

Office of the Minister of Local Government
Office of the Minister for Regulatory Reform

15 October 2009

Memorandum to Cabinet

Report on Overseas Travel: Hon Rodney Hide

Purpose

1. Cabinet is asked to note this report on my travel to London (England), Toronto (Canada), Portland, Oregon, and Los Angeles (United States of America) from Wednesday 23 September to Thursday 1 October 2009.
2. The primary objectives for the trip:
 - establish working relationships with my Ministerial counterparts and other stakeholders who are influential in shaping regulatory reform and local government policy;
 - gain insights into thinking on optimal models, roles and functions of local government in an internationally competitive economy, and how these can be applied to the Auckland governance reforms; and
 - gaining insights into how the Greater London Assembly model was operating, how the London Mayor's policies were stimulating economic growth in London in the current downturn and positioning itself for recovery, and how these could be applied to the Auckland governance reforms.

Executive Summary

Overview of lessons from other jurisdictions and applicability to Auckland reforms

3. The right system of governance is necessary but far from sufficient in ensuring a world class city. Equally important is the significance of leadership and achieving a balance between social and economic objectives to improve quality of life for citizens.
4. Historically, what shapes a city is the development of community with private financing driving city layout and shape. A strong mayoral leader will drive improvement, but it will be best sustained by a robust governance model.

5. A significant contribution that central government can make is to ensure a very capable management team is established by the transition agency and that an open, highly competitive Mayoral race takes place in a system that attracts high calibre contestants.
6. Any mayoral candidate will seek and need a signature policy platform that the public identify with (e.g. transport) – the existence of a galvanising debate on a service or policy issue is a major factor in engaging citizens and ensuring voter turnout. Voters want somebody local to hold to account on matters they care deeply about.
7. In order to attract high quality candidates, the Mayoral role needs sufficient powers but within a system of governance that provides a balance of power between elected officials and the executive who all collectively act in the best interests of Auckland.
8. The change model proposed for Auckland will need to be driven proactively by central government, with a 'take charge' model from Wellington through the transition agency a pre-requisite to success. A focus on outcomes for ratepayers and a clear communication of those outcomes is critical, including having the ATA set hard performance metrics and publishing them.
9. The lesson from London is that the legislation needs to be very clear about the Mayoral role and how the administrative system will operate as a result. In general, an egalitarian model of power sharing probably best mitigates the risks around the Mayor/CEO/Council relationships.
10. A major focus of the new Council will be the planning limits. A viable alternative to 'smart growth' is flexible zoning – letting the market determine the direction and limits to growth, with the Council concentrating on setting performance standards for land use and land owners utilising their money to limit the nuisance effects of development. I will consider legislating in the third Auckland Bill to ensure a planning approach that focuses on outcomes and is not dominated by a prescriptive approach.

Bilateral meetings

11. During my visit I undertook meetings with:
 - Rt Hon Rosie Winterton, Minister for Local Government, London;
 - Rt Hon Kenneth Clarke QC, MP and Shadow Secretary of State for Business, Innovation and Skills;
 - Caroline Spelman MP, Shadow Secretary of State for Communities and Local Government, London;
 - Richard Barnes, Deputy Mayor of London;
 - Boris Johnson, Mayor of London;
 - Dermot Finch, Chief Executive, Centre for Cities, London;
 - Anna Turley, Deputy Director and James Hulme, Head of Communications, New Local Government Network, London;

- Tony Travers, Director London Group at the London School of Economics;
- Philip Rycroft, Chief Executive, Better Regulation Executive;
- Council staff, City of Toronto Council;
- C.D. Howe Institute, Toronto;
- Ontario Government staff;
- Fareed Amin, Deputy Minister of Municipal Affairs, Toronto;
- David Bragdon, Council President, Metro Council, Portland;
- Cascades Policy Institute, Portland
- Mayor Sam Adams, Mayor of Portland City; and
- William Fujioka, Chief Executive Officer, Los Angeles County.

Meeting with Caroline Spelman MP, Shadow Secretary of State for Communities and Local Government

12. The purpose of the meeting was to discuss the Conservatives' current local government policy of:

- more flexibility for councils;
- making councils more accountable to local people; and
- allowing residents to veto high council tax rises.

WITHHELD UNDER SECTION 9(2)(b)(i)

Meeting with Rt Hon Kenneth Clarke QC, MP and Shadow Secretary of State for Business, Innovation and Skills

15. The meeting was to explore the views of one of the most experienced members of the Conservative Shadow Cabinet on the upcoming election campaign and the possible future direction of the next government, including their approach to regulatory reform.

WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Richard Barnes, Deputy Mayor of London

17. The purpose of the meeting was to discuss the Greater London Authority model, made up of a directly elected Mayor and the separately elected London assembly. This model has some features which are similar to the model which we are implementing in Auckland, and can potentially inform our thinking around Auckland governance.

WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Boris Johnson, Mayor of London

WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Tony Travers, Director, London Group, London School of Economics

22. The purpose of the meeting was to discuss the Group's major study of London's governance following the reforms implemented in 2000. Mr Travers criticisms of the GLA included that it is limited in its ability to deliver on its own policies.

WITHHELD UNDER SECTION 9(2)(ba)(i)

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Meeting with Dermot Finch, Chief Executive, Centre for Cities, London

29. The purpose of the meeting was to discuss the Centre's work on the impact of the recession on cities, and their resilience and positioning for the recovery as well as its views on the Executive Mayor model in place in London.

30. I noted the Centre's report "Public Sector Cities: Trouble Ahead" which states that the ultimate role of local authorities is to deliver services. Maintaining service quality must be local government's first priority, but councils must find new efficiencies to deliver the same services, with less staff.

WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Anna Turley and James Hulme, New Local Government Network

32. The purpose of this meeting was to discuss the Network's work on revitalising local political leadership and empowering local communities.

WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Rt Hon Rosie Winterton, Minister for Business, Innovation and Skills and Minister for Local Government

35. The purpose of the meeting was to discuss Minister Winterton's portfolio responsibilities which are broadly akin to my own, but also include the delivery of education and some social services.

WITHHELD UNDER SECTION 6(b)(i)

Philip Rycroft, Chief Executive, Better Regulation Executive

38. The Better Regulation Executive (BRE) works with regulators (including local government) to change their behaviour and practices as enforcers and has identified five principles of good regulation very consistent with the New Zealand Regulatory Responsibility Bill:

- Transparency;
- Accountability;
- Proportionality;
- Consistency; and
- Targeted.

WITHHELD UNDER SECTION 6(b)(i)

Meeting with Ontario Government staff

WITHHELD UNDER SECTION 6(b)(i)

WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Fareed Amin, Deputy Minister of Municipal Affairs, Toronto

WITHHELD UNDER SECTION 6(b)(i)

WITHHELD UNDER SECTION 9(2)(ba)(i)

WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Council staff, City of Toronto Council

43. The purpose of the meeting was to discuss the City of Toronto Act (2007) which introduced new powers to develop policies that support achieving prosperity, opportunity and liveability.

WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with David Bragdon, Council President, Metro Council, Portland

47. The purpose of the meeting was to discuss the Metro Council's governance structure and recent organisational reform to make the agency more effective and accountable. Mr. Bragdon noted that the objectives of the reforms were to improve the efficiency, effectiveness, accountability and fiscal responsibility of the agency.

WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with Mayor of Portland, Sam Adam

49. This purpose of the meeting was to discuss the City of Portland's governance structure and the Mayor's role within it.

WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Meeting with William Fujioka, Chief Executive Officer, Los Angeles County

54. The purpose of the meeting was to learn from Mr Fujioka's experiences as the first CEO of the LA County, to help inform thinking about Auckland's governance.

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WITHHELD UNDER SECTION 6(b)(i)
WITHHELD UNDER SECTION 9(2)(ba)(i)

Comment

57. Overall, the meetings I had in England, Canada, and the United States of America were useful in informing my thinking on the future direction of the local government and regulatory reform portfolios.
58. In particular the amalgamation and engagement mechanisms of the local government system in London and Toronto provide some useful lessons for New Zealand.
59. I am encouraged that our proposed model for Auckland is the right one and that we still have an opportunity in the third Bill to strengthen checks and balances, ensure an outcome focused planning process and to support the transition agency to drive the change process.

Recommendations

60. It is recommended that Cabinet:
- 61.1. Note the contents of this report.

Hon Rodney Hide
Minister of Local Government
Minister for Regulatory Reform