

REVIEW OF CENTRAL
GOVERNMENT POLICY,
IMPLEMENTATION,
STRATEGY AND LEADERSHIP
EFFECTIVENESS IN
AUCKLAND

REPORT FOR CHIEF EXECUTIVES GOVERNANCE GROUP

Table of Contents

Foreword	3
Auckland	5
Central Government’s context.....	10
Examples of working together in Auckland	16
Stakeholder feedback from interviews	19
Diagnosis.....	23
Conclusions and recommended actions.....	24
Appendix one: Policy themes for further consideration.....	29
Appendix two: Terms of reference.....	30
Appendix three: Interviewee information.....	31

Foreword

The opportunity to undertake this review is in the knowledge that the ongoing success of Auckland will be a big part of New Zealand's success. The review proposes steps for Central Government to make further gains and be as effective as it can be in and for Auckland as the city moves forward.

The case for investment in Auckland is compelling. Auckland is home to a predominance of current and future policy challenges and is a big part of our future prosperity. Central Government has already been on a long journey with Auckland. With the recent transformation of Auckland's local government competence now exists in Auckland in a way that didn't before. Auckland Council is a partner that can be worked with.

The premise is simple; Auckland is more than 35% of New Zealand on any measure. For New Zealand to succeed, Auckland must succeed. Over time as Auckland grows, the risks of national failure through Auckland not succeeding go up. The social deprivation challenge is significant in parts of Auckland. Future economic growth, demographic trends and the housing challenge are all of a scale to affect New Zealand's overall performance. Auckland's success is a great prize for New Zealand and is worth a big effort.

New Zealand's local communities each have their own distinctive characteristics. Auckland is the largest unique community in New Zealand. It provides an opportunity for Government to do some distinctive and material things 'at scale' in order to achieve national outcomes. Auckland is a place where central government can invest effort, knowing that the returns to that effort will materially shift the dial in terms of our national levels of economic and social wellbeing. Better Public Service results and the Business Growth Agenda are clear examples of this.

The task of this review is to think about how Central Government can be as effective as it should be for Auckland and New Zealand, and the part that government plays. There is recognition that government isn't as effective as it could be in Auckland, for New Zealand.

There is not a need for new government structures or systems. Agreeing to those will take forever and many arrangements are fixed by legislation. There is a need to act quickly, secure some early wins and build momentum so I have focussed on solutions that are tangible and pragmatic. The necessary resources and enablers already exist. With some redirection of executive leadership, the most critical government departments in Auckland can drive alignment and identify areas of common purpose. This will lay the foundation for sustainable, positive change.

I have set out recommendations that can be achieved immediately. I have also outlined some policy issues that have arisen that warrant further consideration. My view is that leadership directed to empower people and set the right behaviour leads to gains quicker than changing structures and systems. I have recommended that the first step is to empower leadership in Auckland to build momentum. Systems, such as promoting Auckland career development pathways for public servants, or ensuring a common basis of evidence, will follow. Structures that will foster greater alignment will grow over time, but a reorganisation of government leadership in respect of Auckland is a necessary and immediate pre-cursor.

The Auckland Policy Office has evolved over time to meet the needs of the day. During the establishment of the Auckland Council it did this admirably. Co-location of relevant policy teams in

the APO during that process arguably led to more consistent and aligned policy advice. The opportunity now is to evolve the APO to have a mandate to host a growing policy presence in Auckland, facilitate growing interaction between government and Auckland and to coordinate a system-wide view of Auckland on behalf of Central Government.

The first step is simple agreement between you as Chief Executives to identify some common areas of interest and a sincere commitment to pursue them together. In the simple Kiwi way of setting a course together we can build a new way of delivering public services that will benefit all New Zealanders.

I would like to thank that team that supported me in this review and the many people who took time to contribute honestly and frankly in interviews. I greatly appreciated that Simon Murdoch took time to test, review and feedback on this report. His contribution was insightful and focussed, and reinforced the conclusions that I had reached.

Doug McKay

August 2014

Auckland

Auckland is large, and growing.

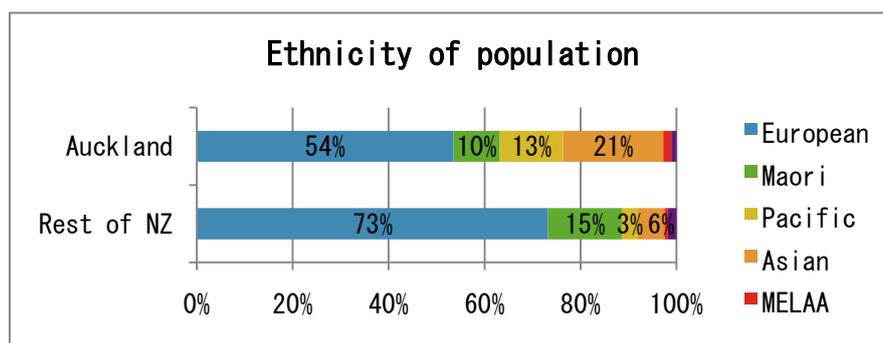
The statistics on the size and growth of Auckland have been well rehearsed. About 34% (1.5 million) of New Zealanders live in Auckland. It is expected that 60% of New Zealand's population growth to 2031 will happen in Auckland. On this basis Auckland will grow by 415,000 people (a population the size of Wellington) by 2031.

We've already seen the policy implications of ongoing growth. We see growth reflected in the need for improved roads and public transport. They also manifest in the need for housing supply, and the fiscal drag Auckland house price inflation imposes on the living costs of all New Zealanders, through higher interest rates. Internationally, the policy issues created by large, cosmopolitan and growing cities are entirely predictable. Auckland's increasing diversity will challenge social cohesion. In ten years more than half of Auckland's population will be foreign born. Our ability to settle and engage new migrants in society will strongly inform the impact that this migration has on New Zealand over the long term.

Auckland is New Zealand's version of Dublin or Copenhagen, but as diverse as Vancouver. They are all large cities in small countries that connect the nation to the world economy and attracting global skills and capital because of its size and infrastructure. Auckland is the key location for multinational and national head offices. Almost one quarter of Auckland's workforce are employed in foreign owned firms. It is the main destination for international migrants and generates 63% of the country's international education earnings.

Not just size, diversity and pace of change.

Auckland looks different to other regions. Europeans make up only half of the Auckland population (compared to three quarters in the rest of New Zealand). Asian and Pacific people comprise a larger share of the population than do Maori. 65% of New Zealand's Pacifica community lives in Auckland.



Source: Statistics New Zealand estimates

Immigration has contributed to this diversity. Almost 40% of Aucklanders were born overseas (the third highest rate in the OECD). One third of Aucklanders speak languages other than English, and many maintain active connections to their places of origin, including sending remittances home. Auckland's demographic transformation is still underway: it is estimated that the Asian population of Auckland will grow by 130,000 in the seven years to 2021. Asians are projected to comprise *half* of

Auckland's population growth in the next twenty years, and Pacific people 22 percent. Auckland is a Pacific Rim city, and an Asian one.

We can see from both Auckland and similar cities overseas that diversity has costs and benefits. If properly integrated, Auckland's migrants help connect New Zealand to the rest of world, as well as augmenting skills and contributing to innovation. On the other hand, ethnic diversity can increase social distrust, crime and lead to discrimination, division and, ultimately, unrest. The result of poorly settled migrants can be generational cycles of social cost and lost economic opportunity. There are signs now in Auckland of increasing discrimination of recent migrants from Asia. As a result, they withdraw back into their communities. Should this continue, there is the potential for Auckland to become increasingly segregated.

It is unclear whether government leaders have grasped the significance of the changing demographics of Auckland. In the near future the majority of Aucklanders will be younger, and Asian, Maori or Pacifica. The demographic differences between Auckland and the rest of New Zealand will widen. This is a big-city challenge the world over; how do we promote cohesion, facilitate social mobility and reduce intra-community tension in the face of rapid demographic change.

Successful migrant settlement and adjustments by the resident population are required to maintain social cohesion. It is essential that all communities can access public services, and that these services respond to their different needs and circumstances. To do this, the public service needs to understand the needs and norms of those communities. This includes addressing the reality that for significant numbers of Aucklanders, they do not hold innate understanding or trust of New Zealand's public and democratic institutions, norms and values.

Populations of interest

The size and diversity means that Auckland contains populations of interest to policy makers that are at considerable scale. With 512,000 people, the Counties Manukau District Health Board area of South Auckland is 30% of Auckland and 11.5% of the total New Zealand population, larger than the second largest city in the country (Christchurch at 341,000). 35% of the government's non-pension welfare payments are made into this area.

The population of this area is young and much more ethnically diverse than elsewhere - Pacific peoples comprise 35% of the population in this area and Maori 18%. Almost 14% of the population is Indian. 25% of the population is under 15 years old. In some south Auckland communities up to 50% of the population is under 18 years old.

The area is also home to a common set of interrelated social and economic problems. 40% of the population are within the 10% of the most materially deprived people in New Zealand. There are 20,000 pupils attending decile 1-3 high schools in South Auckland. There are two high schools in South Auckland with a higher decile rating than three – Kings College, and Otahuhu High School which is decile four. South Aucklanders of all ethnic groups have a much lower rate of secondary school NCEA level 2 attainment than their counterparts in the rest of Auckland or New Zealand.

Unemployment is estimated at over 11.6% of the labour force (compared to 6.4% nationally). 22% of households live in crowded conditions. There were 77 new cases of Acute Rheumatic Fever in the Counties Manukau area of south Auckland in 2013, the highest rate of any DHB in the country by a factor of four (there were none recorded in Southland).

Civil Society and key partners

Auckland has a rich civil society of actors who seek to be partners where they have alignment of interest in progressing government's policy goals. Auckland has an especially vibrant third sector. Some of these are funded and supported by central government and/or the Council, but a number are independently funded, often however working in areas with common interest with government, particularly addressing social issues. It has some of the largest community trusts and other philanthropic organisations in the country. Auckland is also home to social entrepreneurs, social capitalists, ethnic groups, NGOs and an established civil society in larger numbers and with greater means than anywhere else in the country.

Auckland is also home to the predominance of New Zealand's business leadership and head offices. The business community is motivated to improve the city and engage with its community, and with the means to do so. Increasingly, government will need to build relationships between government and business from Auckland, so that government can have conversations about growth and investment that it needs to have.

Maori

Manawhenua are willing and able partners. There are 19 iwi group with mana tanagata whenua in Tamaki Makaurau, as well as mataawaka from all corners of Aotearoa who call Auckland home. Tamaki Makaurau iwi are in various stages of the Treaty Settlement process, with some significant iwi having settled their historical claims with the Crown. The Independent Maori Statutory Board was established as part of the establishment of the Super City. Its purpose is to promote issues of significance to Maori and ensure that the Council complies with the Treaty of Waitangi. Board members sit and vote on Council committees, and engage and advocate with and for Maori.

Auckland Council

The Super City Council is the largest local authority in Australasia, with about 10,000 employees. While it has the same powers and functions as other councils in New Zealand it has significantly greater scale and capability, with an annual budget of approximately \$3 billion and assets of \$37 billion.

Auckland Council has created a critical mass, allowing for the creation of a policy competency that has not been witnessed in a local council in New Zealand before. Auckland Council measures itself, through NZIER, against the policy capability of central government agencies. Starting from the bottom of the rankings, it is steadily climbing. Auckland Council has one of the largest Research, investigation and Monitoring Units in the country, a leading G.I.S capability, the largest community development agency in New Zealand and an economic policy capability that is comparable to central government departments.

The Government created the Auckland Council almost four years ago, by amalgamating the previous eight local authorities, to unify and strengthen regional strategic decision taking capability and

implementation. Government also placed key functions and assets into arms-length council controlled commercial organisations to improve service delivery. It also created 21 separately elected local boards to strengthen local democracy. This model is unique in New Zealand. Through local boards, the Council has deep reach into the communities where both central and local government will get most benefit from delivering better public services.

The Council has gone through a successful transition that included setting a long term vision for the region (the Auckland Plan), and is moving into implementation. Auckland Council has been successfully established and has now clearly moved from transition to planning to implementation. The most important relationship the council has is with central government and the timing for positive and purposeful intervention in optimising that relationship is now. Implementation has significant challenges in many important areas where both need to be working well together so this is an appropriate time for positive change.

The Southern Initiative

The Southern Initiative (TSI) is a major initiative developed as part of the Auckland Plan. It seeks to improve the quality of life of 275,000 residents of the western and southern parts of South Auckland, of whom 25% are under 15 and 75% are non-European. It has a range of targets and actions for improving education, employment, housing, transport and health outcomes. After the Auckland Plan was launched the Council established a modest programme office and budget to progress the Southern Initiative. In large part the role of the office was to coordinate activity of other agencies.

In 2012, Central government said in its response to the Auckland Plan that “At a high level, the social priorities outlined in the Auckland Plan broadly align with Government’s priorities [...] however, the Government is concerned at the lack of alignment at the detail level of some targets and lack of clarity around roles, responsibilities and resourcing for these priorities in the Auckland Plan.”

It is now two years since the Southern Initiative office was established and it is clear that, as currently framed, organised and resourced, the Southern Initiative cannot achieve the transformational change it proposes. The Auckland Council is currently reviewing the arrangements.

At the same time, Government has become explicitly more focused on achieving results in South Auckland. Ministers and councillors discussed the Southern Initiative at the June 2013 Auckland Central Government Local Government Forum. and it was proposed that efforts should focus on youth, skills and employment; and family violence. In addition, the chief executives of Government’s economic departments have recently agreed that, in relation to lifting Maori and Pacifica education and achievement, departments will as a matter of priority “*take a coordinated investment approach to address issues in South Auckland*”¹. They agreed that this includes working with Maori and Pacifica, local leaders, Auckland Council, local firms, Auckland agencies and social service providers. Chief executives of these agencies and the Auckland Council have agreed to discuss options for strengthening joint work on South Auckland once this review, and the review of the Southern Initiative, are complete.

¹ Chief executives have agreed that MBIE, Treasury, MSD, MoE,TPK and MPIA will focus on South Auckland.

The time is right to align Government and Auckland Council objectives as they relate to South Auckland (including BPS results), and to develop new structural arrangements to ensure that they are achieved.² The South Auckland focus is a textbook example of a large, complex, strategic programme requiring the achievement of multiple interrelated objectives, through sustained integrated multi-agency inputs and action. In order to succeed, structural arrangements need to substantially strengthen cross-agency work.

The Auckland Plan sets up the Southern Initiative as a partnership between central and local government and local stakeholders including AUT, Auckland Airport, the DHB and local businesses and NGOs. The Auckland Plan says “Delivery of transformational change will only be achieved by everyone working together. Central Government is a major investor in housing, health, education, justice and social development in the area.” One third of households in the area are HNZN tenants and the DHB is the biggest employer.

The TSI presents an opportunity to make progress in an area that would drive the success of the BPS targets and also national economic growth. To deliver meaningful results in the TSI area will be difficult and complex, which will require long term persistent interventions and durable partnerships.

Informal arrangements are less effective the closer cross-agency work gets to implementation, and where stronger leadership is required to achieve a real change in focus, perspective or delivery. Big, strategic, multi-party interventions are hard to deliver and need partnership with firm undertakings. They need the formality of joint-venture arrangements that fully and firmly commit parties to aligned goals, durable resourcing and funding, and hard-wired governance and evaluation. I propose that chief executives explore a joint venture model with the Auckland Council to progress mutual objectives in South Auckland.

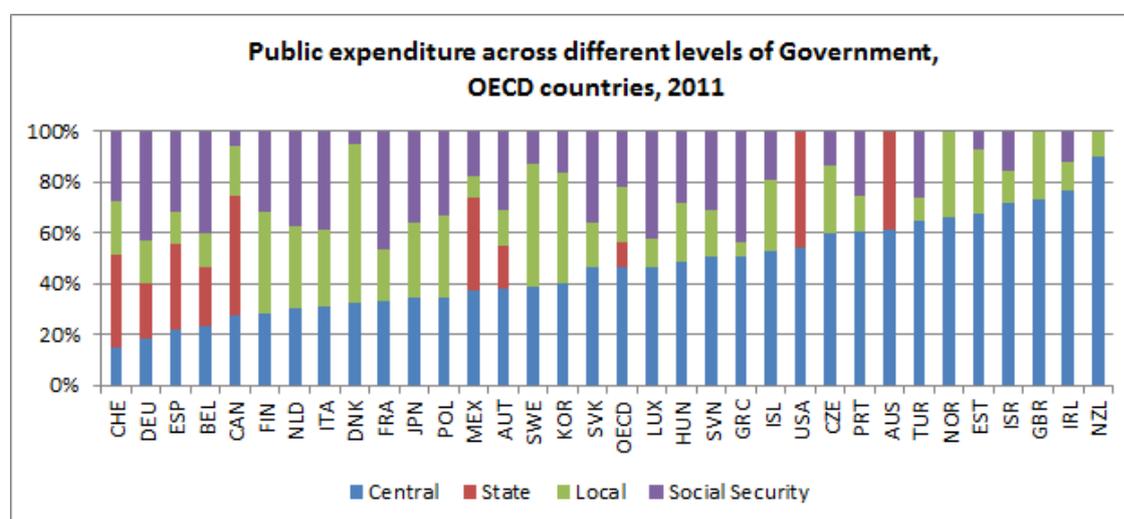
² Background work undertaken for the Better Public Services review identified a spectrum of options for strengthening cross-agency organisational arrangements. These options range from informal, loose agency groupings (voluntary and often short term club funding arrangements) through joint ventures, to formal fully integrated department models (such as the Christchurch Earthquake Recovery Authority). It was noted that informal, loose agency groupings are useful where better coordination is required but not major change.

Central Government's context

New Zealand's public sector is both highly centralised/nationally focused, and fragmented

New Zealand's government expenditure comprises about one third of GDP, similar to the medium term trend for other developed countries. However, New Zealand's public sector is much more highly centralised. We have evolved a distinct small country model, which includes:

- A two-tier system comprising central and local government where central government holds the legislative and taxation powers
- Strong separation in the accountabilities between these two tiers, with central government delivering social services and local government physical services to property, and highly autonomous finances
- New Zealand has the lowest proportional local government share of spend in the OECD



Source: OECD Factbook, 2014

- Central government also pursues common nation-wide standards in most of what it does, and allocates its expenditure and services largely in response to population
- The New Zealand model has 41 agencies providing policy advice, compared to about 20 in the United Kingdom and Australia.

This review does not make recommendations about Government devolving functions to the Auckland Council, spending a greater share of its budget in Auckland, or amalgamating departments.

Government priorities

By the end of last century, government considered that progress on priorities areas such as the aging population, technological change, inequality and international competitiveness required some reform of government machinery. In 2000 government published the "Review of the Centre", which proposed greater integration across departments, more locally responsive policy and services, and partnership arrangements with the non- government organisations and the private sector. Arguably more progress on such ways of working has been made in other jurisdictions than New Zealand.

Since the Global Financial Crisis and the Canterbury Earthquakes, Government has been focused on nearer-term issues. The current Government has adopted the following priorities:

1. Responsibly managing the Government's finances
2. Building a more competitive and productive economy
3. Delivering better public services
4. Rebuilding Christchurch

Building a more competitive and productive economy

The Government's Business Growth Agenda (BGA) is the driver for this priority. The BGA is a programme of actions organised around "six key ingredients that businesses need to succeed and grow": Export Markets; Innovation; Skilled and Safe Workplaces; Capital Markets; Natural Resources and Infrastructure. Government investments and policies comprise the bulk of the actions, but some involve local government and the private sector. Ministers have agreed specific actions for Auckland. These are focused on improving transport, housing, education, innovation, immigration settings and international connections.

As an out-sized, outward-looking city and international gateway, Auckland is a large part of New Zealand's prosperity challenge. Failure or success in Auckland has national consequences both in terms of economic indicators and in terms of inflation, interest rates and wages. Auckland can be a fiscal opportunity or a fiscal drag. As an international gateway it fosters the connectivity that attracts innovation, skills and investment

On some economic challenges government has already embarked on the journey with Auckland, in recognition that the issues in Auckland are critical to national outcomes. This has been the case in transport for some time, cumulating especially in the 2013 Auckland Transport Package. The sheer number of exporting businesses in Auckland led MFAT and NZTE to establish a joint office in Auckland to work with ATEED and businesses to facilitate trade and investment. The increasing focus on housing affordability has resulted in a close partnership, through the creation of Special Housing Areas and the Auckland Housing Policy Office, between central government and Auckland Council on that issue.

Better Public Services

Early in the current term, Ministers picked up many of the recommendations made in November 2011 by the Better Public Services Advisory Group. In particular, Ministers set ten "challenging results and targets to achieve over five years", which individual Ministers and departments have been allocated responsibility for. The table below lists the targets and a snap shot of the relevance of Auckland to them;

BPS Target	Auckland relevance	Relevant Council target (in Auckland Plan)
1. Reducing welfare dependence	35% of government's non-superannuation welfare spending in Auckland occurs in the Counties-Manukau DHB area	No equivalent target, but aligned strategic priorities (improve health, education and safety of Aucklanders; clear pathways and

		support for school leavers
2. Improving Early Childhood Education attendance	Auckland is home to the largest and most concentrated population of three year olds not attending ECE	All 3 to 4 year olds will participate in, and have access to, quality, culturally appropriate early childhood learning services, by 2020
3. Increasing infant immunisation and reducing rheumatic fever	South Auckland has the highest prevalence and rate of rheumatic fever in the country	Ensure that by 2017, all pre-school children receive all well checks, including the b4school check and are up to date with childhood immunisation
4. Reducing assaults on children	Proportionately no more relevant than the national average	By 2020, the number of breaches of Domestic Violence Act (1995) will have stabilised and by 2024 will have fallen by 40% Decrease the number of child hospitalisations due to injury by 20 per cent by 2025
5. Increasing the proportion of 18-year-olds with NCEA level 2	Lower achievement rates in decile 1-3 High Schools. 20,000 students in decile 1-3 High Schools in South Auckland. One third of young people in Auckland are underqualified.	Increase the proportion of school leavers who achieve at least NCEA Level 2 from 74% to 100% by 2020, with all school leavers having a career plan by 2020
6. Increasing the proportion of 25-34-year-olds with NZQF level 4 or above	Auckland is home to the majority of 15-25 year olds without NZQF level 4.	All young adults will complete a post-secondary qualification by 2030
7. Reducing the rates of total crime, violent crime and youth crime	In 2005, youth crime in South Auckland was predominant. Effective targeting and interventions have since reduced the prevalence of youth offending by 9% per annum.	Reduce the total criminal offences per 10,000 population from 939 in 2010 to 800 in 2040
8. Reducing reoffending	Proportionately no more relevant than the national average	No equivalent target
9. Businesses having a one-stop online shop for all government advice and support	Auckland is home to a disproportionate amount of economic activity and firms.	No equivalent target , but aligned strategic priorities (the Council becoming business friendly)
10. New Zealanders able to complete their transactions with Government easily in a digital environment	Auckland is home to a more diverse range of citizens, adding complexity to the way that interaction with government is transacted.	No equivalent target

There is overlap in the communities that the targets affect. The same families that suffer from rheumatic fever can have lower rates of ECE attendance and higher rates of welfare dependence.

The problems cannot be solved in isolation. The result is a need to take a multi-agency, citizen-centric, community-based approach. This in turn requires government to work in new ways.

The 2014 Mid-year Better Public Services Progress Report to Cabinet noted the following:

- There has been good progress on most of the targets, with the crime targets already reached. However results for reducing rheumatic fever and assaults on children, and having a one-stop online shop for business, are not on target. Also, **it will become increasingly difficult to make further improvements across the board.**
- Success relies on **departments working collectively** to address cross-cutting issues, by putting clients/customers at the centre of the design and delivery of services. While collective impact has improved much of this is at the margins, and a step change is needed to improve collective impact as part of core business. The following shifts are required:
 - More sustainable funding approaches that provide longer term certainty
 - From agency goals to system goals
 - From agency leadership to sector and system leadership
- Success also relies on **local-level governance and involvement of customers in design**. There are examples of this happening that could be scaled up. Government should explore what could be done by using place and population lenses.
- As part of strengthening learning culture, there should be greater **use of local data on target achievement to inform and drive local actions (including compiling and releasing data for Auckland)**.

Departments do not yet report Auckland results against the BPS targets. However, progress on some of these targets clearly requires a focus in Auckland, and indeed, on particular population groups in particular places – such as South Auckland.

New ways of working

The Public Sector has increasingly shown an appetite to move toward new ways of working. These reflect the growing understanding that good outcomes in many cases require working *with* the communities of interest that it seeks to affect. Recent examples of the Land and Water Forum and the Tax Working Group are examples of this ambition beginning to take shape.

Recent moves to design new ways of working align with my experience of leadership in customer facing organisations. For example, a principle of the BPS approach is that customer input and local data are integral to policy design. This reflects the emergent thinking that the solutions to intractable problems are not immediately obvious. Understanding them needs to begin with experiencing and understanding the problem rather than analysing it. From my experience, that is the same behaviour process as contained in the *Lean Six Sigma* approach; you start off by observing processes on the factory floor, watching, listening, and asking questions as a way to begin to understand how to improve process. An agile fix-assess-fix process is also integral to this model.

A recurring theme during interviews is that government struggles to include stakeholders at early stages of the process of developing and implementing policy, and frequently only engages with others in the later stages of delivery. This made us reflect as a team on the tight-loose-tight leadership model for managing the policy process. It works especially effectively in top-down leadership models and where there are opportunities to innovate on the delivery of outcomes. In this case, Tight-loose-tight would mean tight mandating of collaboration. Loose means a more participatory policy design phase. Tight means formal, well governed partnerships to deliver.

Current Government Arrangements in and on Auckland

There is an estimated 90,000 State servants in Auckland. Of these, over 9000 are staff of Public Service departments and of these 41 are senior managers (Tiers 1,2,3) and 53 are policy analysts. There is one Public Service Chief Executive based in Auckland.

The government's presence in Auckland has grown over time to meet the increasing and changing challenges that Auckland has thrown up. Government agencies have responded to these challenges in different ways but many admit they have not done a great deal in response to the new Auckland yet. The result is that government agencies have diversity of arrangements in Auckland, reflecting the different ways that agencies are organised and the different opportunities they have identified and the urgency with which they perceive the need to change. There is not yet one best practice model for agency engagement in Auckland despite there being real direction from some emerging success stories.

Agencies have made arrangements to ensure a more cohesive and joined up approach in relationship to the Auckland Council, using the soft (informal) tools available to them, with mixed results. An example is the Auckland Joint Officials Group (AJOG). AJOG is co-chaired by the Executive Director of the Auckland Policy Office and DCE Policy Auckland Council and provides an opportunity for addressing issues between the Government and the Council. Other groups include the Auckland Social Sector Leaders Group, a government officials group aimed at collaboration across the social sector, the Auckland Leaders Forum, a group comprising all senior leaders across Auckland, and UOG, a policy group of government officials that aims to ensure a cohesive message and approach to Auckland where possible.

As Auckland Council evolves, and Auckland grows, the challenge increasingly will be to hard wire more formal and sustainable arrangements. More formal arrangements will address three general challenges that are observed. The first is that momentum and commitment fade over time once the initial enthusiasm fades. The second is that the participants have highly variable levels of mandate and resources to commit to common challenges when they are identified. This unevenness makes these groups less effective than they might otherwise be. The third is that funding arrangements are often not sustainable or readily able to be integrated as business-as-usual.

Auckland Policy Office

The Auckland Policy Office (APO) was originally created in 2005 when the Ministry of Economic Development recognised that Auckland was becoming more important for New Zealand and there was a need to facilitate conversations between government and Auckland. A group of four agencies joined together to co-locate and to help put together the Government's Economic Transformation Agenda for Auckland.

APO has a role in addressing the matters that I have identified in this review. It should provide a system-wide view of Auckland for central government, and be an enabler for:

- Facilitation of relationships between government and Auckland;
- A focus on high quality design and implementation of policy;
- A strategic medium-term horizon scan of upcoming issues and opportunities;
- A shared repository of data and evidence;
- A research, evaluation and monitoring capability;
- A facility for ad hoc project teams established to respond to issues of the day; and
- Joint risk management

In addition to this the APO should continue its functions as a location for departments wanting an Auckland policy presence, joint policy work, a hub for Wellington, and a place to host and support projects.

Government and Auckland will not always agree

This review is naturally inclined to gravitate towards areas of potential alignment between the ambitions of government and Auckland. In seeking to make progress toward the BPS targets, there are many areas of potential alignment. The central government must take a national view. There will always be issues where Auckland takes a local perspective, and acts as an advocate rather than a potential partner. Central and local government are subject to quite different systems, with different accountabilities and levels of transparency. There are frequently situations where Central government must listen, and ultimately say no. A long term relationship needs to be able to sustain disagreements and changes in circumstance, and acknowledge the differences in the systems of government.

In being a responsible public service, it is easy to treat all approaches to government from local stakeholder on the basis that they are advocating a local position. However, doing that curtails the opportunity for working together in areas where a true opportunity for partnership exists. A feature of mature relationships is that they are robust enough to agree to disagree, but also have ways to solve problems before they fester. In fact, the more we work together the more we will need to have problem solving and dispute resolution skills. The conventions that allow for that will develop over time if the relationship is allowed to develop; good conventions come from good practice.

Examples of working together in Auckland

There are many examples of good work and success in Auckland from which to build. Of course, collaborative work happens every day; be it police, social workers and teachers working together, or agencies coming together to support a major event. There are also examples of collaboration at a larger and more systematic level, and some lessons to draw from those examples.

There are many areas of alignment in the agenda

On many important areas there is strong alignment between Central Government and various Auckland stakeholders. While the Auckland Plan was not a co-production, central government's input was to support the majority of the direction. The 2013 Backing Auckland transport package showed that government and Auckland stakeholders could quickly find areas of alignment on transport priorities for Auckland. The objectives underpinning the Councils' Southern Initiative broadly align with the government's Better Public Services targets in the area. The establishment of Special Housing Areas and the Business Growth Area priorities for Auckland showed that there is significant alignment in these areas.

There is now significant experience and learning how Auckland Council and Central Government work together since the super city formation. No best practice model has yet emerged for consistent application. In the absence of such alignment and leadership it often falls to 'courageous bureaucrats' to take some implementation and budget risks working within system constraints to achieve positive outcomes. These 'work arounds' or 'skunkworks' are not uncommon in big cumbersome organisations but are not sustainable because of the multiplicity of starting points many of which by necessity are not documented and have no official visibility. In my experience, such arrangements are adopted in response to dysfunctional systems that stifle innovation. Over time they become more embedded making it difficult and expensive to move to best practice models. These initiatives in most cases are to be applauded but it's time now to move to a more systemic and common practice model across all the agencies.

Strong evidence of project-level collaboration

During the course of this review we were made aware of many examples of agencies working together, and with Auckland stakeholders, to advance specific policy initiatives. Some examples include:

- The Ministry of Culture and Heritage has worked closely with Manawhenua and the Council to advance the Auckland Volcanic Cones world heritage status, including collaboration in support of the development of enabling legislation.
- During the development of the Auckland Economic Development Strategy, officials from economic ministries worked closely with the Council's policy team to co-develop the strategy and ensure alignment with the Business Growth Agenda. Ministers were engaged through the process and endorsed the adopted strategy.
- Manaiaikalani, led by a school community, with support from private enterprise and Auckland University, to increase educational attainment in 12 decile 1A schools through e-Learning. The partnership puts parents at the centre of their children's learning supported

by corporate and philanthropic contributions. The project has led to higher educational attainment and engagement across all 12 schools.

- The Auckland Housing Accord – and the implementation of Special Housing Areas – has required a close working relationship between MBIE, Auckland Council’s Housing Policy Unit and other parts of Auckland Council. MBIE has a housing policy presence in Auckland that maintains strong relationships with the Council and a high degree of local knowledge and engagement with the residential development sector. MBIE has also been able to facilitate relationships between housing stakeholders and other relevant parts of government. MBIE also represents the government’s interests in its partnership with the Auckland Council to regenerate the Tamaki area, via the Tamaki Redevelopment Company. This is New Zealand’s largest urban regeneration project.
- The New Beginnings Court, a collaborative initiative of the justice sector, Auckland Council and social providers to reduce offending by homeless people. A social worker develops plans to reduce reoffending but homeless people and the plan is implemented through a partnership of the agencies. Offending by the target group reduced by 68%.
- Neighbourhood Policing Teams, set up in neighbourhoods with the highest rates of crime, disaffected youth and gangs. They are working in problem-oriented partnerships with local communities to target specific criminal problems often with non-justice sector solutions. Neighbourhood policing teams are also assessing homes for risk of rheumatic fever and need for insulation and other services.
- Infant immunisation: Children are most vulnerable to infection from 1½ to 3 years of age. To increase infant immunisation rates, the Ministry of Health worked along with community partners promoting immunisation through primary and community health services, linking pregnant women into maternity services sooner, assisting pregnant women to enrol with a GP before the birth and speeding up enrolment of new born babies with GPs.
- Te Papa Manukau – The Ministry of Culture and Heritage and APO worked closely with the council to form a partnership that could deliver a national museum in Manukau, as part of The Southern Initiative. All parties worked closely to work through how a partnership could work with Te Papa providing capital and the council the location. The partnership is now working closely with other institutions, iwi and the community to work through a concept that will be relevant to the community.

There are some key lessons from these projects

There is no consistent approach to this collaboration. Some are driven by ministerial directive, others are more bottom-up. In many examples above there is an element of ‘skunk working’, workarounds and informal funding arrangements such as club funding.

In addition, the Auckland ecosystem creates pilots, ideas and green shoots of collaboration that are opportunities for government to propagate. The challenge for government is to be able to be receptive to these ideas, and to have methods to select, fund and scale up the good ideas that have the potential to be applied more widely.

And there are some examples of agencies working together on a shared agenda.

Auckland stakeholders were consistent in the feedback that the best government agencies for engaging in partnership in Auckland are the NZ Police and NZTA, followed by some of the DHBs. They are notable for being implementation rather than policy agencies with a greater freedom of action than public sector departments. In addition, there are some common features to how these agencies are arranged in Auckland:

- There is a high degree of **alignment** of objectives between the agency and the local community. Community safety is achieved by working with community partners. Transport networks cannot be developed in isolation from other parts of the network.
- The agencies have **senior people** who are **accountable for delivery** in Auckland. The seniority ensures that agency representatives have mandate and authority to deal. Their accountability for delivery leads them to engage with stakeholders to progress shared interests. Senior leadership allows national policy to be applied locally with the inclusion of a spatial understanding.
- The agencies tend to work within clear **national funding frameworks**. These circumscribe the opportunity for local project advocacy and bring focus to using the available resources most widely. We note that projects where there is a lower level of alignment are frequently those that sit outside of the existing funding framework, or where that framework is perceived to be locally unfair.
- The arrangements in Auckland are **coherent** with national policy settings and coherent with the organisational structure. In Police, NZTA and DHBs a national geographic-functional management matrix model is applied. It is not about special treatment for Auckland, but rather implementing policy within the local context across the country.
- Leaders who are prepared to **create** the permission environment. The leaders of agencies making the most impact are more likely to be relaxed about creating an environment to try new things, rather than feeling bounded by perceptions of the current reality or overly concerned about the risks of change.

Stakeholder feedback from interviews

The review team has conducted approximately 40 interviews over the space of three weeks with Chief Executives and Chairs of relevant Public Sector departments, Crown entities and Auckland Stakeholders including the Auckland Council (see appendix two). The themes below reflect the consistent messages, and the linking of key ideas, from those interviews.

Perceptions of Central Government

Central government is one of the least agile actors in any system. There are good reasons for this, but it often manifests in an inability to engage, or deal as a trusted partner.

Other partners have a much greater ability to try things and fail than the government can. As a partner, we can try, fail, evaluate and triage ideas on behalf of government³

There are other partners in the system who are able to take on risk than the government. In the example of social sector, there are philanthropic, community and social capitalist organisations that are able to act as social venture capitalists; they are much more comfortable with failure than government is. Government could work with these organisations more deliberately than it does.

Government has a lot of muscle to contribute to the solution

We live in an age of increasing complexity and acceleration. Community intelligence is a potentially rich input to policy. Auckland has a mature ecosystem of potential NGO and civil society partners. Government can use these partners to connect with communities, manage risks and fund projects. The NGO partners are often better placed to manage risk and connect with communities that government is.

Central Government needs to utilise wider networks to get the input it needs to make better policy

Many people understand the constraints on public servants. Stakeholders know that they need to develop safe ways for government to engage in problem definition and policy conversations. These conversations need to be held behind closed doors, in confidence and within the context of high-trust relationships based on data, facts and evidence. If central government can forge partnerships where these trusted conversations can be conducted with the community early in the policy process then they can inform more robustly informed policy design.

In the absence of sensible trusting partnerships, advocacy rules and nobody wins

Auckland is more mature than it has ever been. Auckland has the ability to work with Wellington as a partner. Government sees Auckland as a local interest group, and is wary of engaging, in fear of special pleading. When the space that could be filled by a partner is left vacant it is filled by lobbying

³ Quotes in this section have been paraphrased from the interviews conducted for this review. Interviews were not recorded and were conducted on the basis that no quotes would be attributed.

and advocacy causing high transaction costs and at the expense of policy dialogue, facts and evidence.

Inclusion is not a feature of central government's policy development process.

Government should adopt a place/geography dimension to get the most out of policy and organise more consistently

Auckland is too diverse for one agency to understand alone.

In the past government has been wary about adopting place-based approaches for applying policy. The policy demands created by both Auckland and Christchurch, and the different set of challenges faced by regional New Zealand, are testing that approach. Auckland does have many unique features and is critical to achieving national level outcomes. We need more mature discussions on how Auckland can help to deliver the government's objectives.

Auckland is the place where policy can be implemented at scale [..]. To achieve at scale, we must prioritise our effort to where the investment will have most impact

Interviewees noted that government is most constructive to deal with in those areas where it takes a spatial approach, including NZTA and the NZ Police. Those two organisations also have leaders who represent geographic areas in the senior leadership teams. Agencies that have good partnerships in the communities where they will implement policy are able to develop better informed, better targeted and more effective solutions. Many see the opportunity to trial new approaches to policy implementation in Auckland that can then be applied nationally. Government is noticeably worse to work with when the gap between policy and implementation is widest.

Auckland is so diverse that it requires tailored and innovative approaches

The Public Sector is also coming to terms with the spatial dimension of recruitment and retention. Auckland is increasingly the place where new executive talent wants to live and work. Departments can attract people to work in Auckland that are unwilling to move to Wellington. The public service has not yet worked out how to give Auckland-based staff the career development opportunities that will keep them in the public service or to give future leaders the experience of Auckland that will give the public service a rich understanding of the opportunities it presents. Both of these issues will be addressed by the creation of more senior roles in Auckland.

The Southern Initiative and Tamaki are places where this new model of operating can be tried. Cascaded BPS targets for Auckland would give focus to the relationship and the opportunity.

The opportunities for partnership in South Auckland are rich. Government has a substantial presence in the community through the social sector agencies, Crown entities and community groups funded by government. Social service providers are increasingly seeing the need to work together to find solutions in communities with complex and overlapping problems. But frustrations at dealing with government are overriding the desire to work together. A large Auckland charity has recently created and funds its own centre for social policy research, after repeated failed attempts to work

with government. Auckland Council and the government have similar social policy objectives in many areas, but progress toward identifying areas of common interest has been slow.

A cohort of senior managers with responsibility for progressing Auckland BPS outcomes would be a powerful force for achieving the government's priorities

It is asserted that an uncoordinated approach to shared challenges, based on weak alignment of priorities, poor relationships with potential partners and varying degrees of empowerment, will stifle the opportunity to make considerable progress. The Southern Initiative provides an opportunity to create alignment of objectives and then get on with working to make progress on those areas of common interest.

APO has been a successful pathfinder. It needs to evolve to support the next iteration

Interviewees were often warm in their praise for what the APO has achieved. It is seen as a successful pathfinder for government in Auckland. Coordinated work on the Auckland Spatial Plan is seen as a particular high point of what can be achieved by coordinating policy and working openly with partners. The APO is seen as 'punching above its weight' in bringing together interested parties in Auckland and being a conduit to government. Its success is seen to be due to the courage and force of personality of key individuals. The cross-cutting resources of APO are few, and provided under arrangements of goodwill by MBIE.

The role [of APO Executive Director] needs more heft, a broader focus and a budget

Following the high point of the spatial plan, the office has focussed mainly on the benefits of colocation. Many of the ministries currently involved in the APO say they see value in the arrangements even when their staff in the APO are not working specifically on Auckland issues. The APO gives a critical mass for training, morale and collegiality and allows agencies to attract people to work for them who would not be prepared to accept policy jobs outside of Auckland. Keeping Auckland teams linked in with organisation culture is an ongoing challenge, but no different to any other satellite offices. The challenge of connecting with Wellington is less important than the opportunity for people to know Auckland and build relationships and networks here. In return, agencies receive the benefit of different perspectives to challenge the thinking of head office and experienced gained in Auckland that can be applied nationally.

There are benefits to being in the APO even when our staff members are not working on Auckland issues

In addition to the current arrangements at APO there is value in the APO advancing its facilitation role, as an enabler of collaboration for the next stage of Auckland's development. This sentiment came out in the interviews in different forms; 'We'd like a place to go to government when we need them to fix things'; 'we'd like help with navigating government', 'someone has to play a facilitation role'. For APO, connecting with Auckland stakeholders is easy, but gaining traction on Auckland issues in Wellington is much harder. The mandate, resources and reporting lines for the APO Executive Director are not at a sufficient level to be effective.

There is no lack of will. What we need to do is give people enough decision making rights to get on, explore, trial, test and then capture good information

Several Wellington stakeholders contemplated ways to improve the reception for Auckland policy makers in Wellington. A simple suggestion is to have an APO Executive Director at a senior level and with clear line of authority to escalate issues that are preventing progress on shared policy priorities.

Government needs to visit Auckland differently. No more state visits.

Come to listen, engage and work

The APO can also contribute to government objectives as a facility. The APO could act as the physical space where project teams are brought together and supported. The APO should continue to facilitate participation from Auckland stakeholders, maintain the conventions for respectful collaboration, lend administrative and project management support to project teams and escalate when arrangements or performance comes up short.

The APO could grow a reputation as a place where work is done differently, where stakeholders meet regularly and all conversations are free, frank and in confidence

Diagnosis

We encountered some strong perceptions about the public service and Auckland from both Auckland and Wellington, including;

- A desire for a better way of working with each other;
- There is uneven mandate and various levels of permission between representatives from different parts of the public service in Auckland;
- The public service representation in Auckland appears disorganised and unauthorised to Auckland stakeholders;
- There is no common and shared view of data and evidence in relation to Auckland;
- The public service does not frequently align on the design and implementation of policy with partners;
- There is no structural responsibility in the public service for Auckland;
- There is little spatial planning included in policy design for Auckland;
- Relationships with Auckland stakeholders are often perceived to be transactional and low trust;
- Wellington-based policy leaders have highly variable levels of understanding of Auckland

The conclusions and recommended actions below are proposed to address the presenting problem as expressed above. I am conscious where possible to not prescribe to organisations how they should organise themselves, but my experience in business is clear; when you identify a large market for your service offering the way to gain access is to put high quality representatives into that market, and give them clear authority and accountability.

Conclusions and recommended actions

These conclusions are mutually reinforcing, each does not stand alone. They are designed for Chief Executives to be able to implement within their existing delegations.

Conclusion one: The time has never been better for government to apply senior leadership to priorities for which Auckland is pivotal to achieving national outcomes.

There is a significant opportunity to advance headline government priorities in Auckland. For example, the target populations for many of the BPS targets are heavily concentrated in Auckland. Some targets will not be met without giving attention to those populations, and working in new ways across agencies to affect them. Without senior people who are visible and accountable, the opportunity to make a difference at scale for the largest communities of deprivation in the country is being missed.

Leadership on Auckland should be uniformly senior within a cohort of people who are full time dedicated to Auckland, who are individually and collectively accountable, and who are tier two and reporting to the Chief Executives to deliver on Auckland priorities. Stewardship responsibility for Auckland should sit at the executive table and at the heart of central government decision making. Creating a cohort of senior leaders in priority departments focussed on Auckland is the best way to achieve this.

The senior leaders need to be capable of building relationships in Auckland and Wellington. They should live in Auckland and will need to spend half of their time in each of Wellington and Auckland. I am attracted to a geographic-functional matrix organisational leadership model. We would expect over time other agencies in Auckland to coalesce around this Auckland leadership by core agencies.

Recommend Actions

Three months: Build Auckland-specific objectives into CEO performance agreements, where appropriate.

Three months: Briefings to Incoming Ministers are an opportunity to coordinate material, issues and data on Auckland and to set out the case for Auckland's contribution to achieving national outcomes.

Three months: Appoint tier two senior leaders living in Auckland with responsibility and accountability for Auckland within priority departments - Health (to help navigate central government with DHB Chief Executives, Education, Social Development, MBIE, Treasury and Transport).

Three months: To make this work, departments should adopt a functional-geographic matrix leadership model so that a spatial element is introduced into policy development and implementation. This means having senior leaders who are responsible for geographic areas who sit on the senior leadership team along with leaders responsible for functional delivery and policy.

Six months: Central Agencies need to clarify responsibility for progressing system-wide priorities in Auckland, and make individuals accountable and empowered for delivering them.

Six months: Establish a requirement for the development of future public sector leaders to include an Auckland experience in their career planning.

Conclusion two: There is a specific role for system oversight, facilitating the tier two senior leadership group in Auckland and collaborating with Auckland

To make a cohort of senior leaders most effective an additional senior role should be established to facilitate those senior people to look across the system in Auckland and Wellington. That role should be a peer to the senior leaders and with a clear line of reporting to the central agencies who have the responsibility for oversight of the system.

Recommended actions:

Three months: Create a new role for a tier two representative for central government looking across the system with an Auckland lens to facilitate purposeful collaboration across government in order to progress government priorities.

Three months: Give that role a clear reporting line to Central Agencies as a way to escalate and make progress on Auckland issues and lead direction setting.

Three months: This role should also act as a navigator to help Auckland Council and other Auckland stakeholders to find the right people in government, co-ordinate contacts and work streams, and to identify and escalate issues and blockages for resolution.

Six months: The role must work closely and draw heavily on the proposed functions of the APO, such as measuring and evaluating progress on Auckland policy priorities.

Six months: If these recommendations were accepted, the Urban Chief Executives group would no longer be required.

Conclusion three: Auckland presents an opportunity to embrace new ways of working to design and implement public services

Part of the Better Public Services challenge is to look for new ways of working. This includes taking opportunities to work with communities to understand, design and implement together. Auckland is a rich environment to embrace this approach; it has communities that face complex, wicked problems that require multi-faceted solutions based on deep understanding. It has those problems at a scale that warrants the investment of effort and resources that a new approach demands. And it has a deep pool of potential partners to help understand the problems, design and resource solutions, connect with communities and share the costs and risks of change.

These new ways of working are a big challenge for many parts of the public services and require strong leadership. Leaders can create the environment in which success can occur; by giving clear mandate, by empowering staff and holding them accountable; by being prepared to operate within partnerships and by creating wins that enhance ministerial confidence in the approach.

New ways of working are not necessary on everything. It is on those things that really matter for government, and where progress in Auckland is essential to success, where the investment of time and effort in alignment can pay worthwhile dividends.

When priorities are aligned and solutions are designed together outcomes can be improved, and be based on common data and evidence. That requires a willingness to embrace a new way of behaving, where leaders have the mandate to seek alignment and trust with partners, explore what can be done and consider new ways of doing it.

Recommended actions:

Three months: Appoint a senior leaders governance group of responsible departmental DCEs to work together and with partners to advance common priorities.

Three months: Leaders in Auckland must be given a mandate to work in different ways in Auckland, to develop and then implement solutions to advance policy objectives, working with partners throughout the process.

Three months: Engage a wider network in Auckland for input into policy problem definition and implementation and to collect relevant evidence and data

Three months: The government and Auckland Council should establish a formal Joint Venture to pursue areas of common interest in South Auckland, to agree common areas of interest, funding, solution design and implementation together.

Three months: Collaboration must be purposeful; led by leaders with accountability and with the purpose of progressing priorities, not for its own sake.

Conclusion four: Adopt a spatial lens to develop and implement policy

Government appears to be increasingly coming to terms with the idea that place matters. This does not mean that different places should have preferential treatment. It does acknowledge that some issues play out with greater complexity, effect and scale in certain places, and that unique features of the local environment - density, availability of partners, complicating factors -are part of the policy landscape. The spatial lens is a critical element of regional and local government policy making.

Better Public Service results are a clear example; there are BPS results where the density of the relevant population in Auckland, and the gains that have already been made nationally, mean that a concerted focus on Auckland is the straightest path to achieving the national-level objective (e.g., rheumatic fever). On these results, and priorities such as housing affordability that manifest most, and earliest, in Auckland a spatial approach is a clear opportunity to make significant public policy gains.

Those agencies that have a geographic dimension to their leadership structure are seen to be more effective in Auckland. The model varies depending on the organisational structure; some leaders responsible for geographic regions have no direct reports yet sit at the agency executive table. There are powerful effects on the way an organisation thinks and behaves when a spatial element is introduced.

A spatial view requires the maintenance of a common evidence and data base, so that agencies have a shared view informed by geographic and demographic factors and how they interact. That common view is not currently collected for Auckland and it is a barrier to working together effectively. The absence of agreed data and evidence allows advocacy and lobbying to be a powerful influence on policy development.

Recommended actions:

Three months: Create a framework that allows BPS results to be tracked in Auckland where progress in Auckland is essential to success at the national level

Three months: Build on progress already made on transport and housing through a cross-government focus on the 2015 Review of Auckland Plan Progress and seek to align targets where possible

Six months: Establish common data sets for Auckland so that government agencies and other partners are working from a common evidence base

12 months: Align delegations and geographic boundaries for departments in relation to Auckland

Conclusion five: Auckland is home to a rich ecosystem of potential partners who can leverage government investment and share the risk in achieving its objectives, but this requires a different way of working

There are potential partners for government to seek social cohesion and for growing prosperity and for community-building in Auckland. Central government should engage these partners more deliberately. The Auckland Council has capability not seen before in a local body government. Manawhenua and the Independent Maori Statutory Board are willing and able partners. Auckland is home to social entrepreneurs, social capitalists, ethnic groups, NGOs and an established civil society in larger numbers and with greater means than anywhere else in the country.

Recommended actions:

Three Months: Ensure the Job Descriptions and performance frameworks for the new Tier 2 leaders responsible for Auckland include the requirement to own and build trusted relationships, working towards win-win solutions and diplomacy with potential partners and other stakeholders.

Three months: Establish closed door, trusted environments where senior leaders can meet to discuss policy development at an early stage with partners, as equals and in confidence.

Three months: Seek alignment of objectives on the big issues with partners early. Agreement on problem definition and where objectives align is the first critical step to working together to advance those shared priorities.

Three months: Seek co-funding across government and from partners to advance shared priorities

Three months: Build trusted relationships at a senior level with civil society leaders through regular closed door, substantive meetings with communities of interest and joint work on emerging issues.

Using a range of networks and channels (“Track Two diplomacy”) supported by the appropriate conventions and protocols, can build common understanding and trust.

Six months: Use Auckland partners to take risk on new ways for tackling the challenges that present themselves first or most severely in Auckland. Successful ideas can be rolled out to benefit the rest of the country.

Six months: There is a need for new engagement, not based on advocacy, between the public service and business so that each can better understand the challenges and decision-making frameworks of the other.

Conclusion six: The Auckland Policy Office to play three distinct roles in the system

The APO should serve three functions:

- First, it is a **location** for departments that wish to have a policy presence in Auckland. It provides those departments with a community in which to share and coordinate policy. It serves this function well and should look to grow it by welcoming additional agencies.
- Second, it is a **facility** for government, where ministers and officials can meet with Auckland, connections can be fostered and government can connect. This function could be enhanced with more ability to host and support projects and facilitate new ways of working.
- Third, the APO should provide a **system-wide view** of Auckland for central government and be an enabler for collaboration, shared data and evidence, escalation, evaluation, risk management and a facilitator of connections across government and Auckland.

Recommended actions:

Now: The APO should provide a home for policy functions that want to be located in Auckland, special projects and facilities to support central government’s presence in Auckland. It is counter-productive that some functions and projects decide to not locate in the APO on the basis of cost/budget. The APO needs to be funded so that it is sustainable and attractive to potential new participants.

Three months: It is up to individual agencies how they wish to use the APO. The value that the APO played in helping to inform national policy development around urban environments is an example of the value of different policy functions working together in a co-located space.

Three months: The role of the APO Executive Director should be clarified and strengthened. As well as running the office, the Executive Director of the APO should provide a system-wide view of Auckland for central government and should report to central agencies. The role of the APO Executive Director can be combined with the system-level tier two role described in conclusion two.

Three months: The role of the APO should include an enabling function that includes collecting shared data and evidence, escalation of issues, evaluation, risk management and facilitation of connections across government and Auckland.

Six months: An early decision for the Auckland senior leadership cohort is to consider the location of themselves and their policy support, including the use of the APO.

Appendix one: Policy themes for further consideration

In addition to my recommendations, this review has identified a number of issues that warrant further consideration by government. While outside of the scope of my review, I include them here so that you can share in these windfall insights from the review.

- In response to the recommendations in this review, Auckland Council will need to arrange itself to be a properly mandated counter party to engage with government in its more Auckland-facing arrangements.
- Hosting Cabinet meetings in Auckland (and other locations around the country) and expanding the spatial focus of Cabinet committees is an opportunity to send a powerful signal of commitment.
- In the context of the growing diversity of Auckland, the role of ethnic affairs and its potential to contribute to maintaining social cohesion warrants further consideration.
- There is no independent think tank to provide contestable policy thinking on Auckland. Independent, credible voices can be a valuable input to policy conversations and help to distinguish policy from advocacy.
- There is a need to consider new approaches to economic policy dialogue between the Wellington policy leadership and the leaders of the real economy (top end of town) in Auckland.
- Auckland Council has a considerable environmental management responsibility in terms of Resource Management, solid and liquid waste, urban design and emissions. Their contribution requires more consideration, but is outside of my terms of reference.
- Devolution of further powers to the Auckland Council is a topic of conversation that will gain traction at some point in the future. A considerable amount of policy thinking is required by central government in anticipation of these future discussions.

Appendix two: Terms of reference

The terms of reference for this work asked the review to consider the following questions:

- a. What does the State sector need to achieve in Auckland, and what is the opportunity for Better Public Services and other Government priorities?
- b. What is needed to support collaboration and leadership at a system level in Auckland?
- c. As the Council moves from establishment and integration to consolidation and implantation, where are the critical areas of overlap with its agenda and that of Government, and what needs to be done to make the most of these shared interests, goals and capabilities?
- d. What are the options for how the Public Service organises itself to be successful in the region, including options for the Auckland Policy Office and taking into account the opportunity to grow the feedback loop between Auckland and Wellington policy capacities and how the system in Wellington needs to change to support Auckland efforts and environment?
- e. How do we ensure collaborative efforts are resourced and effective?
- f. What do other key stakeholders need from a Government presence in Auckland?
- g. How could Wellington better work with and support the work of public servants in Auckland?

Our approach to answering these questions has been to interview a wide range of interested stakeholders from government, council, the community and business in Auckland and Wellington. Those interviews were conducted on the basis that they would not be attributed. The insights gained from those interviews have been used to furnish this report, and answer the questions set in the terms of reference.

Appendix three: Interviewee information

Alex Hannant	Akina
Paul Majurey	Atkin Holm Majurey (AHM)
Jenny Gill	ASB Community Trust
Stephen Selwood	NZ Council for Infrastructure Development
Michael Barnett	Auckland Chamber of Commerce
Professor Stuart McCutcheon	University of Auckland
Dr Lester Levy	Auckland District Health Board
Auckland Social Sectors Leaders Group	Officials
Colin MacDonald	Department of Internal Affairs
Mark Sowden	Ministry for the Environment
Martin Matthews	Ministry of Transport
Geoff Dangerfield	NZ Transport Agency
Andrew Kibblewhite	Department of Prime Minister and Cabinet
Iain Rennie and Peter Martin	State Services Commission
Lewis Holden	Ministry of Culture and Heritage
Deputy Chief Executives Group	
Chai Chuah	Ministry of Health
Peter Hughes	Ministry of Education
Pauline Winter	Ministry of Pacific Island Affairs
Al Morrison	States Services Commission
Cath Atkin	The Treasury
Kim Campbell	Employers and Manufacturer Association
Martin Udale	Cranleigh
Professor Paul Spoonley	Massey University
Independent Maori Statutory Board	David Taipari and Brandi Hudson
Auckland Council	Executive Leadership Team
Auckland Policy Office	APO whole office
David Smol	Ministry of Business, Innovation and Employment
Charles Spillane	Auckland Airport
Michelle Hippolite	Te Puni Kokiri
Peter Mersi	Land Information NZ
Brendan Boyle and Nic Blakeley	Ministry of Social Development

Mai Chen

Connal Townsend

Dame Rosanne Meo

Dame Margaret Bazley

John Crawford

Chen Palmer

Property Council

Independent Director

Environment Canterbury

Ex Treasury