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Social and Economic well-being in the new Super City

Presentation prepared in association with
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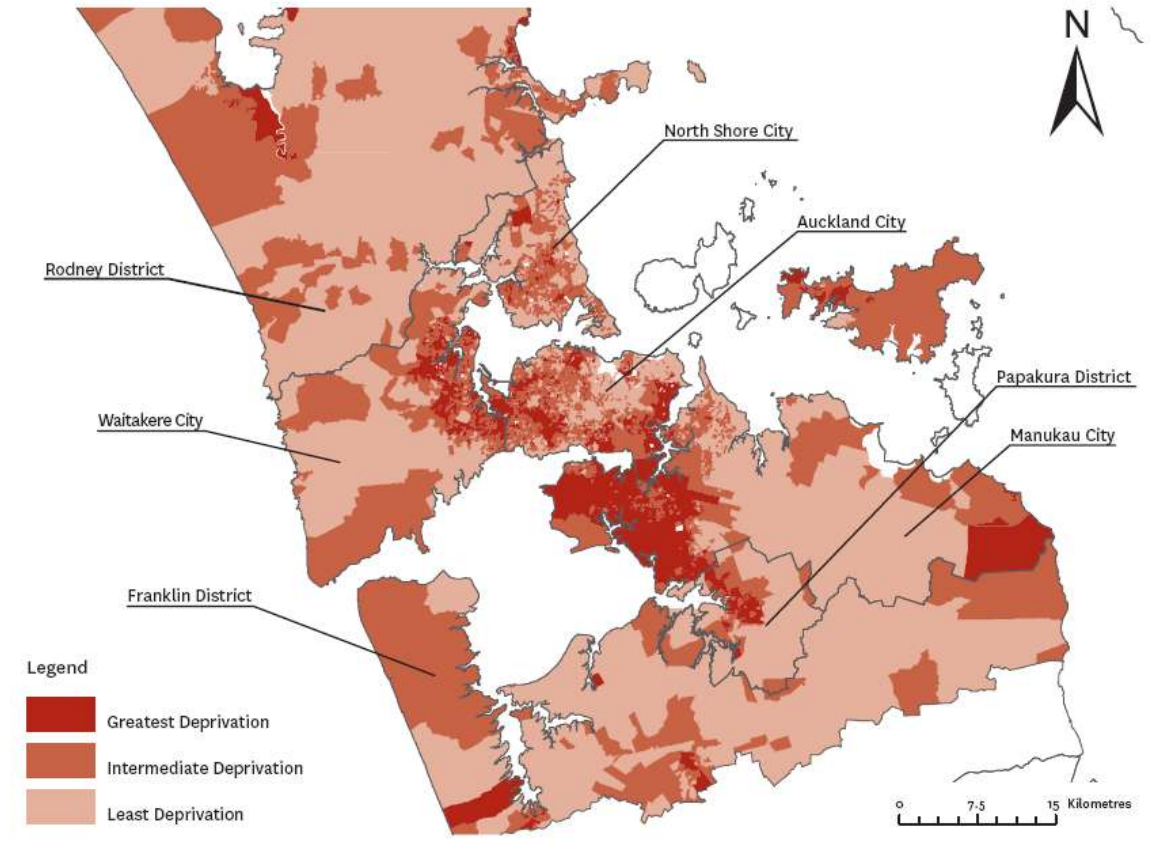
and delivered by
Catherine Harland, Research Officer
Local Government Centre, AUT University
6 October 2009

Outline

- Briefly overview why social issues are significant
- Describe the structures government has proposed for addressing social issues and the opportunities these present
- Consider the new funding paradigm that will explicitly identify transfers between areas
- Outline where economic development is now and what we have heard about the future
- Set out principles and matters to consider for the changes to come

Getting it right in Auckland

- Auckland is home to some of the most and least deprived neighbourhoods in the country
- The most deprived are geographically concentrated



Getting it right in Auckland

- Auckland is NZ's most culturally diverse city with worse social outcomes in some groups
- Auckland has the youngest population of all regions in New Zealand
 - 37% of Auckland's population is under 25
 - More than 25% of Manukau City's population is under 15 years

Royal Commission on Auckland Governance concluded...

“Central and local government’s annual social well-being spend is in the vicinity of \$12 billion in the Auckland region. It is critical that these resources are applied effectively, to achieve the best outcomes. Accordingly, Auckland needs a governance structure for social well-being that enables local and central government to share decision-making and accountability for improving the effectiveness of resources spent, and addressing the critical social issues in Auckland.”

(1) The Social Policy Forum

- Minister of Social Development and Employment (Chair)
- Mayor
- Chairs of relevant Auckland Council Committees
- Select representation from Local Boards

(2) Local Government (Auckland Council) Act

- Mayor
 - Will lead development of the LTCCP
 - Ensure effective engagement with the peoples of Auckland
“establish processes and mechanisms for the Auckland Council to engage with the people of Auckland, whether generally or particularly (for example, the people of a cultural, ethnic, geographic, or other community of interest)”
 - Establish committees and appoint Deputy Mayor and Chairs
 - Has own substantial budget
“not less than 0.2% of the Council’s total budgeted operating expenditure for that year”

Local Government (Auckland Council) Act

- Auckland Council
 - Responsible for all regulatory activities (some will affect social outcomes)
 - Shares decision-making for non-regulatory activities with local boards
- Local Boards
 - Purpose, *“better enabling the promotion of the social, economic, environmental and cultural well-being of communities within the local board area”...*

BUT...

Complexity and conflicts

“Decision making responsibility for any non-regulatory activity of the Auckland Council should be exercised by its local boards unless...the nature of the activity is such that decision-making on an Auckland wide basis will better promote the well-being of the communities across Auckland” [S17 (2)(a)(b)]

- How will social and economic responsibilities be negotiated and shared?
- Will responsibilities vary by Board or groups of Boards?
- How will disagreements be resolved? (Bill 3)

Research on Local Government's role

1. Documenting eight case studies of good practice:
 - Counties Manukau Education Trust (COMET) including the Family Literacy Programme
 - Early Childhood Education in Manukau
 - Enterprising Manukau's Food and Beverage Project
 - Enterprise North Shore's Business Development programmes
 - Māngere Integrated Health Care
 - Massey Matters
 - Project Twin Streams
 - WIRI Improvement Project
2. Identifying how to maximise opportunities that exist under the new governance arrangements to pursue good social and economic outcomes in the Auckland region

Conference Launch

- Research report will be launched at the **'Promoting Social Wellbeing Conference'** in Takapuna on 20th November 2009
- More information can be obtained from Dr Emma Davies
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Income Redistribution: Exploding a Myth

- **Myth:** unlike central government, local government is not involved in any form of income redistribution
- **Reality:** providing services to a common standard across the district, and rating on property values automatically means redistribution – people in higher valued properties pay more and help meet the cost of services to people in lower valued properties
- The myth has survived mainly because the reality gets blurred within councils – we don't debate whether or not poorer parts of the council district should receive a lower standard of service that matches what they fund

From Councils to Local Boards: a change in community reality

- The seven territorial local councils in the Auckland region include a mix of wealthier and poorer areas, especially in Auckland City but also in Manukau. Internally these Councils are quite diverse in socio-economic terms.
- 20 or 30 local boards structured on communities of interest will be much more homogenous – much more alike internally and much more different one from another – with the potential for a substantial spread between boards representing wealthier and poorer socio-economic areas.

What it means for funding

- The Auckland Council sets an aggregate amount to fund all local services decided by local boards
- It allocates that amount across local boards based on “socio-economic, population, age profile, and other demographic characteristics” to provide “an equitable capacity for the local boards to enhance the well-being of the communities in each of their local board areas”
- This mechanism provides for an explicit redistribution from better off areas, including those with significant a business base, to less well off local board areas
- **Question:** What impact will this have on public understanding of the role of local government?

Economic development now

- Plethora of organisations currently involved
 - Central government: MED, NZT&E, DoL, MPIA, TPK, MSD
 - Regional government: ARC, AREDF, A+
 - Local government: 7 TLAs, 6 EDAs, Tourism Auckland, Mainstreets
- and the private sector
 - Business and Professional Associations (Town Centres)
 - EMA, CoC
- and others
 - Universities
 - Unions
 - Third sector (not-for-profit trusts and community organisations)
 - Committee for Auckland

Economic development in the future

- Local boards are to better enable ‘promotion of economic well-being’ for their areas, otherwise...



SILENCE

- *“There has been nothing from the government yet which suggests it has any bigger idea about how to develop the economy other than to chip away at taxes and regulation and build some more infrastructure. The infrastructure is useful, it might make us slightly quicker but it won’t make us any smarter.”* Rod Oram, RNZ Insight 4 Oct 09

Economic Aspirations

- “the Goal for 2025 is to Catch & Match Australia”
Hon. Rodney Hide Auckland District Law Society Seminar
3 Sep 09
- “The sort of mean income gap we’ve got with Australia is something like, we’re at about \$33,000 and they’re at \$45,000. While that gap exists these young inspiring people are going to say to themselves, ‘we’ll it was nice to get taught by the kiwis but I think I’ll go and earn some money in Australia. So we have to create an attractive place to live and work.” David Irvine, Icehouse co-founder, RNZ Insight 4 Oct 09
- To make this happen we all need to work together

Government response

- The new Auckland Council will be empowered to create policies and structures for economic development
- The Auckland Transition Agency is managing transition work in the area of economic development
- MED is undertaking a stock-take and review of economic development activities in the region to inform central government's view on the preferred objectives, roles and possible functions for economic development in the region

Five principles for improved ED

- **Glocalism:** build capacity at the local level working within regional, national and global contexts
- **Cooperation and collaboration:** recognise and enhance differing roles – a change in ‘behaviour’ is as important as a change in ‘structure’
- **Devolution and subsidiarity:** put decision-making, power, money, resources and responsibility close to the action
- **Functionality and flexibility:** build political governance around the optimal ‘functional city-region’ and economic realities – enable rapid adaptation in response to changing market conditions
- **Integration:** of policies, plans, strategies and action

Creating a new direction

- Overcome the two camps: central vs local government
- Old governance structures are no longer suited to new “geographies” where regions compete with regions not nations with nations
 - Old regionalism: central governments need to develop less developed regions => transfers, attract industry, subsidies, reduce urbanism
 - New Regionalism: different regions within a nation have particular strengths, resources, capacity and that comparative advantages must be sought and built upon
- From comparative advantage to collaborative advantage
[Stimson and Stough in James Rowe (ed)]
- Involve the tertiary, private and third sectors and ensure they are valued, active participants

Structure, resources and modelling

- Auckland needs a well functioning 'arms-length' regional agency that is close to and in touch with a number of implementation vehicles (such as EDAs) to provide the policy/practice feedback loop, and to make the best use of the region's available resources for implementation
- Resource those agencies e.g. Montreal Metropolitan of Community has a population ~3 times that of Auckland with an operating budget ~45 times that of Auckland Plus
- Other parts of NZ are reviewing their economic development activities, will Auckland become a model to emulate or to shun?

Last word on the job ahead

“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. I think now is the time to begin a programme of 10-15 years investment which will see Auckland achieve the kinds of success we’ve seen in cities like Barcelona, Singapore, Boston and Ottawa, cities that have invested decisively over a decade and achieved 25 years of progress as a result and there’s no reason why Auckland can’t do that.”

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

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