evaluations should be required to be publicly available, as should all the work of the Council and Forum on social issues. If it is asked for advice on best strategy to fix a particular problem then it should do so, but the advice would be available to all interested parties.

Integrated information will be useful also to parts of Council or CCOs that may be established to take responsibility for community services, economic development, transport, planning and urban design. We have suggested below (ACT) that the Forum have an operating capacity to support action in its priority communities. The 'brain' will be tasked with sourcing and sharing information with them, especially up-to-date international and New Zealand information to inform effective community action.

The 'brain' could maintain and expand the 'Knowledge Auckland' site as an instrument for knowledge sharing. This raises the important question of the extent to which the "brain could function as a virtual entity, so as to build on and not disrupt similar functions that already exist, particularly in central government agencies and DHBs. It is the authors' experience that the priorities of virtual organisations are always hostage to the pressures

of the home organisations (the physical organisation from which the virtual organisation stems). We suggest, therefore, that it has a small core of staff, supplemented by secondees from other agencies (including central government, DHBs and local boards). The Auckland-specific knowledge base could also be expanded by encouraging academics to work part-time here and in their institutions, and setting up a cadre of PhD and Masters students.

Long experience has also led the authors to the view that housing the 'brain' *within* an operational department or Community Services CCO would reduce its utility to external organisations, and risk having operational matters to do with community services swamping any broader vision.

The 'brain' needs to be an independent agency, to be valuable to residents, local boards, NGOs and philanthropic organisations as well as the Council. It is best not to house it within the Council itself. However, the question of best location is difficult. Making it a Council Controlled Organisation (CCO) would make it sufficiently arm's-length from the Council, though it may struggle to get its voice heard by the Council's governing body. This will depend in part on the membership of its own governance body. If it is housed within the Council, or housed and funded in the Mayor's office, its profile, independence and utility will be dependent on the priority each Mayor puts on social wellbeing. We believe the independence of this function is intrinsic to its usefulness, and to giving those outside the Council sufficient useful knowledge to act for themselves and their communities.

The question of who decides the programme of work needs careful consideration. If the 'brain' is a CCO it will have an explicit Statement of Intent (SOI) each year, which will make clear what its responsibilities are to all parties. The City of Manukau Education Trust (COMET) has an SOI which spans similar territory, albeit on a smaller scale, and a narrower focus (see Part II, page 4). If it is within the Mayor's office it would be possible for the Mayor to direct that its work supports the annual priorities of the Council, responds to requests for information from communities, supports the work of the Social Policy Forum and its members – or a combination of all three. Again, public disclosure is vital.

Effective measurements focus the mind on the issues at hand. If, for example, the first years of life were adopted as a priority by the Social Policy Forum the 'brain' would be tasked with assembling detailed data on early child development in the region across a range of measures, including physical health and wellbeing, social competence, language and cognitive development and communication skills, which are currently collected by agencies. This would be put alongside community asset mapping to assist elected leaders and communities to decide on the location of services (including social and health services, drop-in centres, play spaces and transport routes). Some of this data will already be captured by agencies and some will be collected within Auckland's longitudinal study, *Growing Up in New Zealand*.²⁷ If there are gaps in the information, the 'brain' can let the Forum know what else needs to be collected. Auckland can learn from successful initiatives overseas.²⁸

Advise

The Auckland Council, under the 2009 Act, is responsible for all regulatory decisions, and for any non-statutory decisions that have impacts beyond a local board area, that would have greater benefits if decided consistently across the region, or are reliant on a regula-

²⁷ www.growingup.co.nz

²⁸ See Early Child Development Index as part of the Early Child Developing Mapping Project www.earlylearning.ubc.ca

tory decision to be implemented. While the law is yet to be put into practice, we expect it will be the Auckland Council which makes the broad policy decisions on most issues that affect the social wellbeing of Aucklanders. Local boards, acting alone or together may also have considerable political power. It will be vital that the Council, including local boards, can call on robust internal advice as they exercise their powers. We support the establishment of a social strategy unit, at the same rank as that envisaged for economic development, within the new Council structures.

The unit would draw on independent, publicly available information (see 'SENSE' above) in its work.

Act (the flying squad)

The Social Policy Forum is tasked with identifying priority social issues and communities. The Forum will need a way of getting a good connection between what is decided and what happens on the ground, otherwise it will produce another plan for improvement, with little change in reality. We have commented above that the Forum's priorities will need to be sufficiently flexible to accommodate what emerges from the Council's engagement with its communities, the Mayor's vision for Auckland, and the priorities and interests of local boards and residents.

We suggest a 'flying squad' with a rolling programme of intensive, geographically-based interventions to make sure change happens. The focus will be on developing and releasing residents' knowledge and skills, to build on community strengths so that they can take decisions for action. The squad will also bring in other agencies to support local initiatives.

Community readiness at the beginning is crucial: if a community is not supportive and ready to act, the most carefully designed, evidence-informed intervention will struggle. This means the squad will need to develop the community's capacity to exercise leadership of the community's common life through the articulation of the community's aspirations on matters of interest and concern to them.

If other agencies are going to play their full part in community action the squad will need to find ways to review, enhance and integrate existing services across providers, NGOs, schools and government agencies in support of agreed community aspirations.

The flying squad is about working with internal actors (residents) and creating the environment with external agencies to act on a jointly agreed agenda. Action research with residents will help them interpret information and use it. The squad will also work with organisations, particularly central government agencies, to help them reorient services more in line with community aspirations. This 'shape shifting' role is the most testing function of the squad, and its essence. Done well, the work of the squad will enable residents to have some control of decisions enable agencies to let go; and assist all participants to see blocks, barriers and solutions in a different light.

The work programme for the squad, identifying the types and numbers of projects to be undertaken, would be established through the Social Forum, with a strong focus on local priorities. We would expect projects to stay on the business plan for about five years, before being handed over to local structures, but this will depend on the maturity of the project.

The number of projects would be determined in part through the capacity of the development team and funding availability. As with the 'brain', we suggest there be a small core team of 'development officers' responsible for the design of individual projects in association with residents, to be signed off by the Forum.

The project designs would identify resource requirements to be met through government and local funding. The normal practice would be for fifty percent of funding each from local and central government: if the community were a particular concern for central government, their share of the funding would increase. It might prove possible to inspire the private and philanthropic sectors to also contribute funding to some projects.

Development Officers' accountability will be through the Council's lead representative at the Forum, who will have a close working relationship with the Mayor and the Lead Councillor for Community Services. It is also probable that the same person will lead the Council's input to the Social Development Advisory Group. This would close the loop.

Building good links among central government agencies and all the players at the local level will be essential in the first year. The local economic development agency could help to bring local business into the action, thus helping anchor social change in work and economic opportunities for residents and allowing local businesses to contribute to the long term interests of their local community and themselves. Strong links between this squad and agencies involved in Project Twin Streams, and the Tamaki Transformation Programme for example, will help the flying squad build on success and avoid the mistakes of the past.

Economic Development

– David Wilson

Thinking about economic development

Think globally, act locally

One of the key drivers toward better metropolitan governance in the 21st century is economic development. Economic development is about building a strong and robust economy. A strong and robust economy enables societies to provide more choice and more opportunities to its citizens. Making strategic decisions about the economic development of a city-region, like Auckland, is vitally important so that a city can function to move people and goods, provide services, keep a city open, connected and competitive for investment and talent, and address increasing disparities in income, health and education, and other social issues that can create a downward cycle of investment. Economic development in a dominant city-region like Auckland means acting to add value to the key sectors that drive its own economy, but also adding value to the national economy. This can be achieved through connections to international markets, and to secondary and tertiary industries that add value to commodities, and by taking advantage of the assets a larger city offers such as critical mass and economies of scale, skilled labour, professional services, strong institutions, and research and innovation.

However, no economic development strategy today can succeed if it does not consider the wider context in which it is operating. Globalisation is the term most used to describe the broadest economic context, and all economic activity today is affected by its processes. Globalisation is the economic integration of economies, regional and national. Now, more than ever in history, people are connected. They are connected through trade, employment, increased communications technologies (consider the rise in social media and its effects on economic and social mores), migration, cultural exchange, and sports, to name a few. In his book “Globalisation and the wealth of nations”²⁹, Brian Easton describes graphically how the world, in terms of moving products, services and information, has altered so that the ‘distance’ – by sea, air, or in communications and information transfer - between people and places has become ‘smaller’. (Some of this effect will be halted, if not reversed, by the impact of climate change. Increased awareness of climate change means that New Zealand’s distance from large markets is a problem, and distance by sea and air will not get ‘smaller’ in the next twenty years).

Globalisation is caused by the falling cost of distance, and has exceptionally powerful effects when the reduced costs of distance combine with economies of scale. Globalisation became important in the early nineteenth century, so the phenomenon is almost two centuries old. It is not solely an economic phenomenon in a historical and geographical context. It has political and social consequences. In particular it impacts on, but does not eliminate, cultural differences, and it reduces, but does not eliminate, the policy discretion of nation-states.

As Easton demonstrates³⁰, globalisation is just as important to consider in local economic development (where local is defined broadly as ‘sub-national’) as in national development

²⁹ Easton, B.H. (2007). *Globalisation and the wealth of nations*. Auckland: Auckland University Press.

³⁰ Easton, B.H.(2006). ‘Can we transform Auckland from a gateway city to a global one?’ *Listener*, April 8 2006.

strategies. Globalisation brings the world into our lives on an everyday basis. When it was first written about, there were fears that the world would become increasingly homogenised and social, cultural and economic differences would become increasingly blurred. At the heart of this were fears of the threat it presented to traditional notions of the 'local' and to local communities. As Bressi (2003)³¹ notes, local communities have reacted in different ways to this. Some local communities – especially in developing countries – have come to be at the mercy of global pressures and powers, reminiscent of colonial rule. Large multinational corporations and international powers dictate their economic and social life. Other communities have reacted defensively, attempting to resist global pressures by more or less building walls and shutting up shop (creating protectionist policies and barriers to entry). Bressi calls this defensive, self-centred localism. Thirdly, local communities have responded with what Bressi terms the 'glocal' approach, which is "characterized by meeting, negotiation and dialogue between global actors and local actors" (Bressi, 2003, p.6).

Evidence suggests that this third response, the – rather clumsily worded – process of 'glocalisation' is becoming an equal and concurrent process to globalisation. This is where local communities deal with globalisation by rediscovering local connectedness and culture. As Bressi notes, it is characterised by dialogue between local actors, who seek to "increase their negotiating strength, pursue reciprocal advantage and common interests between localities and global flows, and attempt to build common projects in pursuit of the best development opportunities for their communities." (Ibid).

Glocalisation is different from localism in that it affirms people's connection to their local communities at the same time as engaging with global processes. As Bressi notes, this phenomenon has emerged with force over the past decade:

Localities (national and sub-national entities in various shapes and forms) have begun to interact increasingly with "flows" of capital, technologies, goods, people, and cultural values generated by global actors. The localities have also increasingly begun to dialogue with each other, to build networks and to set up "horizontal" alliances. Through increasingly dense and complex relationships and agreements among different local subjects (of various types and at various levels: public and private, national and sub-national), a process has begun that we could define "horizontal globalization." This is an essential aspect of glocalism... (Bressi, 2003, p.5)

This notion of 'horizontal globalisation' describes the effect of creating networks of association across localities to build 'institutional thickness' and 'connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them' (Putman, 1994, cited in Mowbray, 2005, p.50). This connectivity often takes forms that are difficult to measure, but it nevertheless can result in very tangible forms of development. The concept of institutional thickness builds on this, emphasising the need for institutional structures which facilitate the building of networks of trust and reciprocity. As Amin and Thrift (1994) have identified, a strong institutional presence, high levels of interaction between organisations, and a mutual awareness of common involvement and structures which minimise 'sectionalism' are key ingredients (Amin and Thrift, 1994, cited in Coulson and Ferrario, 2007, p.593).

Connectedness among people and a sense of connection to a 'place' is built when a city such as Auckland stages an event such as the Pasifika festival. An event (or group of events) presents a number of opportunities for the city; economic, social and cultural. It

³¹ Bressi, G. (2003). The impact of globalization: Opportunities and challenges for glocal development in Europe, Latin America and the Caribbean, Paper prepared for the Seminar 'Global and local: Confronting the challenges of regional development in Latin America and the Caribbean', Milan, Italy, March 22, 2003.

also differentiates Auckland from other cities and helps to create a sense of identity. This kind of event has the potential to contribute to the mix of things that define a city like Auckland.

Having social and cultural capital and institutional thickness apparent are signs of a healthy and engaged society. A lack of these may be a sign of disengagement by the populace; the outward reflection, at its most crude but nonetheless overt level, is a lack of democratic engagement.

There is a multitude of literature on globalisation and its effects on a nation's regions and communities. There is a multitude of opinions on the benefits of global world trade and free trade agreements, and the 'benefits' that free trade brings to the communities we live and work in. Regardless, there is a general consensus that increased information and communications technologies have allowed businesses, corporations, economies and localities to take advantage of 'real-time' transactions and the exchange of large amounts of information at greater speeds than ever before in our history.

The coincident rise in service industries and knowledge exchange has led to many more theories about the rise of the 'knowledge economy' where knowledge is the 'product', with more value and less damage to the environment than traditional heavy industries. This is the context that Charles Leadbetter describes as basing economies on 'thin air'; where the greatest potential for growth lies in ideas rather than physical production (Leadbetter, 2000). It also has very real implications for the kind of human capital a city such as Auckland will need in order to compete.

This means that Auckland needs to 'move up the value chain', create more 'knowledge-intensive' 'high value' businesses and occupations, 'add [knowledge] value' to our base industries and be more 'productive' and 'innovative' to foot it in an increasingly competitive and globalising world (Ministry of Economic Development, 2008)³². Barack Obama in his book 'The Audacity of Hope' (2006) said: "... capitalism is still not standing still. The policies of Reagan and Clinton may have trimmed the fat of the liberal welfare state, but they couldn't change the underlying realities of global competition and technological revolution. Jobs are still moving overseas – not just manufacturing work, but increasingly work in the service sector that can be digitally transmitted, like basic computer programming" (p158).

He goes on to say that the Republican approach to the economy is inadequate but so is the Democrat approach; where he sees the political stalemate being broken is the investments in 'education, science and technology, and energy independence' (p159). Obama goes on to describe the intricate connections between health and globalisation and the economy, where he describes graphically the difficulty of being able to compete globally when children get off to a bad start, and health care is dependent upon being employed. There are many parallels between what Obama describes as the fundamental issues facing America and decisions facing New Zealand on a national level and Auckland on city-regional level. As described in the social development section of this report, a good start to life could be one of the most significant policy imperatives for building a strong and competitive workforce.

Regional development is an important part of this policy focus, and the Auckland region especially so. This is something Florida (1995) agrees with, as he sees regions becoming more prominent in economic development:

The shift to knowledge-intensive capitalism goes beyond the particular

³² Ministry of Economic Development (2008). Government Urban and Economic Development Office. Retrieved April 16 2008 from: http://www.med.govt.nz/templates/Page_3421.aspx

business and management strategies of individual firms...involving the development of new inputs and a broader infrastructure at the regional level... The nature of this economic transformation makes regions key economic units in the global economy. In essence, globalism and regionalism are part of the same process of economic transformation (Florida, 1995, cited in MacLeod, 2001³³, p.804).

Unfortunately, while terms like knowledge economy, knowledge intensive, high-value, productive and innovative sound correct, at least on an intuitive level, the transformation into tangible actions that will deliver on these aspirations has proved to be more challenging. Every single term can be contested. That should not, however, paralyse us. If we accept that certain realities like globalisation, the new/green economy, and climate change are influencing our policy context, then we must act. The response in much of the literature has been to confront global pressures on a regional level as well as at a macro level. Cities and metropolitan regions have become important nodes of scale and scope with which to deal with some of these pressures, as Clark argues:

The chief 'drivers' of economic regions are well-known larger drivers of change such as globalisation, technology development, freer trade, public sector reform, increased mobility, and the new logistics of trade and exchange. Fundamentally, economic-regions offer a scale and critical mass of resources at the sub-national level, combined with a sufficiently coherent geography to address the interaction with these wider drivers of change (Clark, 2006a).³⁴

These imperatives have led many metropolitan regions to examine their ability to chart their way and 'manage' the response at a regional level. The alternative is to lose the race to move up the value chain and fail to attract and retain skills and talent – which would likely create 'a low investment/ low return' downward spiral (Clark et al., 2006)³⁵.

It therefore becomes vital to manage key internal and external business relationships, ensure key strategic messages are sent to the private sector about what a region can offer now and in the future, and to build confidence that 'the region' is thinking about its role in the national economy and its current and future comparative advantages in an international context. Clear and consistent policy settings, followed up with strategies, programmes and projects that fit with those policies, will help to build the environment for private investment to complement public investment and goals.

Economic development 'management', then, forms an important part of the economic development effort. Territories must manage important relationships and a combination of 'risk, resources and assets' (ibid) in order to get the best for their own and neighbouring territories. The actors in these relationships may include businesses, business associations, councils, chambers of commerce, development agencies, schools, technical institutes, universities and other training providers, community based organisations and trusts. Out of effective management of these relationships will come opportunities like clustering, building innovation systems, and science parks, as local governments recognise that they are important actors involved in shaping the local and regional economy...see also OECD (2001a).³⁶

³³ MacLeod, G. (2001). New regionalism reconsidered: Globalization and the remaking of political economic space. *International Journal of Urban and Regional Research*, 25(4) 804–829.

³⁴ Clark, G. (2006a). Comments to the document 'The impact of globalization: opportunities and challenges for global development in Europe, Latin America and the Caribbean', by Giovanni Bressi. Unpublished paper.

³⁵ Clark, G., Bromley, I., Fraser, N., Hamilton, V., Rodriguez, E., & Wilson, D. (2006). *International Review of Auckland Metro-Region*. Final report of the international team for the Auckland Metropolitan Project, Auckland.

³⁶ OECD (2001a). *Devolution and globalisation: Implications for local decision-makers*. Paris: OECD

Local economic development is not just about managing external forces like globalisation. Equally, if not more important, is the need to build on the inherent strengths and capacities within a local economy. This provides paths towards differentiation, specialisation, comparative and competitive advantage. Endogenous development (literally meaning 'development from within') literature rests on this assumption by emphasising economic externalities (those things that arise as a result of economic activity such as increased innovation and entrepreneurship) from increasing returns to scale associated with spatial clustering and specialisation (Porter, 1994; Krugman, 1995) and in releasing endogenous potential within localities. Releasing the endogenous potential within Auckland may come from a number of quarters alongside our traditional notions of business development; it may come from externalities associated with events (Americas Cup, Rugby World Cup, The Pasifika Festival), the social economy (work in the social sector that does not have profit as the primary objective but nonetheless has significant economic impact through employment, purchasing goods and services and so on), music and the arts. Flexibility in approach is necessary.

The fact that a history of exogenous models of development have drastically failed in developing countries (see Sen, 1999³⁷; OECD, 1999³⁸; Bressi, 2003) helps to validate the endogenous approach. A 'one-size-fits-all' model of development is doomed to fail in a world where globalisation has brought with it a concurrent shift towards maintaining and rediscovering local connectedness and authenticity. Differentiation based on history, heritage, and social and cultural capital underpins the attractiveness of a locality. It has a marked influence on the creativity, diversity and innovativeness within an economy. Local attempts at reclaiming some control over global processes in food production, such as farmers' markets, and organic food production are good examples of how alternative, flexible and innovative approaches can provide endogenous development opportunities.

As Clark (2006) and Bressi (2003) both observe, local development has become a very different task in the context of globalisation, and it is often more complex, more challenging, and in some ways more dangerous or risky. But they also make an important point: if the global economy is a partner rather than an enemy of local development there is a significantly enlarged mandate to invest in local development capacities. This does not mean necessarily producing more, it may mean producing less of higher quality and greater value as people search for connectedness and authenticity.

Creating a 'sense of place' therefore becomes an important ingredient. A sense of place denotes having a connection to a certain place – where you grew up, where you live, where you work – through social and cultural connections primarily, but also through economic connections where reciprocity is built in trading relationships and so on. For example, is Auckland a great place to do business? Is it culturally vibrant? And do you feel part of it? Or is your sense of connectedness more attached to your neighbourhood or local community? A local school often provides the focus for a community to build connectedness and a sense of place, but so can economic transactions when there is a connection between what we are purchasing and the community it came from.

Economic interdependence and mutually reinforcing activities are increasingly recognised as the key to economic development in a city-region. This has led to the recognition that new types of institutions, partnerships and 'special purpose vehicles' for economic development are desirable in order to take advantage of these interrelated dynamics and assets. This means a more inclusive and 'fit for purpose' approach to deciding what is best for localities, bringing relevant partners to the table when deciding on important strategic

³⁷ Sen, A. (1999). *Development as freedom*. New York: Anchor.

³⁸ OECD (1999). *Best practices in local development*. Paris: OECD.

issues, and utilising expertise from a wider range of partners...see OECD (2001b).³⁹ As Clark reasons, this does not necessarily mean disregarding past and existing structures, but acknowledging the changing context and acting accordingly:

Old enmities between cities and suburbs, or between two neighbouring cities, or between urban and rural areas, have not disappeared, but evidence is starting to show that they are much more economically inter-dependent (mutually reinforcing) than was previously understood. They cannot 'go it alone' but must work across their whole sub-national region to create the tools to 'steward' their business environment, promote new forms of employment, deal with image problems, and tackle the limitations of infrastructure (Clark, 2006a, p7).

In this context the focus and tools for economic development, and the governance arrangements to support that focus, have changed. The World Bank in 2004 identified three waves of approaches to economic development, as illustrated in Table 1.

Table 1: Three waves of local economic development

Wave	Focus	Tools
First: 1960s to early 1980s	<ul style="list-style-type: none"> • Mobile manufacturing investment, especially. • The attraction of foreign direct investment. • Hard infrastructure investment. 	<ul style="list-style-type: none"> • Large grants. • Subsidised loans usually aimed at inward investing manufacturers. • Tax breaks. • Subsidised hard infrastructure investment. • Expensive 'low road' industrial recruitment techniques.
Second: 1980s to mid 1990s	<ul style="list-style-type: none"> • The retention and growing of existing local businesses. • Still with an emphasis on inward investment attraction, but usually this was becoming more... <ul style="list-style-type: none"> • targeted to specific sectors or from... • certain geographic areas. 	<ul style="list-style-type: none"> • Direct payments to individual businesses. • Business incubators/workspace. • Advice and training for small and medium-sized firms. • Technical support. • Business start-up support. • Some hard and soft infrastructure investment
Third: Late 1990s onwards	<ul style="list-style-type: none"> • Soft infrastructure investments. • Public/private partnerships. • Networking and leveraging of private sector investments for the public good. • Highly targeted inward investment attraction to add to the competitive advantages of local areas 	<ul style="list-style-type: none"> • Developing a holistic strategy aimed at growing local firms. • Providing a competitive local investment climate. • Supporting and encouraging networking and collaboration. • Encouraging business clusters. • Encouraging workforce development and education. • Closely targeting inward investment to support cluster growth. • Supporting quality of life improvements.

Source: World Bank (2004) Local Economic Development: A Primer - Developing and Implementing Local Economic Development Strategies and Action Plans. A Knowledge Product of Cities of Change, October, Washington, DC., cited in 'Local Governance and the Drivers of Growth' OECD (2005).⁴⁰

In summary, what this means, for economic development efforts within a metropolitan region such as Auckland, is there are multiple levels for action which have to be attended to and strong connections have to be made between and across them. Economic devel-

³⁹ OECD (2001b). Local partnerships for better governance. Paris: OECD.

⁴⁰ OECD (2005). Local governance and the drivers of growth. Paris: OECD.

opment specialisations and opportunities most often bubble up from 'below' – from local contexts (physical, economic, social, and cultural), local economies and local specialisations – from those things we do better than everyone (as absolute advantages) and things we do comparatively better than most. Taking advantage of those opportunities may involve a plurality of actors when scaling up, trying to get more collaboration, innovation and entrepreneurship, or organising to engage in world markets. Different skills are required at different levels, and at different times during the life cycle of business and industry sectors. This can be supported through cross-sector efforts and collaboration, where local government has a role to play in making connections across sectors and supporting collaboration to build critical mass and competitiveness.

Local capacity is a key ingredient, along with local knowledge that is connected to and understands wider regional, national and international dynamics and markets. In order to truly transform Auckland's economy the local things matter; the local gems as yet undiscovered or local dynamics that will spur things to happen. This validates Porter's somewhat paradoxical claim that:

...the enduring competitive advantages in a global economy lie increasingly in local things – knowledge, relationships, and motivation that distant rivals cannot match. (Porter, 1998, pp 77-90)

However things of regional significance also matter: infrastructure, connectivity, labour markets, and the structure of the regional economy. The best economic development arrangements connect regional and local priorities with a common sense of purpose.

The Auckland economy

...Auckland is a key player in the national economy; operating industry clusters in manufacturing and technology, the marine industries, creative industries, and information and communications technology (ICT); providing specialised services such as business services, distribution and tertiary education; acting as an international gateway; and providing the countries largest domestic market.

(Royal Commission on Auckland Governance, Auckland Governance Report, p.63)

New Zealand is a trading nation. We must export higher value or value-added products and services to increase our standard of living. We have to be smarter and faster and offer something unique with a competitive advantage. Preferably, we will produce more things that have a lighter environmental footprint and take less resource to produce – such as knowledge exports, intellectual capital and services. The investment in the film industry in West Auckland is one example of a strategic investment built on local expertise in a knowledge intensive industry (see Part II, page 47).

Auckland is not generally lagging behind in strategic thinking, human capital, creativity or innovation compared with cities that are comparable in size, demographics, resources etc. to Auckland. In fact one might argue that New Zealanders generally are innovative, with some exemplars in the business world, such as Fisher and Paykel Healthcare and Navman, Glidepath, Gallaghers and Weta Workshops, demonstrating the importance of design and innovation underpinned by high human capital. But Auckland is the largest city in a small country. Most of Auckland's 'similar others' (for example Brisbane) are smaller players or one of many larger cities in their respective countries. In terms of international engagement, trade and connectedness (whether the physical exchange of goods or exchange of services, knowledge and ideas) the onus on Auckland in a national context is to punch above its weight on a world stage, as it is the only city in the country that can play that role successfully.

However there are some fundamentals to do with the structure of the Auckland economy that need to be addressed if we are to achieve anywhere near some of the stated economic development aspirations like raising productivity and bringing our standard of living in line with Australia's. Auckland playing a leading role in the New Zealand economy will be fundamental for New Zealand as well as Auckland.

The reality of the structure of the Auckland economy shows that these aspirations are far from realisable in the short term, and they have remained stubbornly elusive in the past. The International Monetary Fund (2004) in its 'selected issues report' stated that one of the main reasons New Zealand lags behind other OECD countries in terms of GDP growth and export performance is its geographic isolation saying that: '...In practice, isolation limits the potential for inter-regional linkages and spillovers. Reinforced by the limitations of a small domestic market, New Zealand must overcome its geographic separation and more actively participate in the global marketplace.' (Cited in 'Economic Futures for the Auckland Region', ARC, Dec., 2008, p.10). The reality of overcoming New Zealand's geographic isolation, and the transaction costs associated with the traditional dominant exports for New Zealand – logs, milk [-powder], meat and more latterly fish, horticulture and wine (although the latter are still minor exports compared to the former), is still not borne out in the statistics. Nor is the intention to 'add value' to these industries. The promise of globalisation has not yet been realised. The IMF goes on:

- Small to medium firms dominate the economic landscape
- High and medium tech-businesses account for only a small proportion of exports. NZ ranks 29th out of 30 OECD countries in terms of the share of manufactured exports that are high- or medium-technology [and has]....a lower relative value-add proportion of exports
- Emerging sectors such as the wine, information technology and biotechnology industries do not yet comprise a significant share of New Zealand's exports, which remain dominated by land-based (particularly agricultural) exports (Ibid).

Ascari Partners, in a report prepared for the Metro project, stated that fewer than 4% of New Zealand firms export and the top ten exporters account for half of all exports. Add to this the fact that one firm, Fonterra, accounts for approximately 4% of national GDP and 7% of all exports and we have a national picture where our exports are still largely in primary produce.

However our dependence on the primary sector is seen by many as advantageous. Struan Little, Acting Deputy Secretary to the Treasury, at the 2009 annual conference of the New Zealand Institute of Agricultural and Horticultural Science at Lincoln University, stated that:

There is a real opportunity for New Zealand to strengthen its innovation performance off our comparative advantage and past investment in the primary sector... that is the thinking behind the Primary *Growth* Partnership or PGP... It is about building off this country's strengths and boosting productivity across our traditional primary sectors. It is not about 'business as usual' but is quite explicitly targeted at transformational, ambitious and major projects....

The significance of this initiative is that it recognises the continuing importance of the pastoral, horticultural, seafood, forestry and food sectors to the New Zealand economy. Those sectors are important first and foremost because of the export revenues they generate and the jobs they create. But they're also important because our primary sector firms have the scale and global reach that support many domestic businesses. In addition to that, global demand for food is rising and it is likely that at least the food sector will prove more resilient in the current

global economic crisis than other sectors that are more reliant on discretionary consumer spending. What I am saying I guess is that global events right now remind us that, longer term, being a primary sector based economy may hold us in good stead. (emphasis added)

While on a national basis this may seem like good sense to many, it is concerning in Auckland for other reasons. The Auckland economy is different from the rest of New Zealand. "Between 2000 and 2006, 23,486 businesses were established in the Auckland region (an increase of 23%). The most significant growth in the number of new businesses has been in:

- Property and business services (+13,169)
- Retailing (+2,016)
- Construction (+1,470)
- Finance and insurance (+1,485)
- Hospitality – accommodation, pubs and taverns, cafes and restaurants (+809)
(Capital Strategy, 2007 cited in Economic Futures for the Auckland Region, ARC, Dec., 2008, p.11).

None of which, it could be said, are leading export sectors, and most of which (with the notable exception of finance and insurance⁴¹) are concentrated in servicing the domestic economy.

Comparative advantages⁴² for Auckland lie in business and financial services, wholesale, retail, finance, real estate, communication services, logistics, cultural and recreational services and manufacturing, much of which supports the tradeables sector in the New Zealand economy. In and of themselves, however, they do not account for export strengths, with the exception of manufacturing which has not grown in size since 2003 (Berl/IPP regional forecast, Nov 2009).

Auckland's comparative advantages derive solely from these sectors being relatively more concentrated in Auckland than any other centre or in New Zealand as a whole. This concentration does not necessarily translate to competitive advantages on an international basis either, but it illustrates one of the key roles Auckland plays in the national economy – that of the 'trading town' for New Zealand. As Shanghai is to China, Sydney is to Australia, Auckland is to New Zealand. Business and financial services, wholesale, retail, finance, real estate, communication services, and logistics all support trade, whether domestic or international. These are historical strengths and will remain so for the foreseeable future.

Economic development interests in Auckland, on the other hand, lie in different (and mostly complementary) sectors. These are the creative industries (such as publishing, advertising, design, film and television production etc. where intellectual capital is highly valued); digital content (such as software development, gaming, digital animation and graphic design services); tourism; biotechnology; specialised manufacturing (including marine); and food and beverage manufacturing (see Part II, page 39). Economic development strategies see these areas as building on specialised competitive advantages and providing the 'value-added' components we are striving for to increase productivity. Adding value to New Zealand's comparative advantages, as well as developing other high wage sectors, makes the relatively high cost of labour in New Zealand (compared with the

⁴¹ One suspects the large increase in company formations is aligned to domestic opportunities in high risk-high return consumer lending.

⁴² Based on the comparative strength of an industry sector in Auckland as compared to the rest of the country usually measured by employment and revenue

developing countries we are signing free trade agreements with) less important. Competing on the price of labour will not work for Auckland or New Zealand in the long run.

The ARC, in collaboration with a number of ministries and Statistics NZ, defined the clusters for specialisation and export growth in order to run economic future scenarios (picking up on the work that Enterprise North Shore had done on their own economy) in their Economic Futures Model (EFM). This work has shown the potential in these clusters/specialisations. Of course these clusters will have marked effects on supply chains, value chains, and inter-regional and international connections, whose value is harder to quantify. The Auckland City Council, in its groundbreaking report "Snapshot: Auckland's creative industries" was one of the reports that informed the ARC work. It attempted to describe the overall importance of the sector, and its links with other parts of Auckland's economy. This kind of work is invaluable, as it provides information on the business relationships within and between market segments and provides insights into the market interventions that will help to develop the strategic sectors of the economy in Auckland.

Both of these roles (adding to New Zealand's comparative advantages; and building specialisations, and job rich and export focused industries) are important roles for Auckland, for the region's and the nation's economy.

Auckland, perhaps not surprisingly given its major sectors, has been disproportionately affected by the global downturn. While there are signs of recovery, the outlook is for a slow crawl rather than a bounce-back recovery. Those sectors with international competitive advantages (offering goods and services that are hard to replicate) will fare better in any downturn. The reality is, however, that these sectors are, by and large, small players in terms of New Zealand's export earnings .

The most significant and probably most telling prediction is that, given current central government strategies, and policies, "...the quest for a high-wage export-based economy with productivity advances will remain elusive" (Nana, G., Berl/IPP regional forecast Nov 2009).

The recently released Berl/IPP Auckland regional forecast tells a familiar story:

- an over-reliance on a consumer [spending] led recovery,
- immigration as a source of economic growth,
- investment in housing as a key 'investment' strategy for Aucklanders (and New Zealanders) which flows into construction rather than investment in the tradeables sector,
- an over-valued exchange rate constraining growth in the export sector,
- high interest rates relative to other countries... , and
- an over-reliance on construction ... which is domestically focused and does little to improve productive/ export/strategic sectors in Auckland.

There have been recent moves to use tax reform and productivity improvements to stimulate the economy. However the discussions about tax reform have tended to look at 'simplicity' in gathering extra government revenue and using a stick (for example, in the form of a capital gains tax) to change investment behaviour when alternatives are thin in New Zealand. These may have unintended social and economic consequences (for example, capital gains tax may be recouped by landlords, with impacts on the housing costs of poorer Aucklanders). Discussions about increasing productivity (which unfortunately tend to focus on labour productivity rather than increasing capital investment and R&D), and investment in infrastructure (roads, broadband) are healthy and helpful. Investing in much needed infrastructure in Auckland is most welcome and well overdue, but the reality is that this is really an 'enabler' for a more productive economy – it does not get a more

productive economy by itself; it may simply facilitate increases in the domestic economy. Much more needs to be done. The nub of the policy problem is: how do you shape the future Auckland economy to provide a high-wage export-based economy with productivity advances?

The fundamental challenges for the Auckland economy, then, are:

- To continue to support and enhance New Zealand's comparative advantages by adding value to sectors and connecting New Zealand to global markets,
- To grow higher-value lighter-footprint export sectors within the Auckland economy.

Local government and economic development

This section draws on experiences from three different projects running concurrently: a review of governance and structures for economic and tourism development in the Manawatu; a review of governance structures in Northland incorporating economic development arrangements; and this project looking at the role of local government and CCOs in economic and social development in the Auckland region. It also draws on international thinking in regional economic development and research and papers drafted for the Royal Commission review of the governance of Auckland and subsequent submissions to the select committee on the governance of Auckland.

Key issues for economic development in Auckland from the literature are:

- Globalisation places pressure on localities in new ways; movement of people, knowledge, information, finance and investment.
- Cities are important as significant economic entities.
- 'Place' is still important socially, culturally, and environmentally as well as economically, and the quality of a place is fundamental to economic competitiveness and sustainability.
- Governance arrangements need to be realigned to fit better with an economic region, taking into account markets and economic geography. Governance arrangements should aim to generate efficiencies, reduce transaction costs and promote investment in key infrastructure for connectivity and economic development.
- Investment in 'soft' infrastructure (human, social and cultural capital) is just as, if not more, important than investment in hard infrastructure in order for economies to remain competitive in a knowledge economy.
- National (macro) economic policies do not always benefit all parts of the economy. The structure of Auckland's economy, and the policy settings to support that, need attention if Auckland and New Zealand are to remain competitive on a world stage.

Local council roles in the 21st century are more than simply service providers; they are actively involved in 'place shaping' to preserve and enhance the wellbeing of their citizens. The quality of services is an integral part of the quality and attractiveness of a place. But this is not the only influence councils have on the economy; they have purchasing power, own and control assets, influence investment in infrastructure and regulate market activities through urban design, public health and other regulatory powers. They are active players in the economy.

The new generation of territorial polices emphasise the importance of functional economic regions as the natural geographies where housing markets, labour markets, and the catchment areas of key regional assets combine. At this spatial scale local markets work together to form an economic unit, market functioning is most easily observable, along with market failures, agglomeration economies might occur, local

assets might be developed and used most effectively, and sub-national efforts that combine national and local initiative might be best orchestrated. (Clark, G. 2006b, p.5)⁴³

Democratic processes and civic leadership, which are both emphasised in the 2009 Act, provide an opportunity to achieve a common purpose and vision at a regional level, to seek collaborative advantages and to improve the social wellbeing of Aucklanders.

Building trust and alliances and a common purpose and vision are integral to achieving social and economic wellbeing at a metropolitan or regional level, as is the 'orchestration' of national and local initiatives. Regional governance structures will work best when they reinforce vertical and horizontal integration.

Place shaping and the role of local government in economic development

The UK Lyons Inquiry into Local Government was a landmark inquiry into the future role, function and funding of local government and coined the phrase 'place-shaping' to set out a wider strategic role for local government defined as

....the creative use of powers and influence to promote the general wellbeing of a community and its citizens. It includes...

- building and shaping local identity;
- representing the community;
- regulating harmful and disruptive behaviours;
- maintaining the cohesiveness of the community and supporting the debate within it, ensuring smaller voices are heard;
- helping to resolve disagreements;
- working to make the local economy more successful while being sensitive to pressures on the environment;
- understanding local needs and preferences and making sure that the right services are provided to local people; and
- working with other bodies to response to complex challenges such as natural disasters and other emergencies.⁴⁴

Lyons in his full report goes on to say, "It is also clear that place still matters a great deal from an economic perspective – indeed some would argue that globalisation and the increasing mobility of highly skilled people and firms makes place more important as a competitive asset, and thus puts more of a premium on the management of that asset."⁴⁵

Political boundaries and economic geographies commonly do not match however. Economic development work that councils undertake must provide 'public good' outcomes; therefore the political dynamic is fundamental and must be handled with care. The civic leadership role within that dynamic is also fundamental as it provides the opportunity to galvanise, prioritise, build trust and confidence within the private sector and attract and focus investment. The role of local councils cannot be underestimated in economic development – they purchase, invest, influence, build trust and collaboration, shape, regulate, and advocate.

The role of economic development agencies (EDAs)

Local councils internationally are increasingly using different mechanisms and improving local governance to pursue social and economic development. The Project Twin Streams,

⁴³ Clark, G. (2006b) 'Strengthening Auckland's Regional Governance: A commentary on the draft discussion paper on the Governance of the Auckland Region.' A Paper prepared for the Metropolitan Auckland Project (Metro Project) Governance Team.

⁴⁴ Lyons, Sir Michael, "Lyons Inquiry into Local Government: Place-shaping: a shared ambition for the future of local government" Executive Summary, March 2007, p 3 para 14.

⁴⁵ Ibid, Lyons, full report, p 58.

Massey Matters and Wiri case studies are examples where councils are endeavouring to enlist community leadership in shared decision-making (see Part II, pages 69-80 and pages 98-107). In Auckland, most local councils have established economic development agencies to lead and promote economic development in their area. In this sense EDAs are endeavouring to be 'economy shapers' working with, for and on behalf of their communities, council/s, and businesses, trying to shape the future of the local, regional and national economies from the bottom up. As elaborated further in the case studies, this has both advantages and disadvantages: their main advantage is their connection to, and understanding of, the local (sub-regional) economy (for example the economic futures work undertaken by Enterprise North Shore, see Part II, page 26); their main disadvantage is historically weak regional governance for economic development, notwithstanding more recent attempts to rectify this.

The key role for local government according to Sir Michael Lyons is 'place shaping'. That is, setting a context for development and having influence with a number of actors in getting desirable outcomes. Through place shaping it is posited that social and economic development become completely intertwined at the local level, and at times indistinguishable. At the local level central government service delivery silos become secondary to more unifying objectives, and businesses understand the need for human capital investment in local people if their businesses are to thrive.

The respective roles of councils and their 'economy shapers', EDAs, has often been a source of contention, as has the perceived role of EDAs themselves. Theirs is a difficult role; acting as the gear between the public and private sectors, and working towards laudable outcomes for their communities with limited resources. Trust, integrity and facilitation become their stock in trade.

Confusion also reigns over the difference (or connection) between business development and economic development. They are complimentary. In the New Zealand policy context, business development is most often a case of service delivery that attracts central government funding while economic development tends to be more long term and strategic and more difficult to find funding for below the national level.

Regional and local economic development (shaping and investing in the economy in the best interests of long term competitiveness and sustainability, as in the food and beverage and film overview case studies therefore, does not often attract central government funding, as it tends to be context-specific rather than national), builds on local/regional competitive and comparative advantages, which by their very nature tend to be specific, and works across and between sectors to, for example, address market failures, reduce transaction costs, build productive capacity, and increase innovative capacity (see Part II, pages 39-50 for case studies).

These types of interventions are built on a combination of local knowledge and market intelligence built up over time with national data. Up till now agreement on public sector interventions has been hard to come by (as evident in the long road to garner support for the food innovation centre) and local level data just as difficult to get given the cost (as evident in the Enterprise North Shore case study, see Part II, page 26). These strategic interventions have been much harder for EDAs to do for a number of reasons including:

- Economic development, and agencies that work within economic development, are fundamentally not well understood at the local government level (more so with elected members than council staff, although there is evidence of the latter as well). This presents a problem as councils have often been the major or baseline operational funders.
- Civic leadership in economic development is not always apparent.

- Central government tends to want alignment with national economic development strategies and designs universal programmes to meet those objectives. These are not always fit for purpose and may or may not be the best strategic option for a local or regional economy.
- Economic development is difficult to measure, with a history of bad or inappropriate performance indicators, contracts and unrealistic expectations, all of which are still very evident. It requires a cooperative approach to deciding on priorities and activities. A more relational type of contract, where parties agree to invest in building EDA capacity and agree on activities that contribute to outcomes, rather than holding EDAs responsible for outcomes are evident in successful EDAs.
- Because economic development is difficult to measure it is difficult to convince potential funders to back it.
- EDAs find it difficult to survive political cycles, and therefore have limited incentives to be long term or strategic in their thinking.
- Survival often means EDAs are incentivised to chase service delivery contracts (for example in business development) rather than strategic objectives. However business development activities are vital in building local economies and, if used strategically, they can be a powerful ally to the longer term work that EDAs need to be engaged in.
- 'Business development' is far more than providing business training. It involves accessing capital at the right time, accessing the right advice at the right time, research and development, exploring and accessing new markets, increasing productivity and so on. It would be simplistic to define this simply as business development and not economic development.

Despite these difficulties in funding and in measuring effectiveness, EDAs have made a significant contribution to economic development in Auckland.....(or in some other part of New Zealand, or internationally).

The days when EDAs could fund strategic economic development through project funding are gone. Greater agreement about EDA activities is needed, and different funding models need to be explored, in order for EDAs to be effective in supporting strategic objectives for the economy. When EDAs provide strategic business development assistance they must involve many players, including private sector providers, to achieve regional and national objectives. EDAs need to be adept at assessing needs, and should not always try to meet them through their own programmes. In that respect some delicate push and pull factors, including capacity, need to be thought through. Tight and constrained budgets from councils and compliance-laden contracts from central government do not serve to build capability or capacity very well, and that is evident.

A good example of a different approach is the Tech NZ research and development grants that are managed by nine appointed EDAs across the country. This is a central government programme delivered locally, saving the Foundation for Research Science and Technology (FRST) the problem of obtaining local market intelligence, leveraging off the EDA local knowledge and investing in their capacity simultaneously.

Council economic development activity and EDA activity should be complementary. Often however there is competition between them. Some believe there should be a policy/provider split or a funder/provider split. Some believe that EDAs should be nothing but 'implementers' or delivery agents. None of these is optimal. EDAs that are market-facing can bring valuable market intelligence to strategy and policy. A funder/provider split assumes the EDA has the capacity and capability to deliver and will be punished if it falls short on its contractual obligations, often with unrealistic expectations written into con-

tracts, such as to increase the regional GPD per capita by x%, where there is neither the ability to correlate the EDA activities to any given movement in the GDP, nor sound intervention logic to trace how the activities might contribute to increased incomes (or any other economic development objective).

Strategy development should be a shared process among councils, the private sector and other relevant parties such as tertiary institutions and facilitated by an EDA. EDAs often have a particular legal status (such as a CCO or trust) where this role is made easier. Councils have control of or influence over large assets, land, infrastructure development, consenting and regulatory processes. They also have great influence over how a community will develop (particularly in the physical sense, but also in the place shaping sense) where development is as much about social, economic, cultural and environmental well-being as it is about the physical environment. Councils are often not seen as the right group to be leading an economic development strategy. The private sector sees itself as the wealth creators and therefore central to wealth creation strategies.

Increasingly, both sides (the public and private sectors) see the value in working up economic development strategies together and funding long-term strategic economic development activities for the mutual benefit of both. An arm's-length organisation like an EDA can be the neutral ground on which to build trust and have those kinds of conversations. They should also be able to project-manage, advocate for, enable or facilitate economic development. This recognises that the particular skills needed in an EDA are not usually the same as those that are needed within councils.

It is healthy for councils to have different professional and private sector views of development outcomes fed into council processes, strategies and policies. An arm's-length relationship between an EDA and a council also allows the council to advocate for what it sees is in the public interest in any development activity. An EDA can be less encumbered by political mandates and can negotiate common objectives and act to support outcomes in the public interest. The relationship between local government and an EDA in this respect would be to view the EDA as a 'special purpose vehicle' for economic development, and to purposefully build its capacity to do so. Greater operating efficiency for an EDA can come from being at arm's-length from the detailed and often non-commercial accountability requirements of local government.

In terms of economic development activity, different but complementary things need to happen at both regional and local levels. At the local level hands-on business development, networking and facilitation is predominant. At the regional level, more strategic activities need to be engaged in, and the relationship with other regions and national economic development objectives needs to be infused into local agendas – vertical and horizontal integration.

The opportunity

An economy based on consumption and construction is fragile and vulnerable to external global pressures, which can only be mitigated, or taken advantage of, by an economy based on robust specialisations and comparative and competitive advantages.

How can this be achieved? City-regions by their very nature are diverse multi-layered economies, with different zones of economic activity and different functional relationships that reach across political and geographic boundaries, further complicated by rapidly-developing information and communications technologies. The answer lies for economic development to function, not only strategically by sector or industry, but in terms of economic rationales and functioning economic geographies. A city-region acts 'as a whole' economically through a number of markets: industry sectors or clusters, housing, labour,

employment, land, finance and so on. Within that there are sub-regional clusters of economic activity that tend to agglomerate geographically and/or functionally (such as logistics around ports, or digital animation around film production). Working to build critical mass, create efficiencies, reduce transaction costs, build human capital, support the creation of new enterprises, provide access to finance, and create an environment for R&D, innovation and entrepreneurship are things that can be done under the broad heading of economic development.

Who does these things? By and large in developed countries these kinds of functions are performed by economic development agencies. The primary reason for this is that there are both public good outcomes (more and better jobs) and private gains (increased business opportunities and excellence) expected from EDA activities and the benefits are expected to be mutually reinforcing. EDAs work in the public interest by supporting strategic sectors within the economy that [have the potential to] provide the greatest 'public good' return on investment. Public good ROI might include; increased high value jobs, increased skills (human capital), increased export earnings, robust and sustainable economies, a higher standard of living and shaping the economy to meet global challenges – like climate change.

Shaping the future of Auckland's economy requires a multi-level approach. The new Auckland Council provides the opportunity to re-think Auckland's approach to economic development along economic lines, on a regional, sectoral, and on a local basis. To do this will require an integrated network of providers that can work across the region, at different spatial and functional levels supporting sub-regional economies to enhance the regional and national effort. Different priorities need to be addressed at the regional and sub-regional levels, but the work needs to be mutually reinforcing and aligned. This is one of the greatest opportunities arising out of a new form of metropolitan governance in Auckland; namely to get strategic alignment of national and regional priorities and to provide the mechanisms to implement policy on the ground. Considerable experience already exists in working within these dynamics at a local level, and more recently at a regional level. Much has been learned during the Metro project in how these dynamics interact; for example the food and beverage sector project that started life in Manukau is now in the process of becoming a regional project with the help of Auckland Plus (the current regional development agency), due to their connection to and work with central government agencies and the current regional forum. This is a good start.

Working with business

It is now widely recognised that the public and private sectors are highly interrelated and a reliance on one or the other in determining economic outcomes is inadequate. Highly functioning economies have highly functioning public and private sectors (along with supportive third sector activity). The need for regional competitiveness creates a further imperative for the public and private sectors to work together.

Take the issue, for example, of Auckland's waterfront redevelopment. This is a key issue and priority for the city and a 'place shaping' exercise. Relying on redeveloping publicly owned land solely with public funding may be out of kilter with market demands and private developments and may take a very long time. Providing a vision for the tone and functionality of the waterfront, however, alongside an investment prospectus, with innovative mechanisms for private and public/ private investment, could yield a better environment and speed up development. Benefits should be able to accrue to the public, not just in financial terms but in creating a 'place' that Aucklanders can be proud of and where people would want to visit, live, play and do business.

The example of the food and beverage sector case study is a case in point, where a public investment that will stand on its own financially in the medium term, has been a spur for business development, innovation and export growth (see Part II, page 39). It also has the potential to increase efficiency and productivity within the sector as a whole, and to open up opportunities for small to medium sized businesses that would not normally be able to benefit from such capital investment.

The example of investment in film studios in Waitakere also serves to underline how a 'game breaking' public investment can spur private investment, create new jobs and strengthen the basis upon which an industry cluster can grow. Moving up the value chain in this particular sector is now the challenge, and there are signs of growing international confidence in New Zealand's ability to provide support services for the industry.

Any new arrangements for economic development in Auckland will need to bring private sector expertise to the table when designing long term strategies, as well as seeking coherent approaches to development and investment. A public sector with a well articulated plan for Auckland, which has been worked up through private (and third) sector engagement, will give more confidence to the private sector that their investments will be worthwhile. Ad hoc and disconnected plans create uncertainty and short term profit-maximising behaviour.

Working with central government

One of the key success factors in regional economic development for Auckland will be a partnership with Wellington. This could herald a new approach to economic development in the Auckland city-region. The following quote identifies a worldwide trend in municipal governance and government:

The motivating force behind the renewed interest in regionalism is emerging from several sources. First, globalization of the economy. Syndicated columnist Neal Pierce and his colleagues at the Citi-states Group observe that the end of the Cold War had the effect of accelerating the globalization of a post-industrial economy. International trade agreements like NAFTA, and the development of a European Community all demonstrate reduced economic competitiveness on a country-by-country basis, and increased competitiveness on a region-by-region basis.

A second challenge consists of achieving sustainable development. Around the world, population pressures are pushing against environmental capacity. Increasingly, we are trying to balance economic growth, with environmental preservation and social equity. Part of the solution requires acting regionally. After all, water basins, air shed, and commuter shed are all regions.

Finally, the US and several other countries are undergoing a devolution revolution. More of the policy making and service delivery functions mandated by federal and state governments are being directed to the local level. Many of these--transportation, air and water quality planning, and an increasing amount of social services planning--are required to be carried out at on a regional basis. Others are becoming regional on a voluntary basis. (Wallis, 2002).⁴⁶

Although New Zealand's society and economy are on an entirely different scale from most countries in Wallis' analysis, there is evidence of a greater willingness to allow variation from national norms – 'one size doesn't fit all' commonly expresses this approach. New regionalism, as described by Wallis, is about a "change in focus from a system of hierar-

⁴⁶ Wallis, A (2002). 'The New Regionalism'. http://www.munimall.net/eos/2002/wallis_regionalism.nclk

chy (which seeks to dominate production and distribution) to network-based systems which accommodate different tasks and exhibit flexibility". One of the major challenges, which is also a major opportunity, for Auckland (and New Zealand) is to think and act regionally in Auckland. From an economic development standpoint this will mean providing the mechanisms and flexibility to do this, along with the resources and the ability to make and take decisions at a regional level – in short, devolving decision making and resources to a level where they can be more effective.

This will not be possible without central government being party to decisions that will benefit Auckland. If the new Auckland Council structures provide a 'forum' where conversations can be had about regional priorities that are inclusive of central and local government, business and other vital sectors (such as education), then we will have achieved much for Auckland and New Zealand. If new structures reinforce old divisions and enmities (Auckland versus Wellington, regional versus local, locality versus locality), then we will have simply rearranged local government structures.

Making structures work for economic development

The established EDAs (currently funded primarily by local councils and the ARC) are well connected to both the public and private sectors (see for example the Enterprise North Shore case study where ENS has facilitated the development of a number of business improvement districts) and are well versed in collaboration, cooperation and facilitation which is needed to bring various constituencies and sectors together to focus on strategic economic development objectives (see Part II, page 26). The Visit Auckland Strategy that emanated from the Metro Action Plan is a good recent working example of private and public sector engagement for common ends. This kind of work is also readily apparent in both the film and food and beverage case studies where local councils, EDAs and the private sector have invested in sector-wide developments (see film overview case study, Part II, page 47). The EDAs also provide vital market intelligence to inform policy and strategy through their connection to the local economies and their own market research (such as the economic futures reporting by ENS discussed above): they act as a conduit for information and support; provide leadership, project management and business development services, and work on key aspects of their respective sub-regional economies.

Those sub-regional economies in the past have been primarily defined by territorial (council) boundaries. This has led EDAs to try to work more closely on regional and cross-boundary issues through the establishment of AREDA (the Auckland Regional Economic Development Association). Other membership organisations, such as the Employers and Manufacturers Association, Committee for Auckland and the Chamber of Commerce also offer economic development programmes and engage with regional forums. All of these initiatives need to be encouraged and supported in any future governance arrangements for economic development in Auckland.

Auckland now has the opportunity to take this work to another level, building on established knowledge and experience. Effective regional economic development will require a multi-level approach with vertical and horizontal linkages and networks. EDAs play a significant role in connecting the 'global' to 'local' and in providing strategic alignment and the ability to implement economic development projects. They are a key mechanism through which public sector goals can be aligned with private sector activity.

National priorities will continue to be set by central government. Decisions on the economic policy environment, such as tax reform, and labour market processes, as well as support for research and development and mechanisms for productivity improvements, will continue to be made by Cabinet. The private sector will continue to be the main driver

of business investment. Coordinated national and regional political leadership (along with strong private sector involvement) is essential in identifying the priorities for economic development for Auckland.

Whatever structures are designed and put in place they will need to enable a number of things in order for Auckland to compete globally:

- Civic leadership
- A grounded evidence base
- Strong, resourced and empowered regional governance that includes cross sector input
- An agency, and/or networked agencies, with the capability and capacity to implement economic development projects and programmes of scale and scope
- A focus on a small number of high-level economic development priorities for the region alongside work at the coal face
- Horizontal and vertical connections; locally, regionally, nationally and internationally
- An outward focus connecting Auckland and New Zealand to the Asia Pacific region and the world, but also,
- A strong presence on the ground; working with local boards and businesses, industry sectors and clusters to develop a strong and robust economy
- An ability to advocate for, articulate and integrate economic development goals with other sectors and priorities (for example social development, transport and land use planning, and environmental wellbeing)

Functions that need to be delivered

By thinking nationally and regionally and acting regionally and locally, much could be achieved. The economic development functions that the Auckland region needs to have delivered can be summarised as:

- Identifying regional economic development priorities that align with and contribute to national priorities.
- Integrating regional economic development priorities into local decision-making processes (both the Auckland Council and local boards).
- Identifying local economic development opportunities that are, or have the potential to be, of regional or national significance.
- Labour market programmes to enhance skills and productivity.
- Access to export markets through embassies, trade offices, beachheads etc.
- Connecting business to education and research, and vice versa (just as important for social development as it is for economic development).
- Working with local boards to promote 'place-shaping' (helping to make places attractive to people and investment).
- Building Auckland's innovation systems and networks.
- Carrying out business development activities including:
 - the provision of market intelligence and information,
 - supply chain, value chain and cluster development,
 - business training, advice and coaching,
 - network support and facilitation and
 - access to capital; providing businesses with 'one stop shop' access to publicly funded business support programmes (for example in research and development, high growth financing, and any regional development funds etc) as well as

- working on developing Auckland's capital markets (through building angel investment networks, venture capital, and other mechanisms).
- Providing 'on-the-ground' knowledge and experience (market intelligence) to inform business development and regional economic plans.
- Working with the Auckland Council to promote land use strategies, transport, urban intensification and revitalisation that deliver economic and social development outcomes.

Suggestions for improved governance and structures for economic development in Auckland

If economic development is to be successful in Auckland it will need four key elements: political leadership, a network of economic development agencies, an independent evidence base and a strong policy advice function within the Auckland Council. As with social development, the 'four wellbeings' (economic, social, environmental and cultural) will need to be integrated at a strategic level within Council. Set out below are our suggestions for making these elements concrete.

1. A Regional Economic Development Forum that sets the strategic direction for economic development in the Auckland region at the political level. Members of the Forum would be the key economic ministers – Finance and Economic Development, and those whose portfolios impact significantly on economic development – Labour, Immigration and Research Science and Technology, the Mayor of Auckland and the chairs of the relevant council committees. The purpose of the Forum is to identify a clear set of regional priorities for the region. Therefore, the Forum needs to bring other key sector interests to the table – business, education, unions, tangata whenua and tagata pasifika. The best mechanism for this needs careful thought, to ensure the Forum is comprised only of interests who can command and bring resources (fiscal, human, cultural) to bear on economic development challenges that face the region and remains sufficiently compact to work well.

2. A Regional Economic Development Agency (REDA) that is a Council Controlled Organisation. REDA would be governed by a board comprising people chosen for their expertise in economic development. The purpose of REDA is to lead and facilitate the key strategic economic development actions for Auckland to support the regional priorities set by the Regional Economic Development Forum. This will mean substantially increasing capacity and capability at the regional level, and taking advantage of the local level EDA expertise that currently exists. This would see one employer, the REDA, with local hubs (current EDA operations are the least-cost pathway to retaining local level economic development expertise), but with greater industry sector expertise than at present, increased business development expertise, and expertise in tourism, conferences and major events facilitation, regional branding, marketing and promotion, and inward investment. It would also mean:

- Deciding what gets delivered regionally by whom (within the constraints of Section 15 of the Local Government (Auckland Council) Act 2009). Some activities the REDA will take the lead on, some it will partner, some it will support.
- Developing long term and/or strategic projects of regional (and therefore national) significance. These could be infrastructure projects, [re]development projects, projects addressing significant market failures (for example skills mismatches) or taking advantage of significant regional opportunities.

- Establishing a regional economic development strategy (in partnership with the Auckland Council and central government agencies), utilising its extensive business connections. A regional strategy would be signed off by the REDA board and the Auckland Council.
- Acting as the portal to publicly funded business development programmes and developing an integrated case management approach for business development.
- Developing performance criteria and an intervention logic.

3. An independent evidence base for social and economic development (Knowledge Auckland) that links social and economic data (as well as, for example, demographic, environmental, housing and transport data where they impact on social and economic development). The independence of such an institution we think is important so that it can supply data to many organisations in an unbiased way and is not institutionally, organisationally or politically bound (this concept is developed further in the Social Development section – see the discussion on ‘the brain’).

4. A strong in-house economic development policy and strategy unit in the new Auckland Council, tasked with supporting the Regional Forum and the REDA in developing Auckland’s economic development plan and objectives. This plan should drop down to actions with clearly articulated roles for leadership and delivery of work-streams (with associated intervention logic, budget allocation/funding proposal and risk assessments). The Auckland Council economic development unit should also be tasked with:

- supporting the mayor and councillors;
- supporting council board member/s;
- working across other functions within council (and CCOs at arm’s-length to Council) that are affected by or have an effect on economic development, such as transport, land use policies, resource management and regulatory processes, community and social development. This work would be done in support of an agreed regional economic development plan.

The Council will also need to have **an explicit in-house capacity** to integrate strategies across social, economic, environmental and cultural wellbeing, particularly in terms of ‘place’ (areas of high deprivation, re-development, rural, urban, local economies and so on). This unit should be able to provide high level strategic and independent advice to the Chief Executive, and, through them, to the Mayor and the Economic Development Forum.

In conclusion, the new Auckland Council provides an opportunity to think and act regionally. Economic development in Auckland will need to focus on two core things:

1. To continue to support and enhance New Zealand’s comparative advantages by adding value to sectors and connecting New Zealand to global markets, and
2. To grow higher-value lighter-footprint export sectors within the Auckland economy.

Aspirations towards regional governance in economic development are not new. For example more recent attempts include: the grounded and inclusionary way that AREDS was developed; evidence of EDAs working together regionally through (AREDA); the consensus and momentum felt by local and central government officials and politicians, sectors of the business community and education after the Metro Project international review; setting up a regional economic development forum and economic development agency (Auckland Plus) within the ARC, the attempts to lift local economic development

efforts, like the food and beverage sector work, marine and film to projects of regional and national significance, the securing of the Rugby World Cup and work on leveraging the event for economic benefit, and the Visit Auckland strategy, are all signs of a desire for Auckland to work better regionally. The connections still need to be made horizontally and vertically and across sectors to get local and regional foci within a national policy context, but this is achievable in a city of 1.4 million people.

Linking Social and Economic Development

Section 10 of the Local Government Act 2002 requires local government to promote the social, economic, environmental, and cultural wellbeing of communities, in the present and for the future. This legislation puts the connections between these four wellbeings up-front.

This report has focused on the means to promote two of these wellbeings – social and economic. Each is dependent on the other. Both require an environment that encourages innovation, collaboration and actions based on the best available evidence. A strong economy requires a healthy and well educated population, where all Auckland's peoples can participate in generating wealth for the country, the city and themselves.

Economic and social development at the regional level have different focuses – economic development looks internationally, with central government acting as a partner in bringing knowledge about offshore markets and opportunities to decision-making. The need to export to generate national wealth is paramount. Social development, in contrast, looks across the region as a whole, to decide what the priorities are if all Aucklanders are to achieve the most they can, socially and economically. For the most part, the big money and universal policies lie with central government. But every policy has to be put into effect in a place, and that is where councils have unique knowledge and powers. For example, economic development agencies can provide work opportunities: sound public transport decisions will bring workers and business together; zoning and development approval processes can balance social, economic and environmental objectives. Good urban design creates environments where people want to live, work, walk and socialise.

Social and economic development are closely linked at the local level, as the Wiri Improvement case study and the Tamaki Transformation Programme show. Improving literacy levels, as is happening in COMET's Family Literacy case study, will provide a more skilled workforce when it happens on a bigger scale. Investing in quality Early Childhood Education to ensure equality of access as demonstrated in the Manukau case study, can improve both social and economic outcomes.

A sense of place is important to both social and economic development. Where people live has a major influence on their education, employment opportunities, leisure pursuits and health. The social development section of the report identifies some of the wide disparities in the quality of life between different areas of Auckland. Both sections highlight how belonging and having an identity with a place are important ingredients in economic performance and social wellbeing. They help create connectivity, thereby increasing the likelihood of economic transactions. This also generates wealth in localities and helps those living there prosper.

There are strong links between social and economic development in the area of housing. Where people live affects their health, education and many other aspects of life. Damp and overcrowded housing increases illness and reduces people's capacity to contribute to the economy. Housing also has an impact on the national economy, with the current imbalance in property investment being hotly debated around the country. Equally, a lack of affordable housing determines where Aucklanders can live, the quality of their housing, and how much income they have left over after meeting housing costs. Housing costs constrain Auckland's economy by limiting housing options for low to medium paid workers

and determining whether employees can afford to locate or remain in the region. If these factors are not in balance, many New Zealanders lose out.

These are a few examples of the relationship between social and economic development. To consider one without the other provides only part of the vision and solutions to Auckland's future. Taking both aspects of the city's life together, while recognising their different contributions and mechanisms for action, will help create a place where people want to work, feel safe, provide for their children's future and enjoy life.

Auckland is already well aligned with many of the drivers of success for the future. What it hasn't had in the past period has been unified and coherent government for the region which is able, not simply to provide public services but is able to take a leading role working with the private sector and the other institutions and build a very collaborative approach with central government, to make investment in Auckland's long term future a really key focus of activity and a key priority.⁴⁷

⁴⁷ Greg Clark, Adjunct Professor, AUT Institute of Public Policy, Chairman of the OECD Forum of Development Agencies and Investment Strategies

About the authors

Dr Emma Davies has worked for 20 years in the interface between research, practice and policy in government and non-government sectors. In 2007-9, she ran the Auckland Office of the Children's Commissioner. As Principal Advisor, she worked with councils on a range of social development initiatives including child-impact reporting, child prostitution and family violence. This followed her secondment to the Ministry of Social Development as a Principal Analyst for the Taskforce for Action on Violence in Families, where she translated research into policy advice. She is currently ADHB's representative on the Advisory Group for the evaluation of the Tamaki Transformation Programme. Emma returned to AUT in March 09 to take up the position of Programme Director – Social Development at the Institute of Public Policy.

Elizabeth Rowe has been the Director of *Elizabeth Rowe Consulting* since January 2001, specialising in social policy advice, research and evaluation and management. In 2008 Elizabeth researched and wrote the report on social wellbeing in the Auckland region for the Royal Commission on Auckland Governance. The report was adopted by the Commission as the basis of its recommendations to the Government. Elizabeth has held senior positions in the New Zealand and New South Wales Public Services. These have included Assistant Commissioner, State Services Commission; Chief Executive of the NZ Ministry of Women's Affairs; Director, Policy, in the NSW Department for Women; General Manager of the New Zealand Social Policy Agency; Establishment Chief Executive of the Families Commission; and Associate Deputy Chief Executive in the Ministry of Social Development.

David Wilson is the Director of the Institute of Public Policy at AUT, Director of IPP's Economic Development Centre and programme leader for the Graduate Diploma in Economic Development. He has a Masters Degree in Public Policy where his research centred on regional economic development. He is currently a PhD candidate working on an international comparative study of city-regions and economic development. David was a member of the governance group and a member of the International review team that produced the 'Metro report' for the Metro Project team in Auckland. David has an extensive business background including sales and marketing, product management, strategic business unit management to owning and operating his own successful retail business for 17 years. He is currently an alternate member of the Auckland Regional Economic Development Forum, a board member for Towns and Cities NZ, a fellow of the Economic Development Association of New Zealand and a strategic partner to the Auckland Regional Economic Development Association.

Rex Hewitt has an extensive knowledge of local government and Non Government Organisations both in New Zealand and the UK. He was an Assistant Director of Social Services for six years and involved in local government reorganisation in Wales. As Chief Executive of the UK charity Turning Point he worked closely with government, local authorities and health services on the design and delivery of drug, alcohol and mental services. He also acted as the interim chief executive for two London based regeneration organisations aimed at improving social, economic and environmental outcomes for communities. Rex is currently employed by Manukau City Council as a Senior Policy Advisor for Children, Young People and Families. In this role he has been active in devel-

oping early childhood services in partnership with government and also locality based projects and has contributed to the Metro Mayors forum.

Tony Spelman is involved in tribal management for his Iwi Ngati Hikairo in Kawhia as Secretary of Te Runanganui o Ngati Hikairo. He is also involved in a Mangere community education and employment organisation as Chair of the Board of METTCi (Mangere Education and Technical Training Incorporated). Tony has worked on the development process that led up the May 2004 Hui in Hamilton, was a member of the Transition Team for Tangata Whenua along with Atareta Poananga. He was the Tangata Whenua Co-Chair of the Community Sector Taskforce. In the Health sector Tony is a Community Participant in the credentialing process for Counties Manukau District Health Board Clinicians. Since 1984 Tony has worked in the field of Human Resources and Organisation Development within the Public Sector and since 1990 has worked with the Treaty of Waitangi in the life and work of Public Sector organisations, in both central and local government. Before that Tony worked for the Manukau City Council, as Manager of Governance and Democracy looking at the question of how communities participate in the affairs of local government as well as the effective development of sustainable Tiriti/Treaty relationships with Mana/Tangata Whenua. Tony is currently Interim Director of Maori Studies at Manukau Institute of Technology.