

Auckland's governance reforms: *how far will the ripples spread?*

An economic perspective on the four well-beings

29 April 2009



Introduction

- ▶ Introduction
- ▶ Economic perspective
- ▶ Key features of the reforms
- ▶ Some possible implications
- ▶ Conclusion

Economic perspective

- ▶ Promoting the best use of resources
 - efficient provision of public, club and merit goods at right level
 - satisfying preferences and willingness to pay
 - meeting principles of good taxation and regulation (efficiency, equity, simplicity and transparency)
 - solving “collective action problems”
 - overarching principle of net benefits across the community – economic, social, environmental, cultural
- ▶ Tension (real or perceived) between optimal scale for democratic participation and efficiency
- ▶ Well functioning “place” underpins wider performance across the wellbeings

Economic perspective

- ▶ Promoting the best use of resources
 - efficient provision of merit goods at right level
 - satisfying
 - meeting
 - equ
 - so
 - ov
 - eco
- ▶ Tension for democratic efficiency
- ▶ Well functioning “place” underpins wider performance across the wellbeings

The principles for restructuring governance used by the Royal Commission are consistent with this perspective

Key features of the reforms

- ▶ Promoting the best use of resources:
 - 🏠 efficient provision of public, club and merit goods at right level – greater economies of scale, strengthened regional level
 - ▣ satisfying preferences and willingness to pay – jury’s out: big calls to be made by the new Council on the distribution of benefits and costs
 - 🏠 better meeting principles of good taxation and regulation – “one ring to rule them all” (eg rates, district plan)
 - ▣ solving “collective action problems” – no change: key recommendations in this area not adopted
 - ▣ overarching principle of net benefits across the community – economic, social, environmental, cultural – no change: assessment procedures still as per LGA 2002

Key features of the reforms

- ▶ Tension (real or perceived) between optimal scale for democratic participation and efficiency
 - being played out in (a) at large versus ward councillors and (b) the 6 local councils vs 20-30 local boards issue
 - in this case a larger number of smaller units is not seen as “more democracy”...
 - ...and noone in their right mind would see it as more efficient
 - worst case scenario would be 20 – 30 local boards with actual functions (shudder)

Key features of the reforms

- ▶ Well functioning “place” underpins wider performance across the wellbeings
 - strong regional leadership
 - integrated strategy and planning across the four wellbeings
 - efficient and effective regional infrastructure delivery (but new powerful silos?)
 - efficient and effective economic development delivery
 - social development recommendations not adopted
 - quite a lot of the recommendations in this area pending government response

Some possible implications

- ▶ The particular circumstances of the Auckland region are almost unique
 - don't foresee wholesale transfer of the model
- ▶ But regional decision-making is too weak everywhere
 - stronger regional decision-making could be achieved in a number of ways
- ▶ Auckland's place in New Zealand's economic landscape increasingly recognised
 - opportunity for collaboration and advocacy on the role and needs of cities
- ▶ Central government increasing its capability
 - opportunity to improve working relationships

Some possible implications

- ▶ An out of scope implication
 - other proposals for reform may be more significant to the wider sector and potentially generate fundamental role conflict for local government

Conclusion

- ▶ The Royal Commission's recommendations and the principles behind them are consistent with an economic perspective on achieving the four wellbeings
- ▶ But the government's response to date may not see the full potential fulfilled...
- ▶ ...And the devil is in the implementation to a significant extent
- ▶ How far the ripples spread will depend on:
 - how far the government goes with strengthening the regional level
 - how well the sector seizes the opportunities represented by the Auckland reforms