

In Confidence

OFFICE OF THE MINISTER OF LOCAL GOVERNMENT

Chair
Cabinet

AUCKLAND GOVERNANCE: CENTRAL GOVERNMENT ENGAGEMENT WITH THE FIRST AUCKLAND SPATIAL PLAN

Proposal

1. This paper seeks agreement to a proposed set of principles, processes and objectives to underpin central government's approach to engaging with the new Auckland Council as it develops its first spatial plan under the Local Government (Auckland Council) Act 2009 (LGACA).

Executive summary

2. A spatial plan illustrates future development of a city region, including the sequencing of growth and infrastructure provision. The Auckland Council is required to prepare a spatial plan and must seek to involve central government throughout the plan's development and implementation.
3. Central government can support the early success of the governance reforms by providing appropriate, timely and coordinated engagement with the Auckland Council as it develops its first spatial plan. This will ensure that the spatial plan not only contributes to improved outcomes for Auckland, but also makes a contribution to Government's economic growth, social, environmental and infrastructure objectives.
4. Cabinet will make decisions on resource management phase 2 (RMII-U) options to strengthen the links between the spatial plan and other statutory plans in March 2011. This process will affect the second and subsequent Auckland spatial plans, more than the first. This paper proposes using existing mechanisms, which can be built upon if needed, for the Government's engagement in the first spatial plan.

Principles and objectives

5. It is important that principles for participation are transparent at the outset and all parties enter into the engagement process understanding the challenges and opportunities that will need to be worked through productively as the plan develops. Proposed principles are:
 - the spatial plan is a key vehicle for negotiating and agreeing joint strategic priorities and actions between central government and the Auckland Council;
 - if implemented successfully the spatial plan can also help meet central government objectives; and
 - developing a mutually agreed evidence base will facilitate better decision making and avoid duplication of effort.
6. If central government and the Auckland Council share an understanding of central government's expectations for the spatial plan and its objectives for Auckland, there will be less likelihood of conflicting or unrealistic expectations as the plan is developed. These need to be communicated to the new Auckland Council. In the longer term vehicles such as the National Infrastructure Plan could be used to promulgate government objectives.

Engagement processes

7. It is proposed that overall coordination of central government engagement on the first Auckland spatial plan is provided by the Department of Internal Affairs (DIA) and the Ministry for the Environment (MfE).
8. The paper also proposes that an annual meeting of the Auckland central government-local government forum be used as a vehicle for formal political engagement on the first Auckland spatial plan.
9. The Minister for the Environment and I have agreed that it is most appropriate that work on the engagement is reported through the Minister of Local Government to Cabinet Committee on Implementation of Auckland Governance (AGR). The paper proposes that the Auckland Council may be invited to attend AGR at key points during the spatial plan's development, with those meetings being chaired by the Prime Minister.
10. Central government's input to the spatial plan will be subject to Cabinet approval, if it involves new policy or funding proposals. However, I consider it is neither appropriate nor necessary for the plan's content to be endorsed by Cabinet under current legislative settings.
11. Options for central government mechanisms to engage on future spatial plans, being canvassed in the RMII-U discussion document include possible Ministerial or Cabinet endorsement of the spatial plan. Decisions on whether this approach is supported should be taken in the context of the resource management reforms rather than being pre-empted.
12. This paper proposes instead that initially Cabinet provides direction to departments to take the first spatial plan into account when planning and sequencing expenditure on significant Auckland based projects or programmes. This will provide an initial signal of Government's commitment to the success of the new planning provisions.
13. The Minister of Local Government will report back to Cabinet by 13 December with a proposed timeline for central government agencies to report back to Cabinet on progress on the spatial plan, as well as proposed dates for the Auckland central government-local government forum and meetings between AGR and the Auckland Council.

Structure of this paper

14. The paper is in three parts:
 - Part 1 provides context and describes current legislative settings for the Auckland spatial plan, as well as opportunities and risks arising from the spatial planning process.
 - Part 2 covers principles for central government engagement in the first spatial plan and proposes a set of objectives to guide officials and political engagement with the Auckland Council, in order to mitigate the risks and realise the opportunities outlined in Part 1.
 - Part 3 outlines a proposed engagement process, including officials' roles, political engagement and options for central government consideration of the first spatial plan's content.

PART 1: Spatial planning in context

Previous Cabinet decisions

15. On 27 April 2009 the Minister of Local Government was invited, in consultation with other relevant Ministers, to report back to Cabinet by October 2010 on the Government's

objectives for Auckland [CAB Min (09) 14/3 refers] as an input to central government's engagement on the development of the Auckland spatial plan.

16. On 12 October 2010 Cabinet [CAB Min (10) 36/2 refers] invited the Minister of Local Government, in consultation with the Minister for the Environment, and other relevant Ministers, to report back to the Cabinet Committee on Implementation of Auckland Governance (AGR) before 30 November 2010 with options for central government's engagement in the first Auckland spatial plan.
17. This paper addresses both of these report backs.

Context

18. The LGACA requires the Auckland Council to prepare an Auckland spatial plan. The Council must seek to involve central government throughout the plan's development and must "endeavour to secure and maintain the support" of the Government in the plan's implementation. There is no requirement for the plan to be developed within a specific timeframe.
19. Under current provisions in the LGACA the spatial plan does not bind subordinate statutory documents, such as the Regional Policy Statement or Regional Land Transport Strategy. The RMII-U work, led by the Minister for the Environment, has been exploring mechanisms to support spatial planning as a key urban and infrastructure management tool in New Zealand. A spectrum of legislative and policy reform options, including possible legislative amendments clarifying the links between various statutory plans, is currently the subject of public consultation.¹
20. It is intended that Cabinet make decisions on the RMII-U options in March 2011.² Any legislative change arising from these decisions will affect the second and subsequent Auckland spatial plans³, more than the first. Accordingly, this paper deals with Government's immediate engagement with Auckland's first spatial plan. It does not preempt RMII-U decisions. Rather it proposes using existing mechanisms for the Government's engagement, which can be built upon if needed.
21. In the interim, the development of the first Auckland spatial plan provides an opportunity to test the need for strengthened legal links in a real world situation.

Definition and key principles of spatial planning

22. Below is a working definition of spatial planning. This could form the basis for discussion with the Auckland Council to reach a common understanding about the form of the Auckland spatial plan.
23. A spatial plan shows, for a given area, a desired end state of complementary land use, infrastructure and public services that decision makers believe will most effectively and efficiently promote identified social, economic, environmental and cultural wellbeing outcomes.
24. A spatial plan is likely to be a combination of maps and text. Maps would visually show the desired end state, including the intended location of significant land use patterns, infrastructure and public services. Text would describe outcomes, assumptions, and guidance for land use regulation and public spending policy and actions necessary to achieve the desired end state at appropriate stages over a given time-frame.

¹ Consultation on central government engagement in spatial planning is being undertaken through the discussion document: *Building Competitive Cities: Reform of the urban and infrastructure planning system*, which was released by the Minister for the Environment on 12 October 2010.

² Any legislative change arising from these decisions is expected to be introduced by June 2011.

³ The timing for the second and subsequent spatial plans is yet to be determined by the Auckland Council.

25. A spatial plan would ideally:

- identify likely future growth and how any adverse effects of growth could be mitigated or opportunities from growth capitalised on;
- reflect that area's physical environment and any special or unique characteristics;
- provide a clear and certain framework for market development and public investment;
- give guidance to other strategies and frameworks;
- be based on both vision and evidence;
- create agreement between tiers of Government;
- be developed in consultation with stakeholders; and
- include implementation arrangements and set out roles of different bodies.

26. Spatial planning is the lead strategic planning tool used by different levels of government in Europe, some parts of North America, Australia and Asia. It has been in place in many of these countries since the early 1980s. A spatial plan articulates the long-term (20-30 year) vision and strategic direction for a city region⁴ and its communities, including broad objectives.

27. A spatial plan visually illustrates how a city region may develop in the future, including the sequencing of growth, desired urban density and consequential infrastructure provision. It guides the location of transport, housing, energy, water, major recreation, education and health infrastructure and services and the timing of major investments. It is led by vision and outcomes set through political engagement with communities. It is underpinned by evidence about population growth and demographic change, the state of the environment and costs and benefits.

28. While spatial plans and planning processes vary according to needs at any given time, the spatial planning process is inherently multi-party, relying on negotiation between the main decision-makers in local government, central government, private sector, the third sector and communities.

29. A fundamental principle is that spatial planning is strategic, rather than purely regulatory planning, focused on the long term development of international cities and their communities. Another critical feature of spatial planning is that it acts as an information and coordination mechanism between the spatial planning agency, in this case the Auckland Council, and other parties to enable discussion and agreement on the timing, location and outcomes sought from investment.

Current legislative provisions for the Auckland spatial plan

30. The LGACA defines a purpose, scope and process for the spatial plan, consistent with international practice. The relevant sections of the LGACA that specify the process and content requirements for the spatial plan are attached as appendix 1.

31. While the spatial plan will be Auckland Council's document, I expect it will be developed with significant input from other parties. Although its primary focus is likely to be on how the Council can coordinate its regulatory, funding and other tools to achieve outcomes for Auckland, it should also identify opportunities for other stakeholders to coordinate and sequence their interventions to achieve the spatial plan's outcomes.

32. While the LGACA does not specify a date for the spatial plan, it is intended to provide a basis for aligning other plans prepared by the Auckland Council. These plans would include the Long Term Council Community Plan (LTCCP), which outlines the council's

⁴ The term city region means not just the administrative area of a recognisable city or conurbation but also its hinterland that will often be far bigger.

expenditure and funding, regulatory plans prepared under the Resource Management Act, local board agreements and statements of intent for the council controlled organisations. Some of these are required by the end of 2011.

33. Initial proposals for the scope of the first Auckland spatial plan, drafted by senior planning staff, identify place-based "integrated packages of action", that include new transport and economic infrastructure likely to involve requests for new central government funding. Infrastructure priorities identified to date include the CBD rail loop, improving access to the airport, investment in coordinated waterfront development, an international convention centre and broadband investment.
34. While spatial planning inevitably does identify specific infrastructure investment, as well as helping to guide the location and sequencing of facilities such as new schools and hospital expansions, the initial proposals will need to be broadened to encompass issues such as the overall approach to the accommodation of growth across Auckland.

Opportunities and risks

Opportunities

35. Internationally, cities are increasingly driving national economic growth and competing globally for skilled workers, international and innovative companies, and high value economic activities. Auckland is predicted to take up to 69% of New Zealand's population growth over the next thirty years and this growth provides New Zealand with a significant economic opportunity.
36. Historically, however, Auckland has struggled to provide the infrastructure and planning needed to match and capitalise on its rapid growth. Much of the struggle to accommodate growth has resulted from an inability to set a strategic direction that is consistently expressed through the various regulatory, non-regulatory and investment plans that guide decision making. This is important because infrastructure assets are long-lived. Poorly integrated or located infrastructure can lock in inefficient patterns of demand for many years.
37. Infrastructure investment that is well integrated with land-use planning and with other complementary infrastructure investments not only helps central and local government maximise the value and minimise the cost of their investments, but can also help achieve desirable long-term outcomes through facilitating more efficient and productive patterns of urban growth and development. The point is not to force people to live and work in particular ways. Rather, to be aware of the ways in which government already influences behaviour through the infrastructure pricing and investment decisions it already makes, and to find better ways of doing things.
38. An effective spatial plan will enable Auckland Council to provide a high level and forward looking statement of its priorities and approach to shaping Auckland's development. It will include principles, a clear framework for decision making and identify trade-offs. This will support more effective management of growth in the region, integration of land use planning and infrastructure investment, and sequencing of development and investment over time to maximise benefits and provide greater certainty to investors and communities.
39. Achieving a coherent planning hierarchy will be significantly assisted by Auckland's governance reforms, which creates one council with control over its own planning framework for the first time in Auckland's history. It is important for central government to support the early success of the Auckland local governance reforms by providing an appropriate, timely and coordinated level of engagement with the Auckland Council as it develops its first spatial plan.
40. Such engagement provides central government with the opportunity to ensure that the spatial plan not only contributes to improved outcomes for Auckland, but also makes a

contribution to the achievement of the Government's economic growth, social, environmental and infrastructure objectives.

- From a **fiscal and asset management perspective** the spatial plan presents an opportunity to get better value from the government's infrastructure spend. It could do this by providing a mechanism for coordinating complementary infrastructure investment (between local and central government, and the private sector), and/or coordinating infrastructure investment with land use decisions with the aim of the right infrastructure being provided in the right place at the right time.
- From an **infrastructure strategy perspective** the spatial plan presents an opportunity to engage more effectively with local government on a range of strategic issues, including infrastructure investment. Internationally, the confidence that people have in national or regional level infrastructure plans partly derives from their confidence in a city's strategy for growth, and in particular its land-use strategy. The spatial plan is an opportunity to support the objectives of the National Infrastructure Plan (and vice versa). Together they can deliver greater certainty to developers, firms and communities.
- From a **national economy perspective** the spatial plan could enable the type of growth required to make Auckland more competitive and help narrow the productivity and wage gap between New Zealand and Australia. Economic geography arguments⁵ suggest that, in addition to reducing the spatial transaction costs between the two countries, New Zealand's competitiveness will benefit from increasing our domestic agglomeration effects.
- From an **environmental perspective** more efficient natural resource allocation flowing from better urban growth management has environmental benefits, and could also contribute to New Zealand's international climate change obligations, as well as our branding in export markets.
- From a **regulatory perspective** over time spatial planning provides an opportunity to reduce transaction costs and provide more certainty by simplifying the planning framework, reducing the number of plans, strategies and processes, and making planning processes more negotiated and less adversarial.
- From a **social perspective** the spatial plan offers the opportunity to enhance social wellbeing for communities and the region. Giving serious consideration to the social elements of planning allows a focus on how built infrastructure and the environment can impact positively on social outcomes. This can encourage a proactive approach rather than mitigating the undesirable consequences where planning does not fully consider the social impact of growth and investment strategies.

Risks

41. There are risks for central government if it does not engage in the spatial planning process. Its objectives for Auckland may not be reflected in the spatial plan and its plans for investment in Auckland may not be adequately identified and integrated into the spatial plan, or may be inappropriately reflected in the spatial plan.
42. There are also some risks in government engaging in the spatial plan, however, particularly increased expectations for funding or policy change as a result of the plan as well as the possibility of disagreement over key aspects of the plan. If the spatial plan is developed without recognising central government's fiscal constraints and the way it makes investment decisions, it could become a vehicle for building unrealistic

⁵ For example McCann (2009) 'Economic geography, globalisation and New Zealand's productivity paradox', New Zealand Economic Papers 43(3): 279-314

expectations about central government's ability to fund Auckland Council's priority projects.

43. I consider that risks associated with the first spatial plan can be mitigated by being clear about the principles and objectives for government engagement. Principles proposed below include that the spatial plan should clearly identify where the Auckland Council expects central government to fund significant infrastructure, and the level of existing central government support for provision of that infrastructure and commitment to funding.
44. The first Auckland spatial plan provides the opportunity for participants i.e. the Auckland Council, central government, the private sector and communities, to engage in a process that will, by virtue of its newness, be exploratory and instructive as participants become familiar with their changing roles and a new planning model.
45. In such an environment it is important that all parties enter into the process understanding that there will be both challenges and opportunities that will need to be worked through productively as the plan develops.

PART 2: Principles and objectives for engagement

Principles for central government participation

46. I propose that Cabinet confirm that central government has an interest in participating in the development of an effective Auckland Council spatial plan and supports the following principles:
 - the spatial plan is a key vehicle for developing an integrated approach to responding to and managing Auckland's urban growth;
 - if implemented successfully the spatial plan can also help meet central government objectives; and
 - developing a mutually agreed evidence base will facilitate better decision making and avoid duplication of effort.
47. In order to facilitate the development of a spatial plan that central government can support, I propose that the qualities that it expects the plan to demonstrate and reflect are also clearly communicated to the Auckland Council and that these qualities are based on the opportunities and risks outlined previously. I recommend that we should advise the Auckland Council that central government supports the development of a spatial plan that:
 - sets out a robust, achievable and durable approach to managing Auckland's growth;
 - has buy-in from the Auckland public and key stakeholders;
 - clearly identifies where the Auckland Council proposes that central government funds significant infrastructure, and the level of existing central government support for provision of that infrastructure and commitment to that funding;
 - sets out aspirations, but is affordable and feasible, given likely available funding and Aucklanders' preferences;
 - acknowledges and reinforces central government's objectives for Auckland and New Zealand and complements central government interventions, funding and decision making processes, including taking into account the Government Policy Statement (GPS) on Land Transport Funding;
 - acknowledges and supports the role Auckland plays in the New Zealand economy, including its functional connections within New Zealand, and its role as an international gateway;

- seeks to maximise value from existing infrastructure investments and existing networks, rather than focusing solely on new spend;
- supports efficient and effective resource allocation and emphasises the role of demand management and efficient pricing to influence resource use and reduce the need for and costs of infrastructure; and
- reduces transaction costs, including regulatory costs, and improves cost certainty.

Options for central government objectives for Auckland

48. On 27 April 2009 the Minister of Local Government was invited, in consultation with other relevant Ministers, to report back to Cabinet by October 2010 on the Government's objectives for Auckland [CAB Min (09) 14/3 refers].
49. Central government provides the bulk of public expenditure in urban areas across a range of portfolios – such as health, education and transport infrastructure. In Auckland, total central government spend (including benefit payments and operating costs) outweighs local government spend by about 8:1. In the 2007 financial year, estimated total expenditure by central government in the city was \$17.2 billion, or 32 per cent of its national expenditure, compared with \$2.7 billion spent in the same period by Auckland local authorities.
50. Despite the level of its investment, traditionally central government has not been explicit about what it wants to achieve for New Zealand's cities, towns and rural areas across its portfolios. If both central government and the Auckland Council share an understanding of central government's objectives for Auckland, as well as its principles for engagement, there will be less likelihood of conflicting or unrealistic expectations as the plan is developed.
51. There are portfolio-specific national objectives that will continue to apply to Auckland and its future development, such as the GPS on Land Transport Funding, the Economic Growth Agenda and the National Infrastructure Plan. For the purpose of central government engagement on the first Auckland spatial plan, I propose a shorter list of whole of government objectives. The proposed objectives are:
 - To capitalise on Auckland's current role and population growth to:
 - lift economic growth and productivity;
 - ensure New Zealand has a city of scale that can provide a key link to the global economy;
 - improve Auckland's built environment and the efficiency of its urban form;
 - facilitate housing affordability and maintain an affordable cost of living;
 - coordinate complementary infrastructure investment to ensure infrastructure is delivered in the right place at the right time; and
 - maximise value from existing infrastructure investments.
 - To minimise the negative effects of growth on:
 - the performance of the Auckland transport system;
 - the effective operation of national strategic assets⁶;
 - the fiscal costs to central government; and
 - Auckland's unique physical environment.

⁶ For example international airports, sea and land ports, communications infrastructure, energy generators, major tertiary institutions.

52. These objectives provide a more focused direction to departments as they work with the Auckland Council and could potentially be used as criteria against which central government's input to the first spatial plan is assessed. I propose that these objectives are endorsed by Cabinet to provide guidance to departments as they engage with the Auckland Council on the development of the first Auckland spatial plan. In the longer term vehicles such as the National Infrastructure Plan could be used to formulate further iterations of government objectives.

The National Infrastructure Plan and the Auckland spatial plan

53. The National Infrastructure Plan (NIP) is a significant national strategy, the first of which was published in March 2010. It describes the Government's current infrastructure investment plans and policy programmes, and sets out areas of future focus.
54. Future editions of the NIP (the next is due in early to mid 2011) will build on the first version, increasing the time horizon, placing a greater emphasis on demand forecasting and future challenges, and setting out an ambitious policy programme. The aim will be to create a common understanding of the long-term infrastructure issues facing New Zealand and, through central government leadership, help coordinate and align the national response to those issues, across infrastructure sectors and owners.
55. An important function of both a spatial plan for Auckland (at regional level) and the NIP will be to facilitate the integrated planning of infrastructure investment, getting the right infrastructure in the right place at the right time and providing greater long-term certainty for developers, investors, businesses and communities.
56. Over time one of the roles of the NIP could be to complement the spatial plan by acting as a vehicle for providing to Auckland, amongst other things:
- a clear statement of central government's interests in the spatial plan process (e.g. as a tool for achieving value from infrastructure investment and for achieving economic growth and productivity objectives);
 - a clear statement of how central government invests in and manages infrastructure, and the funding and decision-making processes involved — to clearly communicate central government's 'rules of engagement', and its fiscal and other constraints;
 - a clear expectation that central government agencies should engage with local government and with the spatial plan process both in the strategic development phase, and during implementation of the plan, when making specific infrastructure investment decisions;
 - consistency around the growth and other assumptions that each agency, and local government, uses to forecast demand, but recognising that such base data may not always be sufficient or appropriate in some circumstances.
57. Using future versions of the NIP in this way could also help obviate the need for additional ongoing instruments (such as a government policy statement) to communicate the government's objectives and interests in the Auckland spatial plan.
58. While the NIP has the potential to provide significant guidance to the ongoing development of Auckland spatial plans, there is also a role for other significant regional and national strategies and plans to provide input to the plan. For example the Auckland Council is working with the Ministry of Economic Development to develop a joint economic development strategy for Auckland, which would both sit under and inform the spatial plan.
59. The spatial plan should encompass not only infrastructure needs but also provide good urban design and liveable neighbourhoods through consideration of the social, economic, environmental and cultural impacts of growth. It will also plan for development, including infrastructure, at a scale below that envisaged by the NIP, such

as the development of local cultural and recreational facilities, local roads, regional and local parks and local water infrastructure.

PART 3: Central government engagement processes

60. This part of the paper sets out a process for officials' engagement with the Auckland Council, outlines a proposed process for Ministers to engage with the Auckland Council on key aspects of the first spatial plan, and canvasses options for Cabinet consideration of the first spatial plan.

Central government agency engagement

61. The Minister for the Environment has been directed by Cabinet [CAB Min (10) 36/2 refers] to report back to Cabinet Economic Growth and Infrastructure Committee by 31 March 2010 on recommended policy options for Phase Two of the resource management reforms. MfE will continue to lead the development of policy and legislative options under the RMII-U work programme, including possible strengthening of the legal links of the Auckland spatial plan to other statutory plans.
62. The Minister for the Environment and I have agreed that, with the new Auckland Council about to be established, coordination of engagement with the new council on the first spatial plan at the Ministerial level should be led by the Minister of Local Government, reporting through to AGR. This is appropriate given that the spatial plan is a local government plan and is being developed under legislation that is part of the local government portfolio responsibilities and which the DIA is responsible for administering. As Minister of Local Government, I am also the Minister primarily responsible for the outcome of the Auckland governance reforms.
63. This is consistent with the Terms of Reference for AGR which are:

"To consider all matters relating to the development and implementation of the government's response to the recommendations of the Royal Commission on Auckland Governance, and the transition to the new Auckland Council."

Membership of AGR is in the process of being reviewed, in consultation with the Prime Minister, to ensure that that the membership includes Ministers responsible for critical Government spending in Auckland.

64. I propose overall coordination of central government engagement on the first Auckland spatial plan is jointly provided by the Department of Internal Affairs and the Ministry for the Environment. The Minister for the Environment supports this approach.
65. Other key agencies that will need to participate in the engagement process are: the Treasury (with respect to the NIP), the Ministry of Transport and the New Zealand Transport Agency (with respect to transport infrastructure and land use) and the Department of Building and Housing and Housing New Zealand Corporation (with respect to housing supply and affordability) as well as other relevant agencies, such as the Ministries of Economic Development, Social Development, Education, Justice and Health and Te Puni Kōkiri.

66. Engagement at officials level will comprise:

- providing advice to Ministers, both individually and collectively, to inform direct engagement with the Auckland council at key points in the development of the first spatial plan, including participation in the Auckland central government-local government forum;
- providing advice to the Auckland Council on interpretation of the spatial plan provisions in the LGACA and spatial planning best practice, as required;
- communication to the Auckland Council, and to key government agencies, of government objectives, expectations and priorities;

- continuing to work with the Auckland Council to develop a shared evidence base and assist with the development of high level options e.g. approach to accommodating growth, locations for growth, sequencing of infrastructure investment, as part of the spatial plan's content;
- ensuring engagement between officials and the Auckland Council on content aspects of the spatial plan's development is consistent and coordinated; and
- developing Cabinet papers as required to enable Cabinet consideration of any relevant policy or funding decisions arising from the development of the first spatial plan.

Central government political engagement

67. Central government participation at both officials and Ministerial level will demonstrate that the government is treating the spatial plan concept seriously, and is willing to engage in Auckland strategic planning. The success of the governance reforms will, to some extent, be measured by the success of the spatial planning process.
68. The first version of the Auckland spatial plan could potentially be developed in a relatively compressed timeframe without issues relating to its links to other plans being completely resolved. Its success will depend, in part, on central government's readiness and willingness to engage in the plan's development in a coherent, responsive and collaborative manner. This will require explicit Ministerial leadership and a clear mandate from Cabinet to relevant departments supporting their participation.
69. I propose that the Auckland central government-local government forum previously agreed to by Cabinet [CAB Min (09) 14/3 refers] occur annually as a vehicle for formal political engagement between the Mayor, the Prime Minister and Ministers with respect to the first Auckland spatial plan.
70. The forum would be jointly chaired by the Minister of Local Government and the Mayor of Auckland. I envisage membership would comprise of: relevant Ministers, including key infrastructure Ministers (infrastructure, transport, energy, education, health and housing portfolios) as well as representation from the economic development, environment, social and cultural portfolios; representatives from both the Auckland Council's governing body and local boards; and Local Government New Zealand.
71. The forum will provide an opportunity for collective engagement between Ministers and the Auckland Council but will not affect Ministers ability to engage individually with the Council on portfolio specific issues. I will report back to Cabinet on the proposed membership, terms of reference and date for this forum, after consultation with the incoming Auckland Council.
72. Cabinet has also agreed [CAB Min (09) 15/12 refers] to establish the Auckland Social Policy Forum as a high-level political meeting between Government and Auckland Council. The role of that forum will be to identify and agree on joint priority social issues and actions that respond to them. Where these actions are best implemented within the context of the Auckland Spatial Plan then these would be an input to the spatial planning process. The Minister for Social Development and Employment intends to meet with the Mayor in late 2010 to discuss the proposed operation and initial areas of focus for the Auckland Social Policy Forum.
73. I also propose that, at the discretion of the Prime Minister and the Minister of Local Government, at key decision points in the spatial plan's development the Mayor of Auckland and his key planning staff may be invited to attend AGR for discussion with relevant Ministers. The committee would be chaired by the Prime Minister on these occasions.

Cabinet consideration of the first spatial plan

74. The extent of central government's endorsement of the spatial plan's final content needs to be considered, as Ministerial engagement in its development could raise expectations in relation to central government funding of Auckland Council's priority projects. Engagement should not, in itself, commit government to expenditure or intervention outside of usual Budget and policy development processes. There should, however, be a willingness within central government to consider changes to current policy settings or funding scenarios if an effective spatial plan demonstrates that there are better ways of achieving shared objectives.
75. While it would be appropriate for central government's input to the spatial plan to be subject to Cabinet approval, if it involves new policy or funding proposals, the spatial plan itself is prepared by the Auckland Council and should be endorsed and adopted by the Auckland Council, as elected representatives of the people of Auckland. I believe it would be neither appropriate nor necessary for the plan's content to be considered or endorsed by Cabinet under current legislative settings.
76. The Minister for the Environment considers that a mechanism for government approval of those parts of the spatial plan that are dependent on government funding is necessary to mitigate risk of raised expectations for government funding. Options for central government mechanisms to engage on future spatial plans are being canvassed in the RMI-U discussion document. Decisions on whether this approach is supported should be taken in the context of the resource management reforms rather than being pre-empted.
77. In the interim, however, I support a more light-handed approach of Cabinet providing direction to departments to take the first spatial plan into account when planning and sequencing expenditure on significant Auckland based projects or programmes. I am proposing this be agreed in principle, pending development of the final first Auckland spatial plan, as an initial signal of Government's commitment to the success of the new planning provisions. I am also considering options for seeking other political parties' support for the spatial plan when it is completed.
78. I believe that the processes outlined in this paper provide an appropriate level of engagement by central government as the Auckland Council develops its first spatial plan and recommend that Cabinet agrees to adopt the proposed approach. In summary the approach involves:
- recognition that the Auckland spatial plan has the potential to make an important contribution to the achievement of the Government's economic growth and infrastructure objectives;
 - agreement to principles for engagement as outlined in paragraph 46 on the spatial plan with the incoming Auckland Council;
 - advising the Auckland Council that the Government supports the development of a spatial plan with the qualities outlined in paragraph 47;
 - agreement that the objectives statement in paragraph 51 should guide central government's input to the Auckland spatial plan;
 - commitment to the development and use of common data and planning assumptions, where appropriate, at the local and national levels;
 - agreement that the NIP will play an ongoing and evolving role in helping communicate the government's interests and objectives, as a key way of informing the spatial plan development;

- agreement that the Auckland central government-local government forum occur annually as a vehicle for formal political engagement between the Mayor and Ministers with respect to the first Auckland spatial plan;
- agreement to inviting the Auckland Council to meet with AGR at key points during the development of the first spatial plan; and
- Cabinet agreeing in principle to provide direction to departments that they engage in the development of the first spatial plan and take it into account when planning and sequencing expenditure on significant Auckland based projects or programmes.

79. I intend to meet with the incoming Mayor of Auckland as soon as possible to discuss the Auckland Council's timeline and process for the development of the spatial plan and the proposals outlined in this paper. I plan to report back to Cabinet by 13 December 2010 with a proposed timeline for central government agencies to report back to Cabinet on progress on the spatial plan, a proposed membership, terms of reference and date for the Auckland central government – local government form, and proposed dates for meetings between AGR and the Auckland Council.

Regulatory Impact Analysis

80. There are no regulatory impacts arising from this paper.

Consultation

81. This paper has been provided to the following government agencies for comment: the Ministry for the Environment, the Ministries of Transport, Social Development, Economic Development, the Department of Building and Housing, Housing New Zealand Corporation, Te Puni Kōkiri, the Treasury, Land Information New Zealand and the New Zealand Transport Agency. The Department of Prime Minister and Cabinet has been informed of the contents of the paper. The Interim Chief Executive of the Auckland Council was also given the opportunity to provide comments and these have been included.

Financial Implications

82. There are no financial implications arising from this paper.

Human Rights, Gender Implications, Disability Perspective

83. The paper is not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. The paper does not contain issues requiring a gender implication statement or a disability perspective.

Legislative Implications

84. There are no legislative implications arising from this paper.

Publicity

85. I propose that the decisions in this paper be communicated in writing to the Auckland Council by the Minister of Local Government and that a press release be developed at that time, in consultation with the Minister for the Environment, outlining the Government's support for and participation in the first Auckland spatial plan.

Recommendations

86. I recommend that the Cabinet:

1. **note** that a spatial plan illustrates how a city region may develop, including the sequencing of growth and can guide the location and sequencing of transport, housing, energy, water, major recreation, education and health infrastructure and services;

2. **note** that central government engagement on the development of Auckland's spatial plan is envisaged under the Local Government (Auckland Council) Act 2009;
3. **note** that this provides central government with the opportunity to ensure that the spatial plan provides improved outcomes for Auckland and a contribution to the achievement of the Government's economic growth, social, environmental and infrastructure objectives;

Principles and objectives

4. **agree** that central government has an interest in participating in the development of an effective Auckland Council spatial plan and supports the following principles:
 - 4.1. the spatial plan is a key vehicle for developing an integrated approach to responding to and managing Auckland's urban growth;
 - 4.2. if implemented successfully, the spatial plan can help meet central government objectives; and
 - 4.3. developing a mutually-agreed evidence base will facilitate better decision-making, and avoid duplication of effort across local and central government.
5. **agree** that in order to facilitate the development of a spatial plan that central government can support, the Auckland Council should be encouraged to develop a spatial plan that:
 - 5.1. sets out a robust, achievable and durable approach to managing Auckland's growth;
 - 5.2. has buy-in from the Auckland public and key stakeholders;
 - 5.3. clearly identifies where the Auckland Council proposes that central government funds significant infrastructure, and the level of existing central government support for provision of that infrastructure and commitment to that funding;
 - 5.4. sets out aspirations, but is affordable and feasible, given likely available funding and Aucklanders' preferences;
 - 5.5. acknowledges and reinforces central government's objectives for Auckland and New Zealand and complements central government interventions, funding and decision making processes, including taking into account the Government Policy Statement (GPS) on Land Transport Funding;
 - 5.6. acknowledges and supports the role Auckland plays in the New Zealand economy, including its functional connections within New Zealand, and its role as an international gateway;
 - 5.7. seeks to maximise value from existing infrastructure investments and existing networks, rather than focusing solely on new spend;
 - 5.8. supports efficient and effective resource allocation and emphasises the role of demand management and efficient pricing to influence resource use and reduce the need for and costs of infrastructure; and

- 5.9. reduces transaction costs, including regulatory costs, and improves cost certainty;
6. **note** that there are national portfolio-specific central government objectives that will continue to apply to Auckland and its future development, such as the GPS on land transport funding, the Economic Growth Agenda and the National Infrastructure Plan;
7. **agree** that for the following objectives provide guidance to departments to engage with the Auckland Council on the development of the first Auckland spatial plan:
- 7.1. To capitalise on Auckland's current role and population growth to:
- o lift economic growth and productivity;
 - o ensure New Zealand has a city of scale that can provide a key link to the global economy;
 - o improve Auckland's built environment and the efficiency of its urban form;
 - o facilitate housing affordability and maintain an affordable cost of living;
 - o coordinate complementary infrastructure investment to ensure infrastructure is delivered in the right place at the right time; and
 - o maximise value from existing infrastructure investments;
- 7.2. To minimise the negative effects of growth on:
- o the performance of the Auckland transport system;
 - o the effective operation of national strategic assets;
 - o the fiscal costs to central government; and
 - o Auckland's unique physical environment;
8. **note** that the National Infrastructure Plan is a significant national strategy that describes the Government's current infrastructure investment plans and policy programmes, how investment decisions are made and sets out areas of future focus;
9. **agree** that the National Infrastructure Plan will play an ongoing and evolving role in helping communicate the government's interests and objectives, as a key way of informing the spatial plan development;

Engagement by Ministers and officials

10. **agree** that coordination of engagement with the new council on the first spatial plan at the Ministerial level should be led by the Minister of Local Government, reporting through to AGR;
11. **agree** that central government engagement at officials level on the development of Auckland Council's first spatial plan is led by the Department of Internal Affairs and the Ministry for the Environment;
12. **note** that key agencies that will need to participate in the engagement process are: the Treasury, MoT and NZTA (with respect to transport infrastructure), DBH and Housing New Zealand Corporation (with respect to housing supply and affordability); as well as the Ministries of Economic Development, Social Development, Education and Health, and Te Puni Kōkiri;

13. **note** that Cabinet agreed that an Auckland central government-local government forum be established to provide for collective engagement between Ministers and the Auckland Council [CAB Min (09) 14/3 refers];
14. **agree** that an annual meeting of the Auckland central government-local government forum, be used as a vehicle for formal political engagement on the first Auckland spatial plan;
15. **agree** that, at the discretion of the Prime Minister and the Minister of Local Government, at key decision points in the spatial plan's development the Mayor of Auckland and his key planning staff may be invited to attend AGR for discussion with relevant Ministers;
16. **agree** in principle that departments should take the plan into account when planning and sequencing expenditure on significant Auckland based projects or programmes;
17. **note** that the Minister of Local Government will report back to Cabinet by 13 December 2010 with a proposed timeline for central government agencies to report back to Cabinet on progress on the spatial plan, a proposed membership, terms of reference and date for the Auckland central government – local government forum, and possible dates for key meetings between AGR and the Auckland Council; and
18. **agree** that the decisions in this paper be communicated in writing to the Auckland Council by the Minister of Local Government and that a press release be developed at that time, in consultation with the Minister for the Environment, outlining the Government's support for and participation in the first Auckland spatial plan.



Hon Rodney Hide
MINISTER OF LOCAL GOVERNMENT

Proactively Released by the Minister of Local Government

Appendix 1: legislative provisions in the LGACA for the spatial plan

Section 79 of the LGACA requires the Auckland spatial plan to:

- set a strategic direction for Auckland and its communities that integrates social, economic, environmental and cultural objectives;
- outline a high level development strategy that will achieve that direction and those objectives;
- enable coherent and coordinated decision making by the Auckland Council and other parties to determine the future location and timing of critical infrastructure, services and investment within Auckland in accordance with the strategy; and
- provide a basis for aligning the implementation plans, regulatory plans, and funding programmes of the Auckland Council.

In terms of content, the spatial plan must:

- recognise and describe Auckland's role in New Zealand;
- visually illustrate how Auckland may develop in the future, including how growth may be sequenced and how infrastructure may be provided;
- provide an evidential base to support decision making for Auckland, including evidence of trends, opportunities and constraints within Auckland;
- identify the existing and future location and mix of:
 - residential, business, rural production, and industrial activities within specific geographic areas within Auckland; and
 - critical infrastructure services and investment within Auckland;
- identify nationally and regionally significant:
 - recreational and open space areas within Auckland;
 - ecological areas within Auckland that should be protected from development;
 - environmental constraints on development within Auckland; and
 - landscapes, areas of historic heritage value, and natural features within Auckland.
- identify policies, priorities, land allocations, and programmes and investments to implement the strategic direction and specify how resources will be provided to implement the strategic direction.

Sections 80(1) and 80(5) of the LGACA state that the Auckland Council must:

- involve central government, infrastructure providers (including network utility operators), the communities of Auckland, the private sector, the rural sector, and other parties (as appropriate) throughout the preparation and development of the spatial plan; and
- endeavour to secure and maintain the support and co-operation of central government, infrastructure providers (including network utility operators), the communities of Auckland, the private sector, the rural sector, and other parties (as appropriate) in the implementation of the spatial plan.