

International Review of Auckland Metro-Region

Prepared for Metro Auckland Project Team
July 2006

Final Report

Table of Contents

1. Executive Summary	Page 3
2. Introduction	Page 8
3. Reflections on “The Broad Policy Questions	Page 18
4. Regional Infrastructure and Capacity	Page 27
5. Regional Workforce/Skills/Employment Issues	Page 40
6. Regional Business Innovation Issues	Page 49
7. Regional Community Investment and Empowerment Issues	Page 57
8. The Rugby World Cup 2011	Page 62
9. Other Recommendations	Page 67

1. Executive Summary

The success of Auckland is critical to the success of New Zealand. The Auckland Metro Region offers New Zealand many of the 'junctions' that it needs to adapt to globalisation, and to make the most of the international economy.

The Auckland Region is at an important juncture. It is time to take stock and commit to purposeful action. The Metro Auckland Project, in 2006, has arisen from some important imperatives:

- The Auckland Regional Economic Development Strategy (AREDS) is in place, and there is an aspiration to implement it fully and effectively in a way which supports implementation of Auckland Regional Growth Strategy and Regional Transportation Strategy
- Discussions between the key partners (Auckland Regional Council, AUT University and Committee for Auckland) identified the need to move Auckland to a world class city-region
- An awareness amongst business leaders and the government that NZ needs to compete strongly with the Eastern States of Australia and other Asia Pacific cities at attracting, fostering, and retaining business, and to plan and invest for growth more effectively
- A recognition within the Auckland region and at the national level that without a vibrant, well performing Auckland economy, New Zealand would not be in the position to improve its performances against international benchmarks
- Agreement that rather than further research, what was required was a well-mandated plan of action to move the region forward

This report, authored by a team of international practitioners from outside the Auckland region, aims to contribute positively to building an action plan that will take the region decisively forward.

The key goal is to generate **propositions for an action plan** that can help Auckland increase productivity, understand and build on its role as the largest commercial centre in New Zealand, and attract and retain talented people, entrepreneurs and innovators, as well as visitors. This places an emphasis on both city and regional attractiveness, as well as on the functions and interdependencies within the Auckland region and between Auckland and the rest of New Zealand. The Metro Auckland Project asks: what is great about Auckland as a region, and what practical things can be done to make a big difference as to how Auckland performs internationally? The project addresses the need to accelerate success with people and skills, the right city infrastructure and plans for growth, and greater business capability and more innovations in local business. These three foci are chosen because they are key to lifting Auckland and New Zealand's productivity performance.

The approach adopted by this project is not unique in a global context but it is new for New Zealand. Cities like Toronto, Seattle, Barcelona, Turin, and many others have undertaken reviews and action planning at the metropolitan regional level in order to chart their future within a dynamic global context.

Local New Zealand partners involved in this project are:

- Business leaders: EMA, Growth and Innovation Advisory Board, Committee for Auckland.
- Central government agencies: Ministry for Economic Development, New Zealand Trade and Enterprise, Department of Labour
- Academics from several universities
- Representatives of regional and local government
- Community organisations

The international review team includes:

- Greg Clark (London), Lead Advisor on City and Regional Development at the Office of the UK Deputy Prime Minister, and Chair of the OECD LEED Forum on Cities and Regions.
- Ian Bromley (Toronto), Director of Infrastructure and Innovation, Province of Ontario, for infrastructure and innovation theme.
- Virginia Hamilton (California), Executive Director of the California Workforce Association, for workforce and labour market knowledge.
- Neil Fraser (Johannesburg), Former Chairman and Chief Executive of the Central Johannesburg Partnership; for developing civic infrastructure and place attractiveness.
- Elizabeth Ann Rodriguez (New York), Vice President for Community Investment at the New York Federal Reserve Bank, for community investment and economic initiatives.
- David Wilson (Auckland), Deputy Director, Institute of Public Policy, AUT, the local member of the international team providing guidance feedback to the team members.

This International Review Team was commissioned to undertake a short review (one week visit) of Auckland and to comment on a series of background papers prepared for the Metro Auckland Project team.

The Metro Auckland Project is overseen by the Auckland Regional Economic Development Forum, a key group of leaders from public, private, and community sectors with local, regional, and national roles, all committed to the implementation of the AREDS.

This report presents 15 key recommendations for the Action Plan for Auckland which will be drawn up by the Metro Auckland Project partners in Auckland between June and August 2006. The focus of the recommendations will be on how to improve productivity-led growth in Auckland by addressing the 'functionality' of how the metropolitan region operates, and how it can promote skills, innovation, and a world class infrastructure. Wherever possible the recommendations identify how existing arrangements and structures could perform better, rather than proposing major reforms which might be timely and costly to implement. At the same time, the report highlights areas where stronger institutional arrangements might be necessary in the long term. The overall approach is to identify areas where the fundamentals and foundations of Auckland's performance can be addressed, rather than diverting to initiatives which might have only marginal value.

The context for these recommendations involves an appreciation that Auckland is already a successful metropolitan region, continuously attracting new and diverse populations, while offering an exceptional quality of life, and hosting many major economic activities and functions. The growth of Auckland itself brings challenges that have to be addressed positively. The spirit of the report is that by working in new ways and overcoming the limitations of institutional specificities, Auckland can emerge as a successful metropolitan region over many years to come.

We believe that an effective action plan should have no more than 20 achievable goals which will each provide interventions at a scale necessary to make a lasting difference. We have 15 key recommendations which include:

- i. **An enhanced Leadership Commission for Auckland:** Auckland needs the leadership skills of local and regional councils to join with leaders from New Zealand government, the business sector, and community and civic organisations in order to become one voice and one champion group for the region. This should be established, drawing upon existing efforts and sharing accountability for drawing up and implementing the action plan. Extensive, and in many cases effective, leadership activity already exists and needs to be aggregated into one body to oversee long term development.
- ii. **One Plan for Auckland:** This means accelerating a commitment to building and using a single strategic planning framework for Metro Auckland, integrating other strategies and plans around a single vision, single evidence base, and single time frame. This plan should integrate infrastructure, planning, land use, energy, economic development, environment, social and cultural dimensions as a single vision and purpose for the region. It should operate as a long term, and a short to medium term, strategic framework.
- iii. **An Investment Prospectus for Auckland:** Arising from the Action Plan will be 8-12 key interventions that require investment beyond what the public finance regime is currently delivering. Working closely with the financial services sector based in Auckland, and New Zealand government, these initiatives should be examined and assessed to find the best means to finance them in the near term. A single prospectus should be drawn up identifying preferred financial mechanisms for each, including local and regional taxation, national public finance, commercial and institutional finance and other financial innovations. This prospectus will provide a single financing plan for the critical interventions required to drive Auckland's future forwards. This document should be shared by the entire Metro region. It should engender popular support and, if necessary, be put to a referendum in 2007 at the same time as the local elections.
- iv. **A Jointly-Owned Capable Regional Development Organisation to Deliver Major Projects:** For major projects that fall beyond the remit of single existing bodies, or where there has been delay in progressing them, a single capable project delivery organisation, jointly owned by the main partners in Auckland, should be able to deliver. A regional development organisation, which is jointly owned with participative governance, should be established to help drive major projects and interventions in a dedicated manner.
- v. **Labour Market Intervention:** Action is needed to improve the interaction between employers and skills providers in the regions in order to give labour market interventions more of an impact.
- vi. **The Regional Innovation System:** Working within a renewed national effort, a programme of larger scale interventions and initiatives to better join up the existing initiatives is required to foster a more effective regional innovation system.
- vii. **An Inclusive Region:** Paying more purposeful attention to disadvantaged areas and communities is critical to making population growth (and economic growth) work for Auckland. More attention to larger scale community investment efforts is recommended in order to foster greater economic empowerment. We recommend establishing a systematic effort to deliver community investment at the regional level.

- viii. **Distinctively Auckland:** Substantially enhanced regional identity and promotion is required in order to better communicate Auckland's distinctive appeal to differentiate Auckland from other regions, and to grow the market for Auckland across sectors. Current efforts are too disaggregated and small scale. A vision for Auckland's future must have an emotional logic as well as an economic logic. It must appeal to people on multiple levels. Connecting the image and identity of Auckland to a clear articulation of the future is key to both planning and promotion of the region.
- ix. **Connected Hubs and Spokes:** Transport improvements are already underway in many parts of the region. Critical amongst these is improved rail links between CBD and the airport. This project should be a key priority for the next 3 years.
- x. **New Zealand's Shop Window:** The CBD and Waterfront are critical to the success of New Zealand and the whole Auckland region. Existing efforts and interventions aimed at revitalisation should be redoubled and the scope of support should be enlarged to make this an important national and regional project. The progress of the CBD and the Waterfront should be undertaken in tandem as a single project.
- xi. **The Vital Regional Energy:** Auckland's regional energy supply and distribution system is inadequate for a modern city and not yet able to help mitigate the challenges of climate change. There is action already proposed and this should be taken forward in a committed and systematic way.
- xii. **Digital Connectedness:** Broadband and wireless capability is critical to overcoming some of the challenges of geographical location, but broadband in Auckland is well below the standards required for a successful international city. Recent progress made on the framework needs to be utilised through rapid upgrades in availability.
- xiii. **A Major Catalyst:** The Rugby World Cup 2011 can be an important catalyst for many of the improvements that the Auckland Metro Region seeks to make. It will not only be a significant sports festival and tourism event, but could also be the means to achieve much wider developmental and economic outcomes. Sports activities might be coupled with culture, science, or technological expositions. Improvements to transport, hotel, and other visitor infrastructure might serve broader purposes. But most importantly, the RWC can offer Auckland the opportunity to build new markets in high value activities in Higher Education, Media, Science, and Production. A programme to define and create wider benefits for the Auckland region should be set up and a dedicated team identified to pursue this aspect of the RWC.
- xiv. **Expansion of Knowledge Infrastructure:** Higher Education, Research, and Medical facilities are important assets in Auckland. They are recognised as significant, but little attention appears to have been paid to how they might be expanded within the region, especially to serve international markets. Better promotion of what Auckland has to offer internationally would be worthwhile, but also national and regional initiatives are needed to grow the base of excellence.
- xv. **Bringing the World to Auckland:** An international events strategy and programme should be established with the intention of bringing the world to Auckland more regularly. Auckland should consider a range of events that it might host before and after 2011, linked to the wider development goals of the region. The Commonwealth Games, Americas Cup, EXPO, Summits, and others all offer the potential to help build Auckland's identity, to foster investment in essential infrastructures, and to build new international niches in the regional economy.

Underlying these 15 recommendations are some key principles that will help to make practical actions bear fruit.

Much is already being done in Auckland to promote the region's future, but too many initiatives are small in scale, separated or disaggregated from one another. This action plan should be about a small number of large-scale interventions that command wide support and are delivered in a participative manner. In order to achieve this, a high degree of institutional collaboration will be required.

New Zealand government is an important partner in these projects and processes and has heralded its interest in Auckland via their inclusion of Auckland being world-class city, in their economic transformation agenda. It is recommended that New Zealand government participation be organised from the outset.

2. Introduction: The Context and Opportunity for Auckland

The Auckland region, situated in the upper North Island of New Zealand, is made up of four cities (Auckland, North Shore, Waitakere, and Manukau) and 3 districts (Rodney to the north, Papakura and Franklin to the south). It is New Zealand's largest commercial centre accounting for approximately 1/3 of the nation's GDP and population.

2.1 Auckland: A Moment for Action:

There is a widely held view within Auckland that the region (the metropolitan region) has reached an important juncture. There is an opportunity that must be grasped. This can provide a springboard for action if harnessed positively. There are important tangible, and less tangible, factors that have led to this realisation:

- i. There is an emerging basket of regional strategies, plans, and projects which amount to a vivid agenda for the future of the region, and there is widespread enthusiasm to be ambitious for Metro Auckland Region. However, there appears to be multiple points of initiative that are somewhat un-coordinated, strategies that lack implementation tools and resources, and a degree of disaggregation between different processes resulting in a lack of strategic integration.
- ii. Comparative assessments of Auckland and New Zealand's economic performance suggest that more or different actions need to be taken to return the country, and the region, to successful international performance. Continuation of the existing effort alone does not appear to be likely to achieve a successful outcome.
- iii. Despite evidence of relative economic underperformance, population growth is rapid within the region. The sources of population growth are highly diverse, with Asian Maori and Pacific populations in particular growing at rates substantially higher than Pakeha (European).
- iv. The context of globalisation has raised new opportunities for the region and the country, but has also brought a requirement for change if the benefits are to be realised. Like other metropolitan regions, Auckland is seen to offer great potential for new forms of development, but also to suffer from market and co-ordination failures (which have specific spatial dimensions), for example in the provision of housing, amenities, transport options, and skilled workers, which produce high prices and/or congestion, information asymmetries, and policy/co-ordination failures.
- v. Improved regional conditions in terms of comparative quality of life indicators (e.g. Mercer's Index 2005) have raised aspirations, but have also encouraged people in Auckland to address underlying challenges that may erode that position if left unattended.
- vi. National support for the region has been expressed in terms of substantial increased investment, for example in transportation, but also in encouraging better regional coordination and integration. New Zealand government is ready to be the key partner in the region's future, but is seeking a coherent agenda from the region as the basis for extended engagement. The emphasis that New Zealand government is placing on Auckland is reflected in its economic transformation agenda.

- vii. The emergence of new collaborative leadership within the region has given voice to a thirst for a more coherent framework for charting and prospecting the future of the region in an explicit manner. This can build confidence in the long-term environment in the region for business, investors, families, and institutions alike.
- viii. Awareness of significant progress in other metro regions around the world has made people in Auckland ask why they too should not take bold and effective action to improve regional performance and conditions. Immediate and recent progress in Australian cities such as Melbourne, Brisbane, and Perth, has brought this close to home.
- ix. Progress on some complex issues (such as Broadband infrastructure) and local issues (such as improvements in the management of the Auckland CBD) has given a renewed sense of optimism in some quarters.
- x. Frustration at the limitations of existing policy regimes to deal with key imperatives within the region has also been vocally expressed, for example, over issues such as economic development initiatives and business land use planning, or congestion on key transport corridors.
- xi. Forthcoming opportunities, such as the Rugby World Cup 2011, the redevelopment of the Waterfront, and the potential for another hosting of the America's Cup have also raised ancillary questions of how these important activities might underpin, and be catalysts for wider regional progress.

This combination of factors creates a powerful mandate and is imperative for new action to drive the metropolitan region forward; and to solve problems in planning, co-ordination, investment and implementation that will otherwise hold the region back. Auckland's long-term success cannot be guaranteed without effective action at national, regional, and local levels. The outcomes desired cannot be achieved without a purposeful alliance of public, private, civic, and community leaders working together on an agreed common agenda which is both ambitious and realistic. New Zealand government is a key partner in this alliance.

2.2 Avoiding Missed Opportunities:

International experience suggests that such moments of realisation and opportunity in metropolitan regions should be seized for the good of the whole community. They do not come frequently. The opportunity costs of failing to take them are tangible, and they impede business performance and public services, reducing quality of life, and locking in economic underperformance. In the current climate, the mobility of firms and people indicates that cities and regions that do not take effective action to solve their problems can experience disinvestment and de-population.

There are clear examples of metropolitan regions that have failed to take opportunities for coherent long term solving of metropolitan problems; such as Milan and Berlin in Europe, Philadelphia and Atlanta in North America. These metropolitan regions have seen their position slip in the international rankings of economy, and quality and life, and must now wait for a new opportunity to come back. Failure to take these opportunities often results in short term retrenchment, as organisations lose focus and become dysfunctional, leaders burn out, and expectations are lowered.

However, there are many examples of metropolitan regions that have begun to tackle the challenges of the 21st century decisively; Helsinki, Seattle, Copenhagen, Miami are good

examples, are there are notable efforts in Santiago de Chile, Brisbane, Melbourne and Singapore.

Failure to address the challenges of Metropolitan population growth can be seen as a series of supply side constraints (skills, infrastructure, housing, etc) in the context of growing demand. This leads to a disconnected region with congestion, higher costs, pollution and environmental spoliation that undermines productivity, and lowers the rates of investment, enterprise, innovation, and employment.

2.3 Metropolitan Strategy:

From an international perspective, the key ingredients of effective metropolitan action planning:

- i. Recognise and understand the **functional interdependence** of the various parts of the metropolitan region, and its distinctive communities, and their particular contributions to regional success. This can be seen in the inter-action of markets (labour, housing, retail, supplies and services, etc) and in infrastructure, logistics platforms, and catchments areas for CBDs, universities, airports, and hospitals. There are location dimensions here; the functional interdependence between CBD and the airport, between suburbs and central city, between city centres, between coastal and rural areas and city service centres.
- ii. Build a **leadership function** for the **region as a whole** (either through collaboration or through reform of governance, or both) to articulate a vision for the region and to be accountable for efforts to achieve the vision. It is critical to address co-ordination and integration failures. Major governance reform may be necessary in some situations; but often much can be achieved from driving more impact out of existing arrangements through common agenda setting and a commitment to joint action. Shared accountability for achieving long term outcomes between different types and tenures of leaders is key.
- iii. **Identify and measure** the significance of the metropolitan region's contribution to the success of the wider territorial unit (the state, province, or nation) and communicate it well (for example, Auckland Region's contribution to New Zealand). This might be seen in terms of fiscal contribution, economic and administrative functions, population and employment, gateway and logistics activities, visitor economy, hosting of institutions and cultural endowment, or the entry and exit point for people, goods, and services. It might also be in terms of identity and distinctive character.
- iv. Assess the **major challenges** facing the metropolitan region in an international context, recognising the need to be internationally successful, not simply domestically dominant. There are now a wide range of formulae and measures that can be applied to judge relative progress and success. The work of the Globalisation and World Cities Group offers one formula, the Mercer's Index another, recent research by Jones Laing Lasalle, PWC, and others offer different and distinct formulations (a detailed background note is available upon request)
- v. Focus on **long term fundamental issues** that will support improved **functionality of the region** and overcome dysfunction in markets, services, logistics, and the wider environment. These will often include attention to fundamental drivers of growth such as skills, innovation, enterprise, and employment rates, but also to important contextual factors such as infrastructure and connectivity, the quality of housing and amenity, the performance of public services, the operating environment for business, and the broader

quality of life. In an open and mobile economy, these place-based factors must support and reinforce drivers of growth and innovation.

- vi. **Work towards a single purposeful plan** for the region. **Integrate the different strategies and plans into one framework** which is underpinned by a **core evidence base** and expressed as a **single narrative**. It is the coherence of combined plans and strategies that really matters, and the ways in which they reinforce each other. Engage an otherwise fragmented governance system, and balance the needs and opportunities of the region in a unifying framework that uses success in one arena to drive opportunities in another (overcoming the tendency to view all choices as dilemmas and trade-offs).
- vii. Engage support from **higher tiers of government** and identify how wider benefits can be achieved from metropolitan success. Typically, this involves assisting a central government to recognise the contribution made by major metropolitan areas and to establish a new settlement or agreement about how they are supported. Frequently this involves a shift towards greater engagement and participation from New Zealand government and additional freedoms for the large metropolitan regions in return for a continuing contribution to national resources and opportunities.
- viii. **Build greater investment and financing capacity** in order to move from a low investment/low return equilibrium to a high investment/high return equilibrium through engagement with private sector, better use of financial innovations, assets, and the capturing of value to support long-term investment. In many cases it also requires raising additional levies and taxes for specific purposes which have clear benefits that justify costs.
- ix. **Build implementation capability** at a level of scale required to make decisive interventions on the major challenges facing the region. This might mean new agencies or entities, or perhaps fewer, but more ambitious priorities for those that exist already. It nearly always involves using the existing tools in bolder and more imaginative ways, as well as creating new tools where they are required.
- x. **Identify catalysts** that can accelerate progress on solving key problems and utilise them to foster momentum fully. These might be projects or events that have the ability to deliver immediate and short-term outcomes, but can also foster momentum on longer term goals. One reason that cities and regions frequently host major events is to achieve these catalytic benefits.
- xi. **Measure and benchmark** progress regularly against agreed goals. **Engage media attention** to the long-term issues and trends facing the region rather than narrow and parochial issues that represent only the immediate manifestations of much wider challenges. Support and encourage those leaders that have taken the longer-term bigger picture view of what is in the best interests of the interdependent region. Celebrate success, and seek recognition for the improvement.
- xii. **Build regional identity**, that represents the essence of the region and promote it effectively through major channels. Build champions for the regions, from both within and outside, and encourage them to present the region positively. Utilise major media to reinforce this identity. Ensure that the region is open to the world and ready to make adjustments to benefit from international opportunities.

Not all successful metropolitan regions manage to do all of these things all of the time, but the majority of the metropolitan regions that have successfully begun to transition themselves into 21st Century society, do many of these things much of the time. The combination of these factors reinforces business and public sector performance.

2.4 Strategic Integration for the Auckland Region:

Successful metropolitan regions plan for the future decisively, and take strategic choices based on a clear sense of direction.

In Auckland there are a number of key strategic planning processes that are in train.

Operating at the national level is the **Growth and Innovation Framework**. This sets out the journey for New Zealand to raise productivity led growth through interventions in skills, enterprise, innovation and infrastructure. The Auckland region is critical to the success of the framework. This has been recognised by New Zealand government, and has been reflected in its economic transformation agenda. Building on the Growth and Innovation Framework, but with a broader scope, the economic transformation agenda focuses on working towards a high income, knowledge based market economy, which is both innovative and creative and provides a unique quality of life to all New Zealanders.

The **Auckland Regional Economic Development Strategy (AREDS)** aims to grow Auckland as an internationally competitive, dynamic, and inclusive economy. This strategy is supported by the **Auckland Region Economic Development Forum** that brings together key public and private players to support the implementation of the AREDS. The action plan required to support and co-ordinate this is the key anticipated outcome of the **Auckland Metro Project**, to which this report is a contribution. The partners in the Auckland Metro Project recently held a **Symposium for Auckland** in which issues in the longer term and near term development of Auckland were addressed.

Along side these strategic processes Auckland has:

- i. **An Auckland Regional Growth Strategy** which is a medium-term land use and development plan focussing upon the built environment and defining a metropolitan urban limit.
- ii. **An Auckland Regional Policy Statement** which is a policy document setting out the approach to managing natural and physical environment of the region.
- iii. **An Auckland Regional Land Transport Strategy** which is a high-level transport plan for the region setting out the overall aims of transport policy.

In addition to these, Auckland is now developing a **Long Term Framework** for the future of the region. This document will provide both a co-ordinating framework for the other Auckland regional strategies, and will embrace a clear sustainable development agenda for the region.

The international team was not asked to do a review of any of these strategies precisely and has not undertaken an assessment of them.

However, the following observations were made:

- Taken individually, the plans are compelling and well constructed and recognise key issues that have to be addressed in the region.
- The different strategies seem to enjoy different degrees of recognition and credibility. It is not clear to many of the most engaged practitioners what each document distinctively does, or how they relate to each other. There appears to be a lack of integration and coherence between the strategies.

- There appears to be some tensions between the different strategies and documents, whereby aims set out in one document do not follow through in terms of provisions made in others.
- The strategies do not appear to have a common narrative, a common point of accountability, or a common evidence base, leaving a lack of clarity between them.

It is the overall coherence of the combined documents that matters most. It is hard to move decisively forwards if there are disaggregated guiding documents.

2.5 Metropolitan Regions and Globalisation:

New Zealand is a relatively open economy, and therefore is able to benefit from the rise of global economy through increased competition, innovation, and access to new opportunities for business. However, the growth of rapidly industrialising economies such as China and India, and the fast pace of technological change also brings new challenges and opportunities that have to be embraced at national and sub-national levels. This is coupled with the challenges of a geographical location away from the centres of major markets.

It requires new thinking in New Zealand and Auckland to address how businesses can thrive in these more intensively competitive global markets, and how Auckland and New Zealand can remain an attractive location for business and investment over the long term, as well as locations that develop and retain capable talented labour forces. These reflect the major aims set out in the Auckland Regional Economic Development Strategy (AREDS). Auckland will play a critical role in how well New Zealand adjusts to the opportunities and challenges of globalisation. It is where the majority of New Zealand's international businesses are based, and the location with the greatest potential for an advanced services complex, and an innovation hub. It is the entry point for business visitors, tourists, new migrants, and international students. If Auckland adjusts well to globalisation, New Zealand will have a key asset to help the whole country and economy adjust effectively also. If Auckland fails to become, and sustain a position as a successful international city, it will be much harder for New Zealand to enjoy the opportunities and benefits of globalisation.

The removal of trade barriers, coupled with advances in information technologies, has enabled greater competition in service sectors that were previously shielded from international competition (e.g. through new forms of outsourcing). So, the benefits of globalisation cannot be achieved without accepting change, and working differently, especially at the metropolitan level where local market conditions can be addressed. Resources are shifting away from traditional industries and into new ones where they can be put to more productive use and the rate of change is increasing as developing countries increase their share of world trade. Traditional industries are modernising and specialising at a faster rate than previously.

This change provides greater scope to exploit economies of scale, enhance the dynamic forces of competition, reward innovation and provide better opportunities for technology transfer and commercialisation of knowledge, all of which increase the incentives and opportunities for investment. Nations and regions have to seize this opportunity. However, the transition can result in insecurity and will involve adjustment costs. This is especially true of the costs of adjusting land uses and infrastructure for a modern economy; what we call regeneration, and the cost of adjusting the skills of people and the orientation of firms to a new economy. At the metropolitan level, the process of adjustment and transition must be carefully planned and costed, so that it can be pursued with real resolve and with an appreciation of the likely time-scale of results.

Increasing globalisation brings risks of widening economic disparities between localities and communities. Large-scale industrial and agricultural change has already led to economic decline in many places resulting in deprivation and localised concentrations of poverty. The shift towards higher value and higher skill activities can further worsen localised disparities. The challenge then is to identify how the shift towards higher value activity can be used to support the revitalisation of disadvantaged areas, and to understand how to modernise those sectors that can continue to be productive and how to open up new opportunities.

Successful adjustment to the new opportunities of the global economy depends upon entrepreneurship and the leadership of New Zealand's and Auckland's businesses. At the same time markets, businesses, institutions, and individuals all need the flexibility to react quickly to changing circumstances and to reallocate resources efficiently in response to new incentives, needs, and opportunities.

Globalisation, Productivity and Place:

Because economic activity is now more mobile, it is important to understand the factors that drive business locations and the associated decision of investors and workers about where to locate. Regional economies can be viewed as sub-national markets in which location decisions are played out, and where market failures and weaknesses become the targets of action. Regional economies can also develop their own sources of growth. They also rely upon their embedded assets and their patterns of development that shape how they adapt to change circumstances.

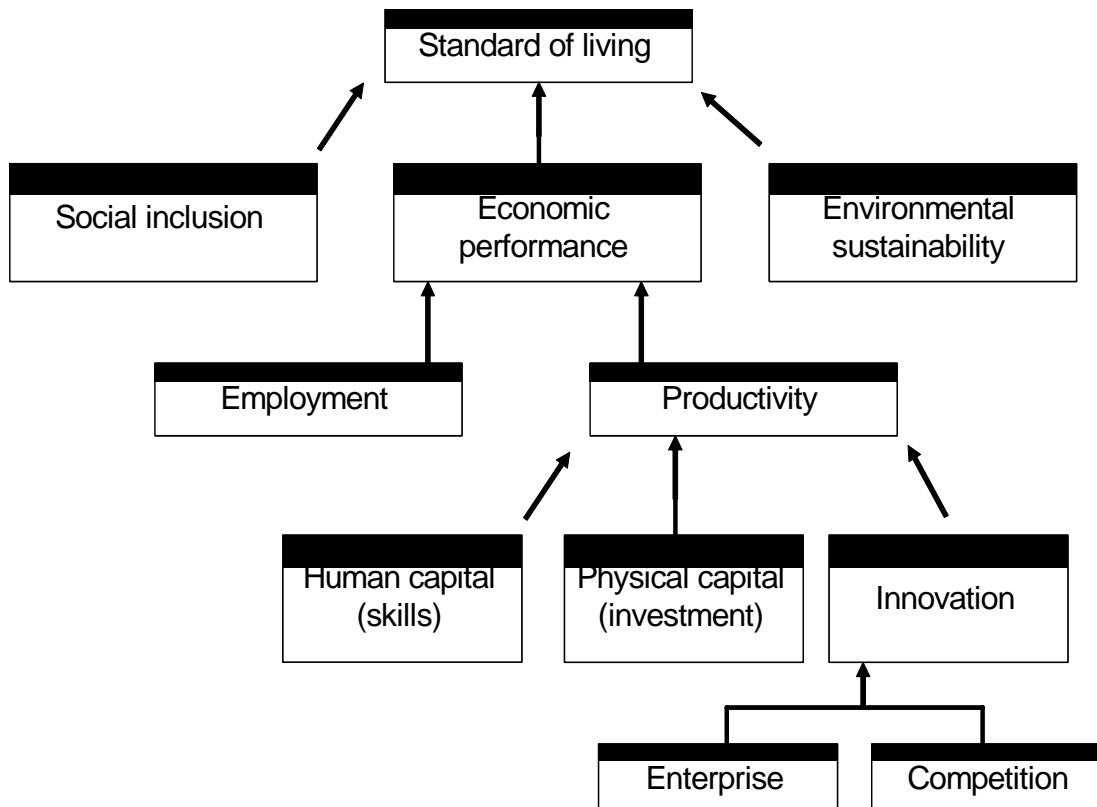
Overall, globalisation reinforces the need for macroeconomic stability, which allows firms, consumers, government, and regional organisations to plan more effectively for the long term and to react to change flexibly. Stability provides a platform for expanded and long-term investment in human capital and physical capital, which both help to raise the long run productivity potential. Stability and flexibility work together, not as opposites, with one providing the context for the other.

As barriers break down between markets, and technology enables more goods and services to be traded, locational decisions of firms, investors, and individuals become more complex. But this requires national and regional economies to continuously review their comparative advantages and to refresh what they have to offer global markets. Comparative advantages for a nation or a region will change over time, especially according to the ability of firms and individuals to learn from interaction within the global economy.

Sub-National Economies and Metro-Regions:

Metropolitan regions are able to benefit from agglomeration and/or clustering effects where firms from the same or related industries locate close to each other in order to benefit from the advantages of proximity such as denser and richer labour pools, supply chains, knowledge exchanges, shared infrastructures (e.g. digital infrastructure), and access to customers and specialist services.

Successful clusters, once created, become increasingly attractive to businesses. The geography of relationships within any cluster does not always equate to an administrative unit (such as a territorial government) and it is necessary to understand that the economic geography is important, and that it underpins sustainability and quality of life (as illustrated).



Maximising growth in the performance of regional and/or other sub-national economies means ensuring that the market failures that hold back the drivers of growth (skills, enterprise, innovation, investment) are tackled effectively. Regional economies have particular institutional, cultural, and environmental conditions that shape how the drivers of growth can be promoted or unlocked and how the barriers to growth can be tackled. Regional economies also have particular strengths and fixed territorial assets (natural and physical capital) that provides the basis for, and shape what is possible, at least in the short term.

Understanding the key functional geographies is key to assessing the potential of a region and driving investment in the regional economy. A degree of de-centralisation is important in optimising the functionality of a region, but safe guards are needed to ensure optimal outcomes for the region as a whole, rather than disconnected or even parallel agendas (where they are not optimal for the region as a whole) and developments.

2.6 New Zealand's International Gateway - Auckland in the international context:

The Auckland region in an international context is primarily a gateway to New Zealand in terms of trade, tourism, migration and communications. It is by far the largest logistics node for both imports and exports by both air and sea. Half of NZ's population and economy lies in a connected wider region encompassing the top half of the North Island from Taupo north.

However, internationally the Auckland brand is not as strong as other Australasian cities such as Sydney, Melbourne or Brisbane. It is often seen as a stopping-off point before venturing to other parts of the country even though it has the highest visitor nights in the country. Auckland's place in the Asia Pacific region is one of a large metro region within a small country

that neighbours a relative giant in Australia. Australia's east coast metros Sydney, Melbourne and Brisbane are many times larger both in terms of population and economy and are also key competitors for talent and investment.

In global terms Auckland is a small player, especially when thinking in terms of "world city-regions" that are providing international financial and trade services such as London, New York, Hong Kong or Tokyo. Auckland will never compete on this basis. However, as a value proposition Auckland offers a quality of life and place, a cultural diversity that aligns with its place in the world as the largest "Pacific" city (with the largest resident Pacific Island population in the world). This combined with the Maori indigenous culture provides Auckland with a unique identity on the world stage.

Auckland in the national context- (NZ's global gateway and service hub):

NZ's heritage is uniquely bicultural (Maori and Pakeha/European) but with significant recent waves of European (mainly from the UK), Pacific Island, Asian, and South African migrants. Nowhere is this diversity more evident in NZ than in Auckland and within Auckland - in Manukau and central Auckland. Auckland is the largest metropolitan region in New Zealand and this is set to continue as a result of rapid population growth and urbanisation due to both internal and external migration. However, infrastructure and utilities are at peak capacity with uncertainty around future security of supply and provision. This is also reflected in widening income disparities both within Auckland and between Auckland and the rest of the country, where even though Auckland on a per capita basis has higher incomes than the rest of the country it also has 50% of the country's decile 1 schools and more 'disadvantaged communities' than any other metropolitan region (see Treasury, 2005).

As is common in many other Metropolitan regions around the world, Auckland receives and settles the majority of new migrants to NZ. This presents some problems with integration, in terms of language, settlement patterns and integration into the workforce and society, often exacerbating wider regional disparities. Auckland's population has a growing proportion of young Maori, Pacific and Asian Peoples in contrast to below replacement birth rate and an older age profile for Pakeha (European). However this cultural diversity and population dynamic may in fact provide the platform for other opportunities if the right steps are taken now.

Auckland's role in the New Zealand economy as the major commercial centre, service hub and gateway to the world is fundamental to national competitiveness. Auckland's problems are New Zealand's problems; likewise Auckland's opportunities are New Zealand's opportunities. Dated thinking in terms of parochial attitudes and old style regionalism (where regions compete for resources from a central government pot) must be laid to rest. New Zealand's 'economic transformation' will come from joined up thinking that sees Auckland as New Zealand's primary weapon in dealing with new economies, new markets and globalisation. New Zealand is too small to be thinking in any other way.

Auckland - The Metro Regional Context:

The primary commercial centre for the Auckland region is Auckland's CBD and this acts as the core centre for the region and NZ in providing key business, financial and professional services. The CBD is also the primary concentration in the Auckland region for tertiary learning, creative industries and civic infrastructure. Even though the Auckland region has followed a polycentric pattern of development the CBD provides services that the other centres cannot and should not provide. However, Auckland is at risk of diluting these functions with polycentric concentrations and/or fragmented development.

The key to Auckland's functionality and competitiveness is in its interdependence and connectivity, in both hard and soft infrastructure, within and between the 4 cities and 3 districts and the wider region. This will require the Auckland region to accept that the whole is greater than the sum of the parts and specialisations and institutional partnerships will also be key to a well functioning city region. This will also require compromise in some instances with an understanding that the long run effects of developments in some parts of the Metropolitan region will be beneficial to the region as a whole and that certain things are fundamental to Auckland's (and therefore New Zealand's) international competitiveness. The regional economy benefits from agglomeration effects, business and financial services, a large domestic consumer market, and these things need to be embraced. Conversely the CBD benefits from a vibrant regional economy; these are highly interdependent functions.

3. Reflections on 'The Broad Policy Questions'

3.1 Comments on the 10 Questions from the Metro Project Team:

The metro team has provided the International team with 10 broad policy questions to consider. These are addressed in groups below:

- | | |
|------|---|
| i. | First impressions of Auckland as a candidate in the world class city stakes |
| ii. | Distinctiveness and competitive advantage of Auckland |
| iii. | Is there an alternative to Auckland becoming a world-class city-region? |

There appears to be a number of distinctive ideas contained in the 'world class city' propositions that are not necessarily the same, or mutually reinforcing. We would recommend that Auckland chart its own course, in tandem with New Zealand, and seek to become a place that is like no other.

We are aware of differing propositions contained in the notions of world cities, global cities, global city-regions, as well as world-class cities. What is important is that Auckland plays the key role of being:

- A location where internationally competitive companies want to be based, where investors want to invest, and where talented people want to live. A place that provides connectivity and access to global markets and opportunities
- A high quality metropolitan environment where people can enjoy a significant quality of life and quality of place. An 'open' region where people want to live and to settle
- A major commercial city with New Zealand's largest clusters of business, finance, and professional services, and the amenities and institutions that support them
- A node of knowledge-driven activity with a substantial contribution from university and medical facilities, where students come from all over the world to learn, and where new ideas and products are created which command a global audience and market
- A gateway for New Zealand with the global economy, and a locus of diverse, multi-lingual, and globally connected residents
- A region that hosts major global events and activities and is 'on the map' for major global brands, and as a visitor destination

Whether there are specific tests of how far Auckland does these things to a world class standard appears to us less significant than Auckland playing these roles in a unique and distinctive way. What is important is that Auckland does some of these on a world class scale, rather than a world class standard.

There appear to be many attributes that mean that Auckland can be a successful international city and these we see as:

- A large and mixed region with very high quality of life, natural environment, and amenities
- A distinctive location and role as the premier city of the south pacific
- A diverse and growing population base with significant cultural assets

- A range of advanced companies very well connected to the global economy and able to innovate along with some sunrise industries and clusters
- Excellent universities and medical facilities
- Growing reputation for hosting global events and activities
- Productive and tenacious culture, with an accent on achievement and excellence
- Openness and accessibility of the national 'offer' to firms, investors, and visitors alike

These advantages are important in Auckland's long term success. They also provide the motivation to tackle any coordination and integration problems and to find new forms of investment.

The fundamentals are good, but there are challenges in overcoming localised problems which need action. The key issues identified by the Metro team are:

- **Branding and Identity:** Auckland needs to articulate its value proposition clearly; to Aucklanders, to NZ, to business, to visitors and potential visitors, in order to attract talent and investment (that supports its key economic drivers).
- **Importance of People and Place:** Auckland's natural and physical beauty is an underutilised asset. The environment provides Aucklanders with a sense of place. Three large harbours, two oceans, the sparkling gulf and its inhabited and uninhabited islands, volcanic cones, the Waitakere ranges and the rugged and dramatic - black sand - west coast beaches, the beautiful Pohutukawa lined - white sand - east coast beaches, and some of the most productive land in the world. This story is not well told. Alongside this its cultural and creative milieu is supported by a vibrant city that boasts a beautiful and functional harbour, green spaces (including the amazing early 20th century domain and War memorial museum), museums, art galleries, theatres, world class shopping and over 160 different ethnic groups and cultures. These assets need to be capitalised on. Two key opportunities for improving both the functionality of Auckland and providing a 'place' that people will want to visit are the redevelopment of Auckland's waterfront and CBD.
- **Land Use.** Sub-regional economies and key clusters need to prosper. To do this there needs to be [green-fields] land for land hungry industrial development (eg in warehousing and logistics), as well as [brown-fields] development specifically for knowledge intensive industries (e.g. in the creative industries and ICT requiring "well connected" soft infrastructure), and there needs to be a way of preserving productive land under threat of urban sprawl and rising land values due to population growth. The MUL and intensification strategies therefore need to be implemented to support the sustainable development of Auckland's economic base and future job creation as well as restricting sprawl. This will necessitate increased productivity in farmed semi-rural and rural land in order to match pressure from rising land values, as well as focussing on key enablers for increasing productivity in more knowledge intensive activities (that are more amenable to intensification strategies).
- **Infrastructure and connectivity.** The polycentric nature of Auckland's development is both an opportunity and a constraint. It is an opportunity in the sense that population densities and land use issues are solvable allowing for large scale planned developments (such as flat bush) and for economic concentrations and specialisations (such as the Hobsonville Marine precinct). It is a constraint if they are not well connected by both hard and soft infrastructure and a certain amount of economic rationalisation on a regional scale. The potential for duplication of effort is high when territories act in their own perceived best interests but in isolation of regional considerations. Interconnected specialisations and precincts would allow for a more competitive Auckland. For example between the Airport and the CBD, between

industry, warehousing and both Air and Sea ports, between city centres, and between the core and the periphery.

- **Integrated planning.** Planning needs to be cognisant of supporting Auckland's economic performance and talent attraction. Auckland's economic performance is dependent upon playing to its strengths but in order to do so must recognise its own diversity, different levels of aggregation and economies, the functional role of Auckland in the New Zealand economy, and Auckland's role in providing a gateway into and from the global economy for all of New Zealand. These roles cannot be performed in an integrated way without a single integrated plan for Auckland. At present strategic plans are not well joined up with priorities in one forum often overriding or ignoring others. For example transport planning based on travel times and getting traffic through Auckland is fine in one sense but if that priority takes precedence over strategic economic and land use developments, workforce movements, and the interconnectivity required between strategic business and economic nodes then roading is inhibiting development not enabling it.
- **Security of energy and communications supply** is a national problem that will disproportionately impact Auckland's (and therefore NZ's) development. New Zealand cannot afford for the lights to go out in Auckland again [please note this was written before June 12, 2006 where once again Auckland ground to halt due to a single line failure in the Onehunga substation which saw much of the region without power for the large part of the working day], or the fibre optic cable to be cut, or to continue its heavy reliance on the car in the absence of public transport alternatives.

All of these factors have an impact on the creativity, innovation and productivity of a metropolitan region. Central government's challenge to NZ for economic transformation and raising productivity can have its greatest impact by addressing these problems in Auckland first.

At this point in Auckland's development decisive action is required. Formally colonised countries often have in common underinvestment in infrastructure and utilities. New Zealand has had the benefit of some farsighted investment in the beginning of the last century but then suffered underinvestment in the 80s and 90s in the belief that "the market" would deliver public good investment as an intended consequence of market demand. Market failure is now a more recognised phenomenon and it is recognised that investment in infrastructure is necessary in an increasingly globalised and competitive market for talent and investment.

The opportunity for Auckland lies in what it can provide for New Zealand. Auckland could offer much more to the economic and social fabric of New Zealand through its interaction with the rest of the world and by providing the gateway for the rest of the world to interact with New Zealand. Targeted investment in Auckland now will pay dividends for NZ in the future but this will only happen through an integrated and concerted effort within Auckland, in partnership with New Zealand government and the rest of New Zealand. As Brian Easton put it in a recent Listener article, "... if Auckland is not our first global city, there won't be a second."

iv.	Factors that make city-regions competitive
v.	What could make Auckland a competitive city-region?
vi.	Most effective national state polices to support success of city-regions

There has been a range of recent proscriptions about what make city-regions competitive. However, it is important to see competitiveness and productivity as linked. Productivity-led growth rests upon the performance of drivers such as skills, innovation, enterprise, and investment (including infrastructure). This is accepted. The key to unlocking those productivity gains may also come from the interaction between people, institutions, and place. The unique

qualities that Auckland has, that other regions do not, and the people that add to the culture and innovative environment, help to shape decisions about investment and enterprise. Disadvantaged or disconnected communities who become constrained in those choices will constrain the productivity of a region. Competitiveness may well lie in the ability to make changes to how these productivity drivers perform through other associated interventions. This relies significantly on the quality of regional leadership, the strength and flexibility of institutions and firms, and the ability of local actors to promote new ways of working. The quality of the local environment is also important; its enduring attractiveness to firms, entrepreneurs, investors, and workers determines in part whether productivity gains are realised locally, or within wider markets.

So, the first means to identify long term competitiveness of city-regions is to focus on drivers of growth and productivity, and on addressing market, coordination, and leadership failures that inhibit the performance of those drivers.

One recent research project identified some of the critical ingredients of successful non-capital metropolitan regions in Europe¹. These were:

- Diverse Economic base
- Innovation in firms and institutions
- Connectivity (internal and external)
- Skills
- Quality of life
- Leadership and strategic decision taking capacity

This kind of factorisation is helpful to assess how competitive a city may now be, but it does little to explain what the longer-term drivers of these competitiveness factors are. More assessment is needed. For example, it is interesting to note some cities (such as Auckland) might perform well on measures of Skills, Quality of Life, and Diverse Economy, but do less well on Connectivity, Innovation, and Strategic Decision Taking Capacity. But the one does not explain the other.

However, it is important to know what precisely are the newer requirements in terms of innovation, connectivity or strategic decision taking, and these need some wider guiding forces.

But, this kind of factorisation does not link the concept of metropolitan (or territorial) competitiveness with wider concepts of productivity within economies, and the means to improve rates of productivity (and growth) across a territorial economy. These assessmentsⁱ include factors such as

- Skills
- Entrepreneurship
- Innovation
- Investment
- Competition

being the key long-term drivers of productivity and growth at sub-national levels. This approach helps to give additional influence to the concept of competitiveness by providing a longer-term set of 'drivers' to which competitiveness activities should be directed. It also provides a better basis for dealing with issues focused on specific localities. Measures of competition are harder to define in a metropolitan context, but might be best construed as

¹ Parkinson M, Clark G etc al: Competitiveness of Non-Capital European Cities, ODPM, UK Gov. 2004

openness to markets and competition, where Auckland is very open, but is not necessarily well connected to markets. This could give some clues about the future direction of policies.

In discussions about competitiveness and productivity it is necessary to observe the particular features of cities and metropolitan regions. A vast literature on this subjectⁱⁱ produces some simply summarised concepts.

- Metropolitan regions are seen to increase productivity and growth through processes of agglomeration where increasing returns are achieved through the proximity advantages to firms and workers brought by shared markets, spaces, and resources brought about by clustering. Some sectors (e.g. Education, Creative Industries, Financial Services, Professional Services, Hospitality, Retail, knowledge intensive and research related design, are more sensitive to these advantages than others and consequently tend to cluster in metro regions. As the developed economies shift more towards these sectors, so cities and metropolitan regions become increasingly important locations of economic growth, and need to function well in the national economic interest.
- However cities and metropolitan regions are seen to suffer from market failures (which have specific spatial dimensions), for example in the provision of housing, amenities, transport options, skilled workers which produce high prices and/or congestion, information asymmetries, and policy/co-ordination failures.
- In the more recent literatureⁱⁱⁱ emphasis is given to the potential of metro-regions to decrease policy/co-ordination and information failures by addressing the wider natural economic geographies (e.g. City-Regions or Metropolitan-Regions) as the locus for policy and governance, rather than taking economic interventions within administrative areas. The goal here is to improve information and co-ordination across a functional urban region, thus underpinning the approach of this review, which is to recognise the inter-connected roles of competitiveness and governance policies.

For Auckland, more precisely, this kind of explanation would emphasise the importance of the city-region as a location for businesses that can benefit from a high quality metropolitan environment. This should be underpinned by competitiveness policies and governance arrangements going forward if the potential advantages of agglomeration are to be realised in a more optimal manner.

Recent Reviews of Metropolitan Regions by the OECD have emphasised the link between policies for competitive and governance arrangements, arguing that effective competitiveness policies will have to be underpinned by governance arrangements at the metropolitan level. This especially includes assessment of co-ordination and integration failures that may exist.

Advanced companies such as Healey & Baker Cushman Wakefield, and Price Waterhouse Coopers (PWC) have also recently produced their assessment of what makes metro-regions competitive or successful.

PWC, in their report Cities of the Future, global competition - local leadership, emphasise:

- Intellectual and Social Capital
- Democratic Capital
- Cultural and Leisure Capital
- Environmental Capital
- Technical capital
- Financial Capital

H&BCW, in the European Cities Monitor, emphasise factors that make a metro-region a competitive location for businesses:

- Access to markets
- Communications
- Costs factors
- Qualified staff

Competitive city-regions provide the territorial platform for productivity growth by marshalling localised resources and assets towards a growth agenda. There appear to be no real difference of opinion about what makes a city-region competitive, but there are small differences of emphasis.

What may seem obvious, but can often be cloaked by a focus on formulaic approaches, is to understand what is working in Auckland and how and why it is working. Assessments of failures, constraints, and problems can become very arid. Metro regions grow because they offer advantages and opportunities to people, firms, and institutions. Understanding what is right about Auckland and seeking means to nurture and encourage it is important too.

Effective National Systems:

There are a range of policies and practices at national levels that appear to make Metro-regions more or less competitive. We have also underlined that a stable national economic framework, combined with a willingness to adjust and make transitions are key to optimising the opportunities of globalisation. An important starting point for Metro Regions is the national context. There are also important variables in terms of development level, market access, geography, and political system/governance that are part of the context in which competitiveness is fostered. So, for example:

- **German Metro-Regions** are perceived the most competitive in Europe, they benefit from a multi-centred national economy (covering a large land mass and supported by a large population that fuels domestic demand) that enables many centres to flourish, and they have built their economic rationales and functions during a long 20th Century economic expansion which generated exceptional resources for investment in infrastructure. They have made an effective transition to the knowledge based economy, they operate with decentralised political system, and they are well positioned to benefit from the expansion of the EU eastwards.
- **US Metro-Regions** are also supported by a very large population and domestic demand, are geographically spread out and benefit from a high degree of de-centralisation and major investment in the key institutional assets of the knowledge economy (universities, research/technology facilities and medical installations). The most competitive US city-regions have overcome the limitations of fragmented governance and are taking regional approaches to land use, transport infrastructure, and environmental management. *They are using fiscal freedoms to generate investment, not to cut costs.*
- Within medium sized nations, the recent accent has been on improving metropolitan planning and co-ordination for city-regions, and especially in raising the level of investment in infrastructure. This is true of **London** in the UK, **Toronto** in Canada, and **Johannesburg** in South Africa. In all of cases a new metropolitan government has been created to do this, with varying degrees of success, but further reforms are being added to improve performance.

- In smaller nations such as Finland, Ireland, and Korea where a single large metropolitan region dominates (**Helsinki, Dublin, Seoul**) the national economy particular attention has been paid to investing to support growth and providing a metropolitan framework to plan investment and infrastructure. In the case of Seoul this is combined with attempts to minimise growth in non-essential company locations into Seoul (but this must be seen as a special case with over 11,000,000 people).

Where alternatives to formal governance changes have been sought, incentives have been used to drive co-ordination and integrated action at the metropolitan level, such as in France.

These quick snapshots tell an important story about how effective national policies for metro-regional competitiveness tend to have common underlying elements:

- Recognition of metropolitan regions as coherent sub-national economies, and platforms for the success of key companies and sectors.
- An integrated approach to strategy, planning and investment.
- New governance and/or institutional arrangements to overcome fragmentation and co-ordination failures, and provide new leadership.
- Raising additional resources to make important long term investments.
- International promotion of metropolitan regions for specific purposes (e.g. to host a Major Event).
- A new deal/settlement on the future relationship between the metro-region and the nation, with active engagement by national/federal government.
- Acquisition of new or enhanced investment and development tools.

In addition to these underpinning ingredients, attention is also paid to the fundamentals of drivers of growth and factors of competitiveness identified earlier, often through highly developed economic development programmes.

Auckland's Position:

Much of this report deals with the key actions to promote delivery of the AREDS to raise Auckland's regional competitiveness. Reflecting on the international experience the main priorities appear to be:

- Tackle regional co-ordination and integration failures
- Raise the rate of investment substantially in economic infrastructures (esp. transport, energy and broadband - this may require alternative investment tools)
- Achieve a more optimal use of land
- Focus on the competitive platform for larger firms as well as smaller, which means understanding and supporting interconnectivity issues for regional business functions and specialisations
- Create a clearer alignment between national and regional strategies that allocate national roles to the region and allows for important feedback loops for national policy
- Build on the knowledge infrastructure, creativity and ideas base

vii.	Small domestic market and geographic periphery
viii.	What would success look like for Auckland
ix.	Consequences and costs of failing to tackle Auckland's challenges

The small domestic market and geographical location are issues for Auckland, but they should not be seen as overwhelming. Auckland needs to be very open and outward looking, developing a hub strategy, akin to those of Singapore, Dublin, or Seattle. It is connectivity and

connectedness that is important for Auckland. Major institutions and large firms are critical to this because they provide a depth of relationships globally.

For Auckland to succeed, connectivity is key. This means excellent air, sea, rail, and telecommunications infrastructure. Air and Sea appear to be good, but rail and digital appear limited. It also suggests better use of roads, by improved bus and related services and less dependence on cars. Firms, sectors, and institutions (especially Universities, Medical and research facilities, and cultural Institutions) are key to connectivity. They are connected to all parts of the world and these links have to be used for the benefit of the region as a whole.

Auckland has the potential to be the 'hub region/capital city-region of the South Pacific' and to be a 'knowledge economy region in Asia-Pacific Time Zone', 'a global stage' and a 'key region within the English Speaking World'. These are not alternative paths and they will reinforce each other. This points to the need for a strategy to improve Auckland's regional identity in the world and to have clear propositions that locate Auckland within the global system in distinctive ways. It is important therefore to recognise the potential of combining event hosting with stronger promotion, and to build economic specialisations that will support greater investment.

Success in Auckland would involve a number of ingredients, and these have been suggested above. But to reiterate:

- Auckland will grow in ways which are sustainable and will use the resources of growth to invest in its quality of life and connectivity. It will plan and invest for the long term.
- Auckland will make a large and continuing contribution to the national success of New Zealand, and New Zealand will invest in Auckland and afford the region greater coherence and freedom.
- People from all corners of the world will want to live in Auckland and will be welcomed by Maori as tangata whenua (first people/people of the land) and all other peoples that now call Auckland home.
- Successful international businesses will want to locate in Auckland and will form strong alliances with the regional labour force and smaller firms.
- The Auckland CBD will be globally recognised as a great place to do business and enjoy diverse entertainment, and the wider metropolitan region will be known for exceptional quality of life.
- The regional labour market will offer great choice to workers and employers alike.
- Students and researchers from all over the world will want to study and research in Auckland due to the exceptional facilities and opportunities that it affords.
- Auckland will enjoy a reputation as an open and globally connected but distinctive and beautiful location, in which people can lead safe and stimulated lives and enjoy the world at home and abroad.
- Auckland will play 'canvass' and 'host' to the world in many ways, through film, art, and broadcast, through major events and cultural performances, and through sporting competitions, that capture the imagination everywhere.
- Auckland will have a reputation for capable and far-sighted leadership and for a 'can do' spirit that enables it to achieve interventions that would normally only be associated with much larger populations.

All of this is possible. It requires the region both to start, and to embrace, a new cycle of integrated investment, coherent planning, balanced growth, and connectivity. Failure to do so will result in a cycle of disinvestment, unbalanced growth, fragmentation, and eventual decline. The features of this would be:

- Companies become increasingly dissatisfied with the platform that Auckland offers and they move to other major metro regions in the continent.

- Talented knowledge workers and students are not drawn to the region and the qualities of Auckland's institutions are slowly downgraded.
- Immigration continues, but growth is not underpinned by investment and the resulting sprawl reduces quality of life for all in the region. Unemployment and under-employment rises.
- Local and regional politicians and other leaders retrench into narrow and parochial agendas will not move the region as a whole forwards, as their constituencies become increasingly short term in their aspirations.
- The Auckland CBD declines and faces competition for local service functions from other places within the region, and from other cities in New Zealand. Crime rates rise across the region.
- A smaller base of activity cannot marshal the investment required to reverse the cycle of decline. Disinvestment continues and government investment shifts to tackling social and environmental problems rather than investing for productivity.
- A period of poor relations set in between Auckland and the nation and the other regions and Auckland is blamed for New Zealand's worsening performance in the international league tables.

The costs and consequences of this failure are very large in both financial and human terms, and in terms of national prestige.

If the UK government does not prioritise investing in London's international engagement and competitiveness financial services go to Frankfurt or Paris, not to Leeds or Edinburgh. If Toronto fails to provide platform for innovative companies they go to Boston, not to Ottawa or Montreal.

If Auckland does not invest at the scale needed to be the global gateway and advanced hub for New Zealand, it will be other countries that benefit, not other regions or cities in New Zealand.

It is an important moment.

4. Regional Infrastructure and Capacity: Recommendations for the Action Plan

4.1 One Plan for Auckland:

Organise for an Integrated Regional plan.

Strategic Integration for Auckland and Building Capacity for Action:

A major feature of all discussions during the visit of the international team to Auckland was the challenges presented by the apparent differences in emphasis, investment, and evidence supporting different planning frameworks. This was highlighted by issues in transport, airport capacity, housing allocations, business land, economic strategy, branding, to name a few. What we observed were a number of problems:

- Strategies with no clear implementation path or resources
- Differences between local aspirations and regional frameworks
- Differences between investment requirements and resources available
- Little read across and between strategies and plans in distinctive arenas

At a discursive level there is a high degree of agreement within Auckland about what is needed, but this does not translate into bold planning and implementation that can really make change happen.

We recommend that a purposeful effort is made to integrate the strategic and planning frameworks for Auckland into a single **Plan for Auckland** that covers:

- Population growth and long range population strategy
- Economic strategy, productivity and business growth
- Transport, digital infrastructure and connectivity
- Land use strategy, housing, and business land
- Environmental management, tackling climate change, and promoting sustainable development
- Improvements in public services
- Functions such as CBD improvements, airport capacity and requirements, and key Institutions
- Regional Identity and promotion
- International positioning for Auckland

This single plan for Auckland should have a common time horizon, be supported by a single and coherent evidence base, be internally consistent, and be summarised in one page, with key milestones identified. It would have a series of investment priorities each with an associated investment prospectus.

It should be an accessible and authoritative document, which can be easily understood.

Specific actions that would flow from such a document could include:

- Providing an action plan that is consistent with an integrated regional vision and framework for the future that incorporates the current and proposed developments.
- Taking responsibility for implementation

- Developing a regional inventory that determines where the current infrastructure resources are, what their status is, what the future needs are and the resultant financial implications.
- Establishing a task force with business to examine and make recommendations for financing mechanisms and investment tools.
- Developing programmes of action for regional infrastructure implementation
- Developing benchmarks against selected regions for comparison purposes.
- Examining administrative and regulatory processes with a view to easing bureaucratic and regulatory barriers to allow projects to progress expeditiously.
- Acting as the co-ordinating 'clearing house' for projects identified to fill any gaps in existing infrastructural needs and/or aspects of existing infrastructural projects that require re-examination and changes to current plans.
- Acting as the co-ordinating vehicle for all existing [economic] development initiatives infrastructural initiatives, e.g. waterfront, city environmental upgrading, RWC facilities, etc
- Engaging with New Zealand government and forging a co-ordinated approach to Auckland's regional infrastructure and development requirements.

Regions and their local jurisdictions must take charge of their future by fostering an ongoing regional visioning process. Without a collaborative and integrated regional vision for the future, existing infrastructure will continue to be neglected and development decisions fragmented. It is therefore necessary to be proactive in establishing and maintaining a regional vision that is contemporary and integrated with a single plan for Auckland. This implies that the single plan for Auckland is an action plan that is consistent with the vision for Auckland.

The LTCCP (long term council community plan) and outcomes process provide an opportunity to do just this. As this process feeds into the Long Term Framework (LTF) being developed at present, the LTF provides an opportunity for Auckland to have a dynamic (able to be iterative and changeable) vision and framework that is integrated and cohesive. However there is a need for action emanating from economic development imperatives and a desire for Auckland to be competitive on a world stage. Therefore an action plan for Auckland is needed now and must be developed in parallel with the LTF. In this way the LTF becomes Auckland's strategic vision and framework with an action plan that is consistent with the LTF. The appetite for action is tangible therefore planning may need to happen in the first instance on two fronts;

1. A short to medium term action plan that will deliver major gains for Auckland by RWC 2011
2. Continued effort to integrate strategies and actions into a single LTF that will provide the framework for post 2011 and into the future.

The process that START has begun in bringing the territorial authorities together (Mayoral Forum and CEs forum) to work towards integrated planning for the region is also positive and has the potential to be the catalyst for a single action plan for Auckland. However, as mentioned above, the public sector will need the private sector to be able to deliver on a Single Action plan for Auckland, and a vehicle for spearheading and in some cases delivering on projects needs to be considered in this light. Auckland Plus, while new, may be that vehicle but this needs further discussion among Auckland partners.

Planning is also underway to consider the legacy of the Ruby World Cup 2011. A single plan for Auckland would be the planning tool for the legacy developments that the RWC and ancillary events can provide for Auckland and New Zealand.

A single Action plan should provide a clear sense of purpose and an understanding of the scale of anticipated events, and clearly set out the current infrastructure capacity and where new

infrastructure or capacity is required. Through this process, investments in infrastructure become investments in the implementation of the regional vision.

A regional inventory that determines where the current infrastructure resources are, what their status is, what the needs are and the resultant financial implications is critical. In this way the infrastructure needs relative to the vision can be demonstrated and any shortfall in financing highlighted. Alongside this innovative investment tools (which require both public and private sector expertise) will be critical to realising investment in Auckland's infrastructure on a scale that is required.

A single action plan would also need to prioritise economic development initiatives that underpin increasing Auckland's productivity and competitiveness that will enable the government to achieve its economic transformation agenda and increased productivity for New Zealand.

Visions without strategy and specific implementation plans are still-born. Success will be determined through Auckland's ability to find the capital to pay for both the process and the implementation.

It is important not only to be creative and focus on leveraging public and private capital, but also to be strategic and disciplined about investments. Investments should be made based on the regional vision and the priorities that flow from that. AREDS has provided an economic development strategy for Auckland's economic future; it is time to integrate AREDS with other strategies and to provide a vision for Auckland. This vision could be realised through the LTF (long term framework) process being undertaken at present. From an economic development perspective however the LTF cannot be a one off process, it must be a continual process that reassesses priorities in light of global competitive forces and economic development needs in order for Auckland to both function as a competitive world class city and in order for Auckland to sustain and provide for population growth, employment, and social development needs. Once again there may be the need to implement certain things that deliver on the AREDS vision in parallel with processes that incorporate AREDS into the LTF.

Administrative and regulatory processes need to follow on from a strong and dynamic vision and action plan for Auckland. The LTF and a Single Action Plan for Auckland should be the "head", administrative processes the "body", and regulatory processes the "tail". The tail should not be wagging the dog. If this is the case then reform must happen so that it becomes easy to do the right thing; bureaucratic and regulatory barriers to good projects should be reduced to allow them to move ahead expeditiously.

As an example, the Resource Management Act is an excellent piece of legislation that provides environmental safeguards for the long-term environmental sustainability of the region; however it is neither a vision nor a plan. As such it should be working for the benefit of current and future generations of Auckland and New Zealand. The LTF provides an opportunity for Auckland to plan for and determine Auckland's economic, environmental and social future. Actions that emanate from the LTF through a single action plan will have an integrated approach to what is good for Auckland and Aucklanders. Administrative policy and if necessary legislative processes should enable that to happen.

Institutional and governance arrangements need to follow this logic also. They will need to be responsive to what is needed. They are the means not the end.

4.2 Sustainable Infrastructure:

Sustainable urban infrastructure is a pre-requisite for regions to develop and attain economic prosperity. Infrastructure facilitates a place or a region's progress towards the goal of sustainable living. Infrastructure plays a key role in promoting the economic well-being of cities because of its impact on liveability. Infrastructure embraces far more today than previously, as cities seek to differentiate themselves in order to attract and/or hold a highly educated and skilled workforce as well as to attract growing streams of tourist dollars.

Competitiveness between metro-regions is driving a demand for high quality convention centres, art galleries, museums, entertainment centres, sports, education, health and community facilities, many of which are becoming opportunities for iconic design thus becoming draw cards in themselves. Some metro-regions, blessed with water edges, are increasingly turning to the development of these as working waterfronts.

Metropolitan regions are the economic units of global competitiveness. In order to be successful in the global economy, local and central governments must ensure that their regions are efficient and competitive. This requires regional cooperation on many levels. It also requires that plans for economic growth and development result in clearly articulated needs in relation to infrastructure including transport, land use and environmental demands.

These demands require far greater integrated planning than previously - making it essential that economic, infrastructure, land use and environment plans are brought together into a single regional framework.

Facilities infrastructure gap

A number of specific issues were raised for comment by the International Team while the presentations at the Metro Workshop of the 3rd May requested that three specific issues should be commented on relative to a perceived gap in facilities infrastructure. These were

- An internationally competitive convention centre
- A stadium of scale
- 'A building that changed the world'

An Internationally Competitive Convention Centre:

There is no doubt that convention centres have been fundamental in growing regional economies in many cities. There is no doubt that convention centres have added to the globalisation or internationalisation of many cities. There is also evidence that poorly conceived convention centres have added to the economic woes of other cities. Research in the USA has shown that two issues have largely driven the convention attendance decline that they are experiencing - industry consolidation and improvements in telecommunication and the rise in Internet use. Both give business a way to network and sell merchandise without sending employees on expense accounts to conventions.

Brookings Institute research published in January 2005 concluded:

- The overall convention marketplace is declining in a manner that suggests that a recovery or turnaround is unlikely to yield much increased business for any given community, contrary to repeated industry projections.

- Nonetheless, localities, sometimes with state assistance, have continued a type of arms race with competing cities to host these events, investing massive amounts of capital in new convention centre construction and expansion of existing facilities.
- Faced with increased competition, many cities spend more money on additional convention amenities, like publicly-financed hotels to serve as convention "headquarters."
- Another competitive response has been to offer deep discounts to tradeshow groups. Despite dedicated taxes to pay off the public bonds issued to build convention centres, many—including Washington, D.C and St. Louis—operate at a loss.

While these findings are localised to the United States, they should be noted. In the same way that internal competition has negatively impacted on the convention business in the US, more and more convention centers are being built internationally catering for a limited market of international conventions. The team feels that the establishment of a Convention centre in Auckland should be approached cautiously and only after rigorous analysis and research. **A clear indication of potential usability must be established and, if preceded with, design solutions must be flexible to increase potential usage.**

For example Barcelona's economic development strategy is to use major events to drive the city's physical development and promote the city internationally. To achieve this, their massive (18 000 seat) convention centre features prominently in the events bringing millions of people to the city annually. But this is used in concert with a range of other offerings that make up a desirable package. The convention centre on its own is not enough. In Auckland's case an international convention centre as a stand-alone piece of infrastructure is in danger of underutilisation in an extremely competitive international conference market. However flexibility of use, and thought around how the centre could contribute to the "Auckland offering" will be fundamental to its success or otherwise.

Therefore:

- Will it add to the civic infrastructure of Auckland in a tangible way?
- Will it be able to be used for more than conventions and conferences and will the additional uses be complementary and /or add value to other facilities?
- Taken as a whole, will the convention centre complement/add value to the Auckland offering both present and planned and already under construction?
- Will it pay for itself?

A Stadium of Scale

New Zealand is well known internationally for its sporting prowess particularly related to rugby, cricket and yachting. There is debate regarding the economic benefits of sports facilities but general consensus that facilities and teams provide local consumption benefits as well as non-financial benefits such as civic and national pride and a greater sense of community. Research suggests that the really important legacy might not be in the physical infrastructure, not in the accumulation of competencies in local industry but in a lasting effect on the consumption and culture of the citizen. Certainly that was the situation when South Africa hosted the 1995 World Rugby Cup and the 2003 World Cricket Cup.

One of the recommendations of the international review team is that Auckland should adopt a Major Events Strategy that would include hosting the Cricket World Cup and Commonwealth Games.

The 2011 RWC could well then be the catalyst for the development of a large, multi-purpose, all-weather stadium - through the proposed upgrade to Eden Park if that is feasible. Funding

sources need to be carefully researched particularly relative to TV coverage. Sporting events are popular throughout the world, widely understood and followed. Major sports events are also great opportunities to showcase the natural beauty and attributes of the city and country as well as high quality sporting facilities and infrastructure in the lead up to and during major events.

'A Building that Changed the World':

Cities need to ensure that all of their public structures are 'special'. 'Special' does not mean that the structure has to be unbelievably expensive, which is so often the case with the modern iconic building or structure. 'Special' does mean that the city offers its citizens and visitors a range of excellent public structures and not just one, designed usually by an international architect at huge cost. That is not to say that the 'Bilbao Effect' has not been incredibly successful for it has. But, for example, a city such as Melbourne has added generously to the liveability of its citizens by ensuring that its many public structures are excellent. In doing so it has also raised the level of private sector design resulting in a vibrant and cosmopolitan city.

Auckland has the opportunity to build on its unique history and heritage and place in the world. Colonial history and architecture is readily apparent, along with modern and post modern, however Maori and Polynesian cultures are what set Auckland apart from the rest of the world are not as readily apparent in our buildings and artefacts and sense of place. This is a strategic competitive advantage for Auckland that should be capitalised upon in partnership with those communities. This is not to say that other cultures are secondary or less important, but more to say "this is who we are and where we have come from - this is Auckland's unique identity".

Transportation:

An integrated transport strategy must be developed that supports and contributes to the realisation of Auckland's long-term vision. It should achieve, over time, a safe and efficient transportation system with a public transport focus that will support the aspirations of the city-region connecting businesses, people and places in a sustainable and cost effective manner in order to maintain a high standard of living and quality of life of all citizens and visitors. In this way it will add to the overall competitiveness of the city-region's economy.

From submissions made to the International Team it would appear that there are a number of transportation authorities engaged in various aspects of transport planning and implementation. It is critical, if the above goals are to be realised, for serious rationalisation to take place in order that the transportation strategy form part of the Single plan for Auckland and thus be integrated with land use, environment and economic planning.

Only then can prioritisation of problem issues (road congestion, lack of rapid connectivity between places such as the airport, etc) be resolved and dealt with.

Whenuapai Airport:

There was a strong appeal from the Northern Sector for support for the redevelopment of the existing but under-utilised Whenuapai military airport into Auckland's second airport. The International Team felt that the establishment of a second commercial airport should be resolved through the long-term infrastructure vision of the transport connectivity and development pattern of the region. Good transport links would ameliorate argument for the second airport, but a polycentric development model might encourage it.

In support of the debate for a mono-centric region, urbanisation worldwide has shown trends which suggest that people's perception of their quality of life tend to reshape population movement and density. Given the shape and form of developing cities, there is an overwhelming case for seeking greater density to facilitate the management of urban growth - the need to reduce movement, air pollution, and dependency on costly oil imports, maximise investment in infrastructure and social facilities, increase thresholds and levels of service as well as convenience. In such monocentric city-regions, the delivery and efficiency of services and infrastructure becomes critical. It is thus important to take into account future demand while implementing current policy and upgrades to capacity. With regard to sprawl and transport, the length of time that people are willing to travel as well as unrealistic costs, will have a significant spatial impact - acting as a self-limiting system that may help to drive policies for development towards denser, mono-nuclear urban forms which are advocated by many as potentially more sustainable. The economic efficiencies in city-regions are vital - compact cities are inherently more efficient.

As a part of sustainable urbanism, the intangible qualities which people flock to experience in New York, Paris and London are found because of density and variety. Dispersed cities lose this, e.g. LA. What is needed is a balance of quiet, stress-free, safe and secure residential streets and places which provide animation and sociability with shops and entertainment and efficient transport. For example, Greenwich Village, Islington, Akasaki, Belgrano (Buenos Aires), Zona Rosa (Mexico City) An absence of homogeneity is important. A strange fact is that historically, people en masse have seemed to want 'suburban'. This has started to change. 'Edge City' places of congregation are often inferior to traditional 'Inner City' places of congregation. For clues as to the value of density and variety, we need to watch where cultural tourists are going and why - mostly to historically interesting Inner Cities. Density is therefore not only desirable in terms of efficiency and sustainability but also in terms of providing variety, character and encouraging urban tourism.

Therefore if a second Airport for the region were to proceed at Whenuapai, this should not detract from the primacy of the current international Airport, nor should it detract from the absolute necessity to connect the Mangere Airport to Auckland's CBD (and the rest of Auckland). Auckland's [relatively recent] polycentric development pattern is not a reason on its own to support further de-centralised urbanisation. Rather, a vital civic and business centre is extremely important to the region and the nation. However, given Auckland's existing polycentric development pattern further urbanisation around specified areas is advantageous provided it is complementary to the region functioning as a whole.

4.3 Broadband:

Broadband is rapidly becoming perceived as a determiner of competitiveness and is seen as critical for the creation of 'Intelligent Communities'. The five critical success factors for the creation of 'Intelligent Communities' are broadband infrastructure, a knowledge workforce, innovation, digital democracy, and marketing. The creation of a knowledge workforce is one of the primary means by which cities can ensure that the majority of their citizens benefit from the Digital Age economy.

An increasing number of local governments, including Johannesburg, are proposing either to build and operate broadband networks for residential and business use, or to develop broadband infrastructure for wholesale lease to commercial service providers. However the role of government in the provision of broadband services is a subject of much debate. The "Metro Project - Broadband issues paper" sets out the debate succinctly and asks the question "what has been the experience of other countries where local governments have become involved in the provision of broadband infrastructure?"

In the case of Johannesburg, research has been ongoing for some time complicated by the current monopoly held by the parastatal, Telkom, although government is in the process of opening this market. In many ways Johannesburg therefore faces the same difficulties that Auckland faces, limited capacity and expense.

A final proposal is likely to be made to the Council shortly and is understood to be that the City will establish an open-access fibre network which will be operated by a wholesale service provider selected through a tender process and with whom an appropriate Public Private Partnership will be entered. The wholesale service provider will then be required to provide connectivity through established service providers.

In the case of Auckland, the recent unbundling of the loop has been a step in the right direction, however this needs to be followed up with a drive for increased usage and capacity and complemented by wireless broadband. Work towards this end is already being undertaken but must be supported by the single plan for Auckland and a commitment by Auckland to lead the country in this area. Broadband is the infrastructure of the knowledge economy and is the platform for Auckland to become more globally connected.

4.4 Auckland's City Centre (The CBD):

The CBD is the essential core or heart of any city-region. "Places have an impact on our sense of self, our sense of safety, the kind of work we get done, the ways we interact with other people, and even our ability to function as citizens in a democracy. In short, the places where we spend time affect the people we are and can become."

There are five 'senses' that have been identified over the past decade as having a considerable impact on place and thus on the economic health of cities. Put differently, "making a space great is a pre-requisite to the economics of the area!"

- A sense of place - the need to differentiate and express the particularity of one's city
- A sense of identity - cultural and physical attributes are critical to differentiation
- A sense of evolution - the physical fabric of a city must reflect its functional, cultural aesthetic and historical evolution
- A sense of ownership - a good city is one that teaches citizenship in the deepest sense of the word, and such cities are not only teachers but are themselves always learning how to be better places
- A sense of community - an acknowledgement of the obligations to and interconnectedness with the all residents

Inner Cities or CBD's have the ability to capture all of these senses while ensuring that the 'sense of place' which is created remains unique and rooted in the local culture. Auckland's City Centre must seek to foster these senses through the creation of 'place' within the Region.

Surveys and research have shown that a lack of growth in cities leads directly to reduced growth in their regions. Cities and their regions have complementary growth patterns. Often economies of outlying nodes and suburbs depend on the Inner City's economy. Research by David Rusk, former mayor of Albuquerque, reported in 'Cities Without Suburbs' show that Metropolitan Regions with healthy City Centres/CBDs do better than those without either 'healthy' CBDs or no CBDs at all.

CBDs should be centres of commercial activities, economic generators providing major employment opportunities, transportation/connectivity hubs, centres for education, health,

sport, creative industries, and entertainment and information technology. (It is the recognition of the fact that such cores are a complex multiplicity of many facets that has led many cities to abandon the somewhat restrictive usage of the terminology 'CBD' - city centres are not merely business centres.)

Auckland City appears to have all of these attributes and is blessed with two other important ingredients, a magnificent setting and an ethnically diverse population.

However, the city would do well to critically examine aspects that impact negatively on its role as the heart of the region.

Within its beautiful setting, the city is quite drab in places and does not always present a clean face to its users.

The current programme of addressing streetscape improvements should be extended as much as possible with particular attention to pavement surfacing materials - the tarmacadam footways while economical, result in a visual and oppressive exaggeration of the road area. The waterfront's public environment, albeit newer, provides a greater feeling of lightness and space.

The fact that Aotea Square is currently experiencing major structural problems provides a great opportunity for its redevelopment as a major public space venue/attraction. Consideration should be given to holding an international design competition for its redevelopment.

The city is not particularly user-friendly to pedestrians or bicyclists and needs to look carefully at its connectivity with the waterfront.

A number of Australian cities provide excellent examples of streetscaping, walkability connectivity and public environment maintenance. In Birmingham, pedestrianisation underpins the entire Inner City regeneration strategy, with the result that walking through the City provides citizens with democratic connectivity, accessibility and an aesthetically rich urban experience. In Auckland's case pedestrianisation combined with increased access via short run public transport to the various hubs (waterfront, hospital, museum, universities, marae, shopping etc.) need to be encouraged.

4.5 Waterfront:

Waterfront developments have proved to have major economic benefits for many cities and the further development of the Auckland waterfront is strongly supported. However, a few words of caution:

- Firstly, more attention must be paid to integrating the waterfront development with the city.
- Secondly, the waterfront mustn't be allowed to become divisive in that it is perceived to only be catering for high-income residents and visitors. It can be a strong social integrator and provide employment opportunities for all levels.
- Thirdly, there appears to be very little commercial/retail activity within the waterfront development other than restaurants. Really successful waterfronts - Sydney, Cape Town, Baltimore - are characterised by a great deal of seven-day a week activity that comes from a balance and blend of cultural, sporting, residential and commercial activities as well as the fact that they are in themselves working harbours.

While the team understands the need for an organisation to take the lead on Auckland's Waterfront development it does question whether this may be done in isolation of CBD, airport and transport links and all other infrastructure and economic developments. Therefore the following example is given in the hope that if this model is followed that it is connected in a very real way to other development initiatives for Auckland.

A Waterfront Development Corporation:

The Victoria & Alfred in Cape Town provides a highly successful model. The land was under a single public sector ownership (South African Transport Services - SATS) but there were a number of users. A government committee recommended that the portion of the harbour that housed the fishing fleet, various ferry services and a tank farm should be set aside for a waterfront development. This was distinct from the major port, container port, etc. The total land area involved was approximately 82 ha and was sufficiently large to cater for the fishing industry and a wide variety of other activities including tourism and recreation, residential and commercial. After careful consideration of various alternatives, it appeared that there were only two basic procedural alternatives that could be used for the development. These were:

- 1) Transport Services would co-ordinate the development or
- 2) That a separate development company be established

The degree to which specific goals, which had been identified by Transport Services were satisfied by each of the above alternatives were assessed as follows:

GOALS	DEVELOPMENT CO-ORDINATED BY SATS	DEVELOPMENT COMPANY
1. Acceptable return on assets	Low (SATS can only lease land to developers)	High
2. Opportunities for the private sector	Medium	High
3. Stimulate the economy of Cape Town and environs	Medium / high	High
4. Availability of cultural heritage for public use	Medium	Medium
5. Enhance harbour rail and road transport	Medium	Medium

Furthermore, there were certain inherent requirements pertaining to the development that the development process would be required to satisfy, these were analysed as follows:

REQUIREMENTS	DEVELOPMENT CO-ORDINATED BY SATS	DEVELOPMENT COMPANY
1. Return on Assets 1.1 No sub optimisation at the expense of the whole 1.2 Development to be market led 1.3 Avoid taxation 1.4 Avoid weaknesses of normal development process	Low Medium High High	High High Low High
2. Avoid the inherent weakness of SATS with regard to property development 2.1 Restrictive procedures 2.2 Limited experience 2.3 Difficulty in obtaining capital 2.4 Legal restriction on development by SATS itself	Low Low Low Low	High High High High
3. Process should be visible and fair	Medium	Medium
4. Retain good relations with the community	Medium	High

In the light of the above analysis of the goals and requirements it was decided that the establishment of a private development company would be the best means to co-ordinate and stimulate the development of the portion of Table Bay Harbour.

Two critical appointments to the resultant Board were made - a private sector Chairman who was both macro visionary and champion and a Chief Executive who became the 'on the ground' visionary and implementer.

The third aspect that was critical in the success of the development was a comprehensive long term plan that embraced the entire 82 ha and the fourth the establishment of a representative Waterfront Liaison Committee that brought together central, provincial and local government with Business and Community.

4.6 Expansion of knowledge infrastructure:

Higher Education, Research, and Medical facilities are important assets in Auckland. They are recognised as significant, but little attention appears to have been paid to how they might be expanded within the region, especially to serve international markets. Better promotion of Auckland's offer internationally would be worthwhile, but also national and regional initiatives to grow the base of excellence. The learning quarter project is a start in the right direction with an attempt to understand the importance to the city of two major universities, their proximity and the economic, cultural, city attractiveness and visitor benefits they bring. However [research] collaboration between all the universities across the region appears to be ad hoc at best and does little to support an integrated innovation system for Auckland where specialisations and responsiveness to Auckland's economic specialisations are encouraged. The tertiary sector and other research institutions are a resource for the Auckland region that needs to be capitalised on in order for Auckland to compete in a knowledge economy.

4.7 Public Open Space:

Enrique Penalosa the President and Founder of "The Foundation for the Country We Wish and Want" and a former mayor of Bogota, stressed the great need in developing countries and cities for democratisation of the public realm "The least a democratic society should do," Enrique says, "is to offer people wonderful public spaces. Public spaces are not a frivolity. They are just as important as hospitals and schools. They create a sense of belonging. This creates a different type of society—a society where people of all income levels meet in public space is a more integrated, socially healthier one."

Within the urban fabric and greater urban form, parks and green urban spaces have proven capable of playing an important role as meeting points for people with different cultural backgrounds and therefore have an important bearing on erasing Xenophobia. Educational research also highlights the importance of the outdoor environment in the learning process - green open spaces form a vital educational function. Proximity is important; quality public open space needs to be accessible to all at a local and neighbourhood level. (Open space is used less if it is more than 300m away from the home or place of work)

Across the United States, there is a growing momentum in confidence that parks are no longer just pretty places, nice to have, but can drive economic development. There is substantial evidence that from the founding of New York's Central Park in the 1850s onwards, well managed and designed parks have raised their surrounding property values well above the cost of their construction. Highly-educated, professional workers gravitate to places with high quality of life and will invest in adjacent property. Environmental advantages show that tree-studded city parks also provide natural filtration for storm water runoff, reduce carbon dioxide/greenhouse gas impacts and act as natural city air conditioners in summertime, reducing urban heat island impacts. Parks are important for youth. Outdoor play fosters children's physical and mental growth, pulling them away from a life of television and video games which encourage ADD.

Well-maintained parks are a city's 'wow' factor -everyone loves greenery around them. It has been shown that people's environmental awareness is affected and elevated where nature is found present and visible in their everyday environment. Green open spaces are important for preservation of biodiversity as well as for people's health and wellbeing. Recreation areas and green open spaces, however small, need to occur frequently throughout the urban fabric. "We all need to see other people. We need to see green. Wealthy people can do that at clubs and private facilities. But most people can only do it in public squares, parks, libraries, sidewalks, greenways, public transit..." Auckland is endowed with wonderful green spaces and parks that add to its richness and diversity. In particular the early 20th century domain - winter gardens and war memorial museum are treasures that need to be preserved for the period and history that they represent and the function they perform. The museum in particular is an asset as well as an opportunity for Auckland and New Zealand. Likewise on a smaller scale, but still significant, Victoria Park and its possible integration with the waterfront developments, the Parnell rose gardens and so on.

4.8 Creative Economies Contribute to Successful Cities:

Peter Hall stressed the importance of creative economies: - "Creativity is no longer an incidental miracle that happens occasionally in exceptionally favoured cities; in a globalised economy where no place can rest on its laurels for long, it is now a central part of the business of being a successful city."

The presence in the city of universities and health care facilities that actively promote research help develop what has become known as 'creative economies' because of the multi-faceted roles that they play. Universities help to establish the broader quality of place for the communities in which they are located. Health care facilities underpin this as they help to establish and promote a caring city.

Apart from research projects that they both contribute to the commercial community, they are effective and essential contributors to regional growth. Creative places play three interrelated roles in the realms of technology, talent and tolerance. Thus, universities are centres for cutting edge research in fields from software to biotechnology and are important sources of new technologies and spin-off companies - Health care facilities likewise, while both are amazingly effective talent attractors. By attracting eminent researchers and scientists, universities in turn attract graduate students, generate spin-off companies and encourage other companies to locate nearby in a cycle of self reinforcing growth. Universities also help to create a progressive, open and tolerant people climate that helps to attract and retain creative and innovative people.

Artistic and cultural institutions are equally critical. Richard Florida suggests that "the key to economic growth lies not just in the ability to attract the creative class, but to translate that underlying advantage into creative economic outcomes in the form of new ideas, new high-tech businesses and regional growth." Talented people, he finds, seek an environment open to differences; creative minded people enjoy a mix of influences - they want to hear different kinds of music and try different kinds of food. They want to meet and socialise with people unlike themselves, trade views and spar over issues.....they value outdoor recreation highly and are drawn to places and communities where many outdoor activities are prevalent. Creative people value places for authenticity and uniqueness.

4.9 Identity and Distinctiveness:

Auckland must continue to attract entrepreneurial talent and tourists by capitalising on its strengths and/or areas of uniqueness and/or 'specialness':

- Liveability
- Environmental and Natural Beauty
- Built environment and use of space and architecture and art
- Cultural distinctiveness

There should be a major focus and spend on marketing cultural tourism and the lifestyle that New Zealand offers. Auckland could capitalise on this by building or redeveloping existing buildings into indigenous cultural institutes, centres of local art, theatre and craft, education, literature & story, promote indigenous architectural styles, foster Auckland as a uniquely Polynesian urban place or at least have a precinct in which this can occur. Any such development would need to be linked to current developments within maoridom and pasifika such as in Waitakere and South Auckland but bringing the city centre into a 21st representation of Auckland's identity as well.

Adventure and eco-tourism have become major worldwide trends providing direct economic advantages to city-regions. Auckland has the opportunity to become known as the most sustainable, energy efficient, 'green' city in the Southern Hemisphere - the southern hemisphere answer to Scandinavian cities. However this perception needs to be backed up by massive changes to how Auckland deals with, supplies and utilises energy, by increased investment in and commitment to public transport, and by thinking about how polycentric

development patterns and intensification and specialisation work together with the employment and leisure needs of the people that live and work in the Auckland and those who visit (and consider staying). On the other hand there is plenty of opportunity available to Auckland through its wonderful endowment in natural and physical beauty and its people and its cultural heritage and distinctiveness. The former should not overshadow the opportunity that the latter provides.

Comments on Outcome of Symposium:

The outcome of the infrastructure session reflects the frustrations and captures the requirements that are essential if the infrastructure challenges are to be met.

Comments on the Infrastructure Paper:

Taken together, the documents provided paint a realistic picture of the issues facing Auckland

- Auckland Facilities Infrastructure - Background Report prepared by Cranleigh Strategic
- What Facilities Infrastructure Does a World Class Auckland Need? Auckland Regional
- Capacity Infrastructure TOR doc
- Convention Centre Works Update: A Report to the Economic Development and
- Sustainable Business Committee by Karen Lyons dated 27 March 2006
- Auckland Region Transport Infrastructure
- Scoping Report New Zealand Convention and Exhibition Centre prepared for the
- Convention Centre Research Steering Group by Howarth Asia Pacific Limited
- Draft Wynard Point Concept Vision - Submission from Committee for Auckland dated
- March 2006
- Delivering Infrastructure for a World Class City-Region - Metro Workshop, 3 May 2006
- Policy Questions for International Team - Metro Project
- Broadband issues paper - Metro Project
- Auckland Waterfront Vision 2040
- Waterfront and Britomart Fact Sheet
- Various documents provided by Regional entities

5. Regional Workforce/Skills/Employment Issues: Recommendations for the Action Plan

It is clear that there are many organisations in the Auckland region working to address the needs of businesses for skilled workers, and helping workers get trained and placed in jobs. Our team learned both from the Skills background paper and meetings throughout the visit that the current system of schools, ITOs, tertiaries and community organisations is largely unconnected (with the exception of some successful localised schemes such as “connect” in Waitakere); businesses state that they are not getting the skilled workers they need; there are certain groups of Aucklanders who are disproportionately unemployed and underemployed; and although everyone states that increased productivity is one of the keys to Auckland’s future, there are no visible coordinated strategies to up-skill the existing regional workforce.

It seems that what Auckland does *not* need is another set of projects or initiatives, but rather a new collaborative infrastructure across the region to take action. This is a difficult recommendation, because it may appear to be focused on organisational structure rather than action. It is important to make the distinction that the real power of a regional infrastructure focusing on workforce and skills issues is its capacity to continually respond to the changing economy, needs of business, and demographics of Aucklanders. With limited resources, a regional capacity can support the research, employer outreach, and overarching strategic thinking that each of the four cities and three districts are now each doing at varying levels of success, and with limited coordination.

The recommendations related to workforce and skills are interconnected to the other sets of recommendations in this report. The innovation strategies addressing how to focus on certain segments of the business community should include and drive strategies around skills. Several examples referenced in Section 6 include decisions about which industry sectors and companies to target, surveys and data systems, wrap around strategies and threshold companies proposed to build the innovation strategy. These should include skills components. If Auckland is going to invest heavily in infrastructure, then looking at whether there are sufficient workers with requisite skills and developing a pipeline of workers in the skilled trades will be important. The community development work being suggested in this report describes building the capacity of NGOs and community groups: there should be specific strategies to train community groups about the regional economy and the occupations in target industries. Similarly, the Rugby World Cup will provide jobs; there should be a specific strategy to connect these jobs to training programmes and potentially, first source hiring agreements.

5.1 Organise for Regional Strategy:

Establish a business-led regional collaborative infrastructure, with leadership, support and partnership of Auckland Plus, the Department of Labour, the Chamber of Commerce, the Ministry of Social Development, the Ministry of Youth Affairs, the Employers and Manufacturers Association, Work and Income New Zealand, the unions (perhaps CTU) and other key agencies involved in aspects of labour exchange, training and education.

In many regions of the United States, collaborative groups such as these have been recently named “workforce intermediaries,” a broad partnership that helps to connect businesses, the community, and government services. In the United Kingdom, similar organisations formerly called Training and Employment Councils, and in the US, known as Workforce Investment Boards have served the same purpose. For this report, we will refer to the proposed collaborative infrastructure in Auckland as a workforce strategy group.

The workforce strategy group would be a working coalition that provides a lens to focus on both short term needs of business and long term strategic planning for predicting and solving future workforce issues. The workforce strategy group should focus on workforce issues explicitly connected to regional economic development and innovation strategies. It is programme/action focused.

The Auckland workforce strategy group should convene key businesses and business associations, labour unions, community groups, young people, government agencies and education institutions to identify and solve *current* workforce problems and prepare for future workforce needs.

We recommend that the workforce strategy group be led by the business community. Although the majority of the funds targeted for workforce, education and skills are public funds, it may be possible to set up structures which allow the private sector to advise government on strategy and broad policy. This promotes both greater connections to the business community to ensure that their needs are being heard, and also engages the business community by requiring that they take an active role in defining their requirements. In other words, if the business community says that the government is not being responsive, they are also responsible.

A key role for the workforce strategy group is to develop a regional approach for addressing workforce needs in all targeted industry clusters and/or sectors. Convene all of the economic development agencies working with a particular cluster/sector, and tease out known skill and productivity issues. Map the sectors and clusters and the particular niches throughout the region; and then work with training organisations and schools to adapt existing programmes to better meet employers' needs. As described above, this should be led by the Innovation strategy.

5.2 Set Priorities:

All of the recommendations listed below taken together present a daunting list of work to be done. As we stated in the opening summary, we are suggesting that Auckland build labour market and innovation systems, rather than initiatives. We suggest starting with developing a regional capacity and using the people involved in the workforce strategy group to set their own priorities for action. We also recommend starting with data. This would include both asset mapping, so that there is a clear understanding about existing assets and gaps; and an explicit data collection strategy connected to the key industries and threshold companies identified as economic drivers, as described in the Innovation section 6 below. The regional workforce strategy should be tied to the other recommendations in the report. We have included a menu of recommendations in this section, to be considered for implementation as resources allow. Setting priorities needs to come from Aucklanders with knowledge in this area.

Start with:

What the leadership is passionate about. As Meg Wheatley says: "It is easier to build structure out of passion than pour passion into a structure".

and

A data point that people can rally around: i.e. a school dropout rate, an industry with a particularly high turnover rate, or the percent of employers who need workers.

5.3 Peer into the Future:

Build future-focused labour market information systems. In addition to traditional methods of gathering and analyzing information about jobs and demand occupations, become experts in key industry clusters/sectors. Ensure that there are regional approaches to data collection, not an unconnected set of more localised information systems with different metrics and data.

- Conduct interviews with employers in targeted industries focused on future skills requirements. Design reports (or websites) so that they are useful to training organisations, schools and people thinking about a career. Approach data collection as an “ethnographic” study rather than analyzing data from the past. Focus on developing knowledge about where industries are headed, and providing specific real-life advice for people who might want to go to work in the industry. Do not be overly concerned about statistical significance and sample size. The idea is to build what a lawyer might consider a “preponderance of evidence” rather than a set of statistics that might be sound, but based on the past.
- Continue to work on models to predict skills needs in growth industries. The NZ Department of Labour is working on ways to project employment and growth occupations. The US Department of Labor is about to unveil a new set of tools for assessing growth industries and skill requirements; we suggest that the New Zealand Department of Labour collaborate with them once these tools are in the public domain.
- Build workforce information into economic development case management systems. As the Region targets selected threshold businesses for intensive programmes and services, ensure that any business retention software or case management system has the capacity to collect data about occupations and skills. Use the triage system recommended in Section 6 as the basis for priorities in workforce development data collection. Learn from these companies about where their workforce needs are going to be in the next five years, and use this intelligence to start developing career information, training programmes, and to provide information to high schools.

5.4 Know what you have:

Do a comprehensive mapping of the education and training resources in the Region, and develop an on-going asset mapping capacity. There are two customers for this information: people who are looking for programmes and organisations to help them find education, training and jobs; and, employers who want to learn about resources that will help them both recruit and retain skilled workers, and build the skills of their existing workforce.

- There are many asset mapping tools available online, and the International Team can certainly provide guidance about specific tools. A number of programmes have integrated asset mapping into school curriculum and youth programmes. This allows young people to learn first hand about resources in their communities, and also provides skill building in research, interviews, focus groups, report preparation and analysis.
- Develop both web based resource directories, but also publications that can be handed out by agencies, or distributed through newspapers. Consider printing a directory as a supplement in the Sunday newspaper, which some regions have done very successfully.

5.5 Broker the Relationship between Government and Business:

The workforce strategy group, as an integral part of the Innovation Strategy, can build out the workforce and skills components of that strategy. There are a number of ways that a regional strategy can drive the focus of skills training, and that the right groups of businesses are given the help they need in identifying their skill requirements.

- Aggregate small business needs to provide access to skills training and other human resource support. Build relationships with industry associations and other business groups to gather intelligence about on-going training needs. Serve as a broker between training organisations and groups of small businesses to implement skills training.
- Convene businesses within new and emerging industries to help them define occupational requirements, skills and career pathways.
- Work with businesses in targeted industries to analyze business practices that may hinder access to jobs for migrants and under-employed groups. In partnership with employers, develop alternative minimum hiring requirements when linked to effective job training programmes.

5.6 Measure Results:

Benchmark performance and establish performance measures for training organisations to reflect the needs of business. One report given to the International Review Team stated that the majority of employers were not satisfied with the skills of people who had gone through training programmes. Pilot different methods of measuring performance with the long term goal of setting standards that drive the investment of public funds to the most effective organisations. Two methods are described below.

- Use employment and retention rates as a proxy for employer satisfaction. Require that training organisations collect and maintain data about the employment outcomes of their trainees. Track employment and some period of retention (90 days on the job is a minimum; NZ already uses 6 months in some programmes) and disseminate these data in a yearly “report card.” This will give people entering training a consumer report about the effectiveness of the training organisation, and point employers to the more effective organisations. There are many models for this kind of performance management, some very basic; some with complex systems of regression analysis to take into consideration the readiness of trainees to enter the workforce. The level that is appropriate for Auckland can be decided by the workforce strategy group but up to date information is a priority over statistical analysis.
- Develop systems for “business value assessment” and feedback loops. For large employers, it is possible to develop a very specific set of training outcomes, which can be observed and measured after people are hired from training programmes. Particularly when bringing in training for an existing workforce, a Workforce Intermediary and/or training organisation can help an employer articulate and document very detailed behaviours they want to see as a result of training and then measure those results against other employees to assess the value of training to the business. When employers do not see these results, there is a mechanism for immediate feedback to the training organisation to improve curriculum.

5.7 Become the Voice and Advocate for Workforce Issues:

Advocate on behalf of both the business community and job seekers in many public policy domains, Develop and share information for Aucklanders about the new economy and the skills required for new jobs,

- Widely disseminate information about Auckland's changing demographics. Educate business owners about their future workforce, which will be much more ethnically and culturally diverse. Help dispel myths about unemployed, underemployed and migrant workers.
- Work with central government agencies to provide feedback loops for national and regional labour market policy
- Develop a sense of urgency in the need for business to provide specifications for skills and workplace requirements to the education community and wider labour market.
- Connect workforce issues to other public policy issues such as transit and housing. Ensure that as alternatives are being considered in other policy areas, employer access to a skilled workforce and workers having access to jobs is considered in decision-making. Develop cross-membership with other regional initiatives to ensure communication and knowledge sharing.

5.8 Instil the Need to Learn:

Build a culture of lifelong learning in the Auckland Region. As all parts of the world struggle with the complexity and constantly changing nature of work, it is critical that all of the residents of the Auckland region understand the need for continual skill building.

- Develop a public relations campaign about the importance of skill building. Find credible and visible spokespersons to do print and TV ads; do research to ensure that the messages are culturally relevant and compelling; target growth industries and industries with skills shortages; work with schools and guidance counsellors.
- Pilot Lifelong Learning Accounts (LiLAs) in a key industry. These are bank accounts set up for education and training, invested in by the employer and employee and often a third party (government, a foundation). Recently piloted in three cities in the US, they offer promising ways to both finance on-going skill acquisition, but just as important, set the expectation that workers will need to continue to get education and training throughout their careers.
- Look at school-by-school data to uncover the highest dropout rates. In targeted areas, develop specific strategies for outreach to parents, and implement peer based targeted communication, information sessions, and interventions for the whole family to understand the importance of education and learning in the new economy. This approach could be done in a larger scale if deemed effective in target areas.

5.9 Provide Access and Opportunity:

Develop explicit roadmaps for target populations to move into growth industries. Assess the ways that migrant populations can help open export markets with language skills and relationships, and build on those assets. Work backwards from the future demographics and future worker needs to develop strategies for a pipeline of workers.

- Design and implement programmes variously referred to as On-ramps, Bridges and Gateways, or when in combination with labour union programmes, pre-apprenticeships. Often, low skilled individuals need basic skills and soft skills training before moving

- into a vocational training programme. There are many excellent models of pre-vocational training, in which participants improve their literacy and numeracy skills within the context of an industry. Develop strong partnerships with employer associations or mid size businesses, training organisations and community organisations to design graduated pathways for entering an industry.
- Establish partnerships between high schools and particular industries, and develop classes, mentorship, internships and work experience programmes to move certain target populations into entry-level occupations with career pathways.

5.10 Connect Businesses to Schools and the Community:

Consider the establishment of a Partnership Academy model within high schools. Throughout California, high schools have developed programmes within schools in which the academic curriculum is embedded in an industry context. Academies incorporate integrated academic and career technical education, business partnerships, mentoring, and internships. Health care, digital media, construction, printing, information technology are just a few of such schools. In the Auckland context The YES (Young Enterprise Scheme) is a successful national programme, along with various business partnerships with various schools. However a coordinated regional approach to bring these various programmes and components to scale and effectiveness is lacking.

There is of course, a balance between an early focus on career, and gaining the fundamentals. New Zealand schools are sometimes criticised for “forcing” students to specialise too early. Research shows that contextualised learning occurs best for most students in real life situations. Learning math as part of a health care or building trade programme is much more effective than pure academics. Specialisation should not mean that certain subject areas are abandoned just that the applied nature of those disciplines can be demonstrated. We often underestimate the ability of students to discern what is appealing and what is not in terms of future careers.

- Establish a working group that specifically addresses the connection between business and education/training organisations. Include key business and education leaders to recommend changes in curriculum, new approaches for certain industries, contextualised and applied learning, and strategies for improving adult access to education.

5.11 Build Capacity:

Develop strategies to expose teachers to the real world of work within targeted industry clusters, and educational and training organisations to effective practices.

- Develop externship programmes for middle school and high school teachers to get both classroom and practical experience in key industries. There are effective models in which teachers receive a week of classroom training and then two to three weeks of job shadowing and on the job training during school breaks. Once again a model has been developed at a local level through Enterprising Manukau (COMET) that may be worth considering at a regional level where teachers are exposed to work projects in real life work situations for a term. This has the intended effect of engendering an awareness of localised work opportunities and a greater understanding of business needs.
- Invest in the provision of training and technical assistance to organisations within the region. Sponsor an annual conference for all training organisations, community organisations and schools to provide information about the needs of Auckland’s

- businesses and effective training practices. Accelerate learning for practitioners, which will in turn, increase the effectiveness of skills training.
- Bring effective practices to scale. Design a capacity building plan to identify effective programmes and initiatives, connected to asset mapping. Identify the theories of change that are critical for programme replication.

5.12 Examples of Relevant Successful Initiatives from Elsewhere:

The Kansas City Dream it...Do it campaign, now one year in operation, has proven very successful. Multiple organisations in a large geo-political region, spanning two states, all came together to focus on the manufacturing industry, which is still alive and in need of skilled workers. A strong and very effective public relations campaign, bundled with outreach to schools and parents, training programmes, and leadership from the business community have increased enrolments in math and science classes, and attendance in manufacturing classes in community colleges. This campaign seems to address the issues we heard about some industries needing highly skilled workers, while Pacific Islanders, for example, were studying to be lawyers and then going to work in other countries.

Bridge, Gateway, and On-Ramp programmes are providing access and opportunity for low skilled workers to enter careers with pathways to good jobs with good wages. In the San Francisco Bay Area, for example, Workforce Investment Boards (WIBs) - regional Workforce Intermediaries - worked with Genentech, Bayer, and other biotech companies to identify career paths in biotech and the skills that are required. WIBs designed pre-vocational training to ensure that participants learned requisite basic skills in reading and math, along with "soft skills" training. Once participants graduated from this bridge or gateway programme, participants went into a more rigorous training through the community college to become a lab technician or other entry-level technical worker. At the same time, the WIBs worked with the biotech companies to convince them that their hiring practices were out dated and ineffective. Once hiring only college graduates, the biotech companies have become convinced that hiring participants through these programmes provides the same level of qualified workers at less cost.

Workforce Intermediaries have become effective organizing structures for becoming the stewards of workforce issues in their regions. A good example is Ventura County, a mix of urban and rural communities on California's Central Coast. They began their successful track record by starting with data. Analyzing the regional labour market and the characteristics of those who were employed, the business-led board discovered that although they had a relatively low unemployment rate, 33 percent of the region's workers earned less than what was considered a sustainable wage (just at or below the poverty line). This one piece of data became the subject of a regional summit, in which business and community leadership rallied around the subject of under-employment, quality of jobs, and skills. Business, government, community and civic leaders discovered that they were all concerned with these issues, although for different reasons and with different perspectives. Specific initiatives spun off of this summit, which are still underway.

Business retention visits matched with workforce development staffing have created a rich set of partners ready to help small companies in San Jose. In the City of San Jose, in the heart of the Silicon Valley, there are thousands of small businesses. Often operating with two or three people, the business owners often do not have all of the skills necessary to keep a small business going, but do not have the time or

understanding of the government resources available to help them succeed. Here, workforce and economic development agencies have created teams of Business Services Council staff to visit small businesses and help them solve their problems. In exchange for promoting their services, over 30 organisations dedicated to serving business, ranging from banks to ethnic chambers of commerce, have committed to providing on-site services to businesses that need their help. For example, a small business owner said that he could not pay his taxes and also buy inventory. The Business Services Council staff arranged for a banker to come to the store, to work with the owner, and helped him get a short term loan. All of the information is shared with the collaborating agencies, so that everyone is aware of the needs of these businesses.

Comments on Outcomes from the Symposium:

The key action recommendations in the Skills portion of the Symposium focused primarily around improving the education system. Recommendations included increased business involvement at both the leadership level and individual schools, better definitions of future skill requirements, improving transitions from school (or unemployment) to work, improving the capacity of Boards of Trustees, providing teachers with better pay and real world experience, increasing community involvement with schools, and allowing more school choice. The other key theme was being more strategic at the Regional level - establishing leadership responsible for education and better integrating migrants into the workforce.

The majority of the recommendations at the Symposium focused on creating a role and influence for the region's business community within secondary schools. The issue here appears to be that Auckland has an education system responsive to two largely disconnected ends of a spectrum, with neither a role nor mechanism for a regional strategy. On the one hand, the education system is designed and run by the central government, and on the other, by individual school-based Boards of Trustees made up of parents and administrators. Serious attention should be paid to an examination of this structure, and looking at alternatives ranging from changes to the governance structure to development of regional advisory roles and other mechanisms for business and community leadership. In the shorter term, a regional focus on industries with growth potential, a better definition of skills requirements, and good data could provide context and direction for Boards of Trustees to consider. In the long run, formal training about the Auckland economy, the jobs and industries that are emerging, and a robust set of information that is constantly being made available to the Boards, will begin to develop capacity for schools to better design programmes to meet the needs of the region.

Interestingly, virtually none of the recommendations focused on the need for upskilling existing workers and increasing productivity of the current workforce. Examining why all of the attention of this particular group of leaders at the Symposium was on schools rather than workplace learning will be a useful exercise as Auckland moves forward in this domain.

Comments on the Policy Questions:

The policy questions posed by the Metro Project for the International Review Team clustered in four areas, each of which we briefly address below:

Coordination - does it matter and what's the value? Collaboration and coordination does matter and does improve results. In large part, our recommendation for a workforce strategy group answers questions about how to go about this. The other point is that if the goal is to create a competitive workforce, it is really only the business community that will judge whether Auckland's workforce system has been effective. The business community is impatient

at best with a fragmented and sometimes dysfunctional system. As it gets easier to outsource and find talent elsewhere, businesses will no longer be “stuck” with government and education institutions that can’t figure out how to work together to meet the needs of Auckland’s companies. Business is not separate from the community – it is an integral part of it. Including business in the collaboration also will help business see that they have a role as well, in ensuring that their workplaces provide the necessary supports, pay and environment in which New Zealanders want to work.

Skills and productivity – how can Auckland better respond to future business needs and improve communication between business and trainers? We believe that some of the recommendations about labour market intelligence and the role of a workforce strategy group address the heart of these questions. More focus on incumbent worker training and developing a culture of lifelong learning and productivity will be critical for Auckland’s success.

How can we replicate good programmes and leverage effective initiatives? Developing a strong asset mapping system, combined with a regional capacity building strategy begins to get at this question. The more systemic changes required to bring good programmes to scale are related to how investment decisions are made, performance measurement, sound research and clear understandings of critical elements of effective programmes, as distinguished from leadership or context. For example, researchers at North Eastern University in Boston have found strong correlations between work experience during secondary school and long-term wage increases. Once there is an understanding of a critical component for a youth programme such as this, for example, public investment in youth programmes should require that they include work experience.

How do we improve participation and achievement of all Aucklanders, including Maori and Pacific Islanders? Our recommendation for explicit roadmaps into key industries for target populations is one answer to this question. Others involve including these and other populations in every step of the Action Planning process, not in separate consultation, but integrated throughout. Although the AREDS outcomes had limited success, Maori and Pacific Island groups expressed a belief that the consultation process was inclusive and worked. If possible, build on this process and the work done rather than starting over again.

Scale – is Auckland one labour market or many? How do you define a labour market or Sub-regional market? Auckland is both a regional labour market and many labour markets. Most labour markets are a function of many factors, including industry clusters/sectors, geography, transportation corridors and commute patterns. The marine cluster in the Auckland region looks distinctly different than the manufacturing or construction clusters, and there are distinct labour markets for each of the clusters. That being said, if the goal is to become globally competitive, and ensure that there are skilled workers for Auckland’s businesses, then considering the greater Auckland Region a labour market for certain purposes is critical. Competing within the region for certain industries or businesses, for example, makes no sense when Auckland should be competing against regions in other parts of the world.

6. Regional Business Innovation Issues

6.1 Recommendations:

A number of successful and innovative programmes exist within Auckland in the Innovation/ hi-tech / hi-growth space. These are national programmes aimed at fostering knowledge intensive and hi-growth potential companies. The Auckland region however, while benefiting from these programmes does not have a regional approach to innovation based on its own specialisations and economic drivers. A regional innovation system should primarily support the regional economy and in doing so allow other innovation systems/parks in other regions to lead on their specialisations. This does not mean therefore that they are discrete activities and that for example Auckland would not benefit from the Waikato innovation park, more that a coordinated regional approach in Auckland has not yet been well developed.

Auckland needs to work on its innovation system and bring existing programmes, where appropriate, to regional scale within that system. Similar to the RWI above there is an opportunity to convene a new entity "Innovation Auckland" with central government, tertiaries, business organisations, research centres, and municipalities/EDA's of Auckland Region working together. This could be an area of work that Auckland Plus could coordinate and facilitate. An advisory board should include senior representatives of these sectors. Initial work could be carried out by work teams which cross the sectors. While the advisory Board of IA develops a longer term innovation strategy for Auckland and a business plan for IA, working teams can begin to address the following issues and opportunities:

- **Develop a comprehensive information base on the Auckland regional economy** including key and "threshold" firms, graduates by discipline etc, both to inform the strategy development process and to begin to tell the powerful regional story. Many cities - including Toronto - survey all employers in their jurisdiction annually, tracking employment, floor space, types of jobs, etc. Such an instrument could also provide information for the skills agenda
- **Develop common IT systems** through which EDAs and NZTE can work together to identify "threshold companies" and provide "seamless" business and innovation support in a case management style, to these companies. Over time, this will standardise data collected, improve service, and provide useful information for a potential review and consolidation of programmes.
- **Design an integrated Auckland approach to building a risk capital market**, including angel investment funds (e.g. as developed by Enterprising Manukau but ramped up to a regional basis)and attracting VCs to Auckland (e.g. SMARTech at University of Texas, Dallas).

Auckland's Innovation Strategy should provide a guide to:

- removing barriers,
- targeting businesses for special attention,
- increasing collaboration between public research institutions and "threshold firms",
- focusing and sharing commercialisation resources,
- prioritizing innovation investments for Auckland,
- initiating new shared projects, and
- speaking with one voice to government and the external market.

New Zealand government is encouraged to undertake a thorough review of its legislative, regulatory, and taxation policies, as well as research and higher education policy in light of New Zealand's innovation goals. Some of the questions which merit consideration include:

- How does the personal taxation system encourage investments in various asset classes?

- Does the income tax system encourage investment in residential real estate over more productive investments?
- Do corporate tax structures encourage retained earnings and expansion or dividend payouts?
- Are New Zealand's research universities equipped to compete effectively for the best and brightest faculty and graduate students? And is there support for true leading-edge research excellence there?
- Although New Zealand's research funding mechanism (PBRF) is peer reviewed for scientific and academic merit, should there be another (or separate) consideration of its likelihood to positively impact New Zealand's economy and society?
- Are tertiary institutions looking at intellectual property largely as a [potential] revenue source and thereby slowing its commercialisation potential?
- What does New Zealand need to do to create better functioning and deeper risk capital markets?
- Should New Zealand increase its efforts to connect its innovation centres to global research projects and/or markets? Does it have the capacity to do so (e.g. in bandwidth)?
- How can New Zealand more effectively utilise the resources of Kiwis abroad? (An extension of the KEA programme?)
- Which of the plethora of programmes for business and innovation support are no longer needed, which could be consolidated, and which fit with today's challenges and should be expanded?

6.2 Observations on the Innovation Issues:

The following are first impression observations on Auckland's/New Zealand's innovation systems, business innovation support structures, perceived limitations, and innovation issues generally, mainly derived from information provided in the background reports provided *, from the results and discussions at the innovation workshop and the Symposium, and from private discussions throughout the week.

A more innovative Auckland is a key part of a new deal for Auckland and New Zealand's economic transformation agenda. As New Zealand's largest population centre, its international gateway, and a focal point for the nation's corporate, research and education assets, Auckland has the opportunity (and perhaps the obligation) to be a leader in developing a more innovative and productive New Zealand. At present the innovation agenda does not feel as if it is "owned" in Auckland. The impression one gets is that innovation is perceived as an externally imposed agenda (by New Zealand government, by globalisation?) - as a threat rather than an opportunity and that New Zealand's traditional economic base [in primary industries and commodities] has been by far the largest recipient of central government research and development funding. While this strategy will pay dividends it does rely on doing better with what you have, rather than a transformational agenda. Auckland can and does provide added value to New Zealand's export base, but has the potential to diversify more than any other city in New Zealand into providing knowledge-based high-value services and exports.

To achieve its full potential, New Zealand needs (and deserves) a more innovative Auckland and Auckland owes no less to its own future. Part of the perceived frustration with Auckland in other parts of New Zealand is exactly that it has not effectively played its role - not only as a provider of services to the New Zealand domestic economy - but as New Zealand's key platform for reaching global markets for innovative goods and services. At the same time, because a deal requires partnership, New Zealand government has a key role to play both in the delivery of business and innovation support programmes and in setting the overall policy framework.

Auckland must join up its innovation resources, contribute substantially to a region-wide effort with national impact, and speak with one voice on innovation issues and priorities. New Zealand must be willing to make real innovation investments in Auckland, coordinate its “on the ground” efforts with local players, and tackle some key micro policy issues that only New Zealand government can.

Innovation is a market-based, more than a science-based, activity. The perceived emphasis on scientific innovation is something that many jurisdictions share, but much evidence exists to suggest that most process and product innovation are created by companies in response to market opportunities and customer demands. This presents a particular challenge to Auckland and New Zealand: if Phoenix is too far away from San Jose to be “plugged into” the Silicon Valley market complex, how does New Zealand have a chance?

One response is to focus a lot more effort on programmes to take emerging New Zealand companies to markets – building greater scale and impact in some successful programmes that NZTE and the EDAs already provide.

A second response is to focus these business support programmes more effectively on the most promising companies with the greatest links to international markets.

A third response is to look hard at the opportunities presented by specialised local markets that might have a global application. Following Michael Porter’s logic, innovative clusters emerge where there are sophisticated and demanding customers. It’s therefore not surprising that Auckland and NZ have developed a globally significant cluster in yacht building and marine industries. What other sophisticated, specific, and local markets, customers, or problems/puzzles exist in the creative industries, agriculture, food processing, or in protecting New Zealand’s awesome natural environment?

Auckland could be at the forefront of systematically cultivating and animating its international networks – KEA for example – to become market-intelligence networks, angel networks, which serve a trade brokerage function. New networks may also help in animating internationalisation – in its earliest days, University of California San Diego (UCSD) Connects partnership gathered together San Diego business leaders in non-technology businesses (there were very few tech companies in SD at the time) to mount a full scale effort to use their personal connections with technology leaders and venture capitalists to put San Diego on the technology map. New Zealanders have a history of leaving home, temporarily or permanently, for better or for worse. New Zealand should capitalise on these global networks, and might set a goal to create the most tight-knit and effective international commercial networks (New Zealand Inc.) in the world.

Finally, Auckland and NZ leaders must remember that innovation has its roots in diversity, uniqueness, difference of perspective, and the creative solutions and ideas that emerge in such an environment. Auckland and New Zealand are very unique and, as elsewhere in this report, we believe that many of the opportunities will emerge from a stronger embrace and celebration of that uniqueness.

Public and private research efforts seem disjointed, and there seems to be only weak collaboration between CRI’s, universities, business, and finance (particularly SMEs). Based only on impressionistic evidence, it does seem that research collaboration between public and private sectors is weak, and that it does not go much beyond (often unsatisfactory) experiences with business contracting research from universities. A functioning innovation system, in an environment such as Auckland with limited “receptor capacity” and low private sector R&D, will require strong leadership and effectiveness from its tertiary sector and public research institutes, and strong linkages between business, finance, and universities. Some of the reported barriers to stronger collaboration include differences in culture between university

faculty and business, and intellectual property policies and incentives which hamper relationships and restrict or hinder market access to promising innovations.

All of this raises important questions:

- Is the public and university-based research effort sufficiently strong to generate promising intellectual property - is it able to compete for talented faculty?
- Is the public sector research effort focused on research relevant to the New Zealand economy?
- Are there mechanisms, other than contract research, to engage in collaborative research between public and private, and
- Does the market inform investment decisions regarding research and new programmes in the universities?
- Is the SME community broadly the appropriate partner for university-based research, or receptor for university-generated intellectual property?

Once again, there are both local and national issues in play. **Many of these questions should be included in the national review of the New Zealand innovation economy**, which should also consider national intellectual property policies as they affect universities and research institutes (which should really not be seen as a source of licence revenues so much as a part of what publicly-funded universities do for their countries). The very successful University of Waterloo in Ontario has an approach that all IP is 100% inventor-owned. This approach means that entrepreneurial faculty and students have a strong incentive to commercialise their research, and that the university is focused on knowledge diffusion rather than knowledge capture. According to UW officials, any lost licence revenue to the university is more than made up for by donations from alumni who have built successful companies.

A second approach is to **build stronger links between Auckland's tertiary sector and business communities**. This needs to happen at the very top, where the most senior university, government, and business leaders are seen to be working together for a more innovative Auckland. It needs to happen at the intermediary level through improved visibility of research assets, and connections between deans, and leaders of research-intensive firms. And it needs to happen at the front line level, through a mixture of collaborative research and increasingly rich interaction. There are any number of **approaches to increasing collaboration and interaction** between public and private research assets including:

- specialised research proposal calls; requiring some level of private sponsorship of public/university research projects;
- collaborative mechanisms for bringing universities and business together to administer proof-of-principle funding and other support for promising projects or spin-offs; and
- creating centres of excellence, incubators and research parks with a public-private interface.

There is a perception, particularly strongly articulated by the business focus group in the background report, but also repeated in other conversations that business and innovation support programmes and services available in Auckland are unwieldy, disjointed, difficult to find, difficult to understand, and difficult to access. This was noted powerfully in the background research paper's description of the business focus groups, and reinforced in the workshops and private discussion. The impression left is that Auckland and New Zealand may have too many programmes, with too many objectives, aimed at too many clients, and each insufficiently resourced to make a big difference. Periodic cycles of programme proliferation and experimentation are followed by periods of consolidation and increased focus. For national programmes, this would seem to require a **review of programme effectiveness and some consolidation and focus**, a process which may already be underway, internally to central government.

One way to focus both national and regional innovation support efforts would be to adopt a tiered approach to client management - a “wrap around” approach to the most promising “threshold” businesses, consciously and effectively targeting research, educational, marketing and other supports to these elite firms. Such firms should be identified by largely quantifiable threshold filters such as minimum sales volume, minimum sales growth, minimum % of sales in R&D, quality and quantity of resident employment opportunity, and businesses focused on traded sector goods or services markets. These quantifiable criteria can help avoid accusations of favouritism, and temptations to pick winning companies or winning sectors.

Such a wrap-around client support system for the most promising companies could be a starting point for a new working relationship between national and local business support offices. An agreement between local, regional and national economic and innovation development organisations to share information and provide a seamless service and coordinated programmes to these highly promising threshold firms could be a practical project along the path to greater coordination and alignment of regional economic strategy and delivery. National organisations must recognise that local organisations are best placed to understand the company and its local economic context; local organisations must understand the need for regional coordination and national strategic agendas.

Auckland’s culture is risk averse, intolerant of failure, and suffers from the tall poppy syndrome. Most jurisdictions suffer more or less from these basic human and cultural limitations. One member of the Review Team is particularly convinced that there is a special strain of this disease which afflicts former British colonies with resource-based economies. While it is difficult to change fundamental elements of culture, beliefs and expectations can and do change. They tend to change over long periods of time as newer, younger and more diverse elements of the population attain leadership positions. But it also takes place in a “tipping point” way - it may not seem to be changing at all and then may change suddenly. Attitudinal change can be accelerated by a strong and conscious commitment from government, community, business and media leaders to re-frame the innovation and productivity issue (not a lecture or a threat, but as an incredible opportunity), by actively celebrating individual and collective innovation success stories and by engagingly and positively answering the questions: “So what does this mean for me? What can I do about it?”

“Venture capital is non-existent here.” (Statement at the Innovation workshop immediately followed by universal nodding of heads). Risk capital may be the single most important ingredient for a fast-growth, high opportunity, innovative economy. Some estimates even suggest that \$1 of venture capital is as powerful as \$100 of R&D in terms of its commercialisation impact. Of course, every entrepreneur and every jurisdiction would like better access to more and smarter risk capital.

Stronger or weaker risk capital markets may reflect cultural tolerance for risk and market size/deal flow, but are also an outcome (intended or otherwise) of national policy, tax policy (personal and corporate), and financial institutions’ regulation. It appears that New Zealanders have invested much of their risk capital in the residential real estate market, perhaps as a result of ineffective capital markets for financial investment, or because tax and other incentives tilt investment in this direction. What part does the personal income tax system play in encouraging or discouraging investments in different asset classes (through mortgage interest tax treatment, treatment of capital gains, etc.)? While it is clearly beyond the scope of this Review to make specific commentary on national taxation policy or financial markets regulation, it is within the scope and mandate for central government to periodically and systematically review its core economic and tax policies to ensure that they are tooled up for the future and not the past, equipping New Zealand and its firms for a knowledge-based economy.

Assuming that the national micro-economic policy framework is reviewed as discussed, and even if it were flawless, New Zealand's distance from markets, limited deal flow, and resource-based economy means that the government might need to "prime the pump" to develop risk capital markets. Many jurisdictions have flow-through shares, angel investment tax credits, special treatment of re-invested capital gains, and many other policies to favour risk capital investors. Many jurisdictions also run various venture capital fairs, angel investor networks, business plan competitions and other mechanisms to increase "deal flow" and bring in new or experienced investors. Still other jurisdictions require or encourage minimum investments by financial institutions and pension funds in venture and risk capital. Alternatively, jurisdictions have invested directly, or through intermediaries, in risk equity markets, or lowered the borrowing cost base for "funds of funds" by providing low interest equity to General Partners.

First, make sure you are not penalising venture investment versus other asset classes through the personal tax system. Second, ensure that the corporate tax system and capital markets function well. Third, pump priming may well be required, and there are a variety of direct interventions to consider, depending on the particular barriers to be overcome.

6.3 Comments on the Policy Questions:

- On the high proportion of SMEs and the difficulty of connecting them to universities and research institutes, part of the solution would be to focus these efforts on larger, "threshold firms". The Ottawa Centre for Research and Innovation (www.ocri.com) and Ontario Centres of Excellence are models to consider for developing stronger collaboration.
- On aligning university research to significant export sectors. The Review Team believes that university research should be relevant to real world problems and questions. One measure of this relevance, particularly for university research in many areas of the natural, physical, and engineering sciences, is commercial applicability and market demand. While it is dangerous to the balance of higher education objectives to make universities in any way handmaidens to the sometimes fleeting impulses of businesses, it is legitimate to expect that universities' public funding be reciprocated with economic development outcomes, and that this requires some alignment with economic opportunities and receptor capacity.
- On whether Auckland has an innovation system, and the coordination of support services for innovation and business development (Q 3-5). Auckland has the ingredients for an innovation system, but it is not yet a system. Functioning innovation systems become self-perpetuating as serial entrepreneurs, angel investors, venture capital, and public institutions gain experience in new ways of doing business, as confidence and excitement builds, and as successful role models and mentors emerge. Functioning regional innovation systems are recognised by local businesses as a key asset platform and source of competitive advantage as they compete in global markets. Successful regional innovation systems, such as Ottawa's or Silicon Valley's, are highly networked both locally and globally. **New, neutral institutional platforms are often required to collectively monitor and plan for the regional innovation system.**
- On the optimal balance between generalised business support services/assistance and targeted support to specific industries or clusters. The answer, perhaps disappointingly, is that a jurisdiction should do both, but often for different reasons. In this part of the report we have recommended considerable focus on "threshold companies" as identified by quantifiable criteria. Clearly, there is also a case for

- focusing special efforts on those truly competitive global clusters (i.e. marine, yachts). Both of these approaches aim to develop export revenues, improve the balance of trade, and generate new wealth for New Zealand. Generalised support for new business formation may also eventually provide for new wealth, but in the shorter term and in many cases, it will provide employment alternatives, income supplements, and lifestyle opportunities. Recognise the important distinction between a small business owner and a growth entrepreneur.
- On suggested approaches for the region in moving New Zealand innovation into international markets. Through Innovation Auckland, **the region should consider its contribution to the globalisation of New Zealand businesses.** New Zealand Trade and Enterprise (NZTE) has a network of offices overseas, and programmes to introduce investors to new markets, including a seemingly successful residence programme. There are potentially several ways that the region could augment that support financially and logistically, to bring special focus to Auckland-specific opportunities and priorities. Through Innovation Auckland, opportunities for a regional role will become apparent.

6.4 Feedback on Specific Comments and Results of the Symposium Session on Innovation:

Comment - Need for a stronger innovation culture, starting in schools and the tertiary sector.

- This issue could be part of the national innovation economy review. Certainly, innovation and entrepreneurship can be learned, and there is extensive literature on this. Many universities and business schools are building entrepreneurship into their curricula, and many intermediaries exist in North America which provide entrepreneurship and commercialisation training, mentorship, and case examples (Kauffman Foundation). Many Asian primary and secondary schools, particularly in Japan and Korea have interesting technology competitions, something that New Zealand might consider working with.

Comment - Sharing knowledge through new fora and institutions/centres of excellence/innovation networks and dialogues/clusters and research hubs.

- There are two challenges confronting innovation policy that are unique to countries with vast geography and low population density: achieving a balance between providing opportunities across the territory versus focusing resources to create scale and agglomeration economies. The common denominator between each of these comments is that they speak to building scale by concentrating resources and assets (in clusters, centres, etc.) There are numerous examples of achieving scale through concentration of resources in a particular centre (ie Research Triangle Park in North Carolina, MaRS as a provincial and national convergence hub in Toronto).

Comment - Need for legislative change to create a legal and tax system more supportive of risk and innovation and entrepreneurship.

- As discussed previously, a national review should be undertaken periodically to examine opportunities to fine tune major tax and legislative initiatives to remove barriers to innovation.

Comment - Need more funding for innovation - both private and public.

- As previously discussed, business and innovation support programmes should periodically be reviewed and re-focused. Whether or not Auckland and New Zealand public sectors invest enough in innovation requires further discussion. In an environment of low business investment in R&D, there is no doubt that government

must “prime the pump” with public research and investment in commercialisation. It may need to consider how to prime the pump for risk capital as well.

Comment - Look at what Auckland can do for New Zealand and tell the story.

- New Zealand should reasonably expect Auckland to transform from a largely domestically-focused services and logistics economy into New Zealand’s centre for innovation. Auckland has a strong research and education base, is New Zealand’s corporate and business headquarters, it’s the international and gateway city, it’s the most populous and fast growing city region. Equipping Auckland to be an innovation centre for New Zealand needs to be part of Auckland’s new deal with central government.

7. Regional Community Investment and Empowerment Issues

Community investment is a process that requires commitment and clearly defined strategy. It is responsive to the needs of all income levels and engages all segments of the community. In so doing, community investment is an empowering process, enabling local level involvement and encouraging bold thinking to improve quality of life and economic competitiveness. Because it engages all sectors, the foundation for developing the necessary alliances and collaborations to address the complex issues of regional and economic development is set. Community investment requires clear, bold thinking and a commitment to upholding the three components of sustainable development - environment, economy and equity.

The impact of successful community investment strategies helps to promote a strong and stable regional economy. If the regional economy is strong, then the national economy can grow and prosper. The opportunity for Auckland to be at the forefront of progressive thinking on ways to promote economic growth of its cities and region is NOW!

Auckland has more than its share of disadvantaged communities. This, combined with connectivity issues associated with geographic spread and polycentric (or multi-polar) development, public transport issues, and demonstrably different cities and districts within Auckland (in terms of socio-economic groupings and demographic profiles), presents some real problems for social cohesion and inclusiveness, let alone economic efficiency. If communities feel isolated or disconnected, hopelessness and discouragement become endemic.

Most modern cities know where these communities are in both a geographic sense and a people-sense. The trick is to focus attention and investment on both people and place, and to draw the private sector in to the discussions. Auckland has a number of community trusts and energy trusts, charged, we believe, with investing in communities. How much of this activity is investment in the true sense of the word? i.e. what return is the target community, the investor, and the wider community getting from these funds? Investment also denotes a sense of building capacity, and therefore investment can come in time and other resources as well as money. Many corporate programmes are already recognising this such as the ANZ volunteer day and AUT's Skills Exchange programme, however in the New Zealand context it will also be important to engage smaller private companies.

Auckland and New Zealand has a predominance of SMEs - what is being done to get them more involved in their own communities. Who is brokering/matching community investment needs with SMEs? Are there opportunities for private sector businesses to partner with community groups in community projects providing more than just money i.e. time and resources. Many businesses do not know how to engage with the community sector therefore there is a need in Auckland to broker these relationships. The report recently sponsored by the Tindall foundation 'Business Social Investment: A scoping report' provides some examples of SME's partnering with community groups to their mutual benefit. These models are worth exploring also.

Metropolitan areas that pay systematic attention to both regional growth and issues related to historically marginalised and poor communities are more likely to be competitive for national and international economic opportunities.²

In addition community development and investment can:

- Improve the value of community-owned assets and facilities, and strengthen services for disadvantaged communities.
- Furnish strong organisations and community leaders that can help to shape and lead wider regional goals.

7.1 Recommendations for Action:

Auckland has a strong foundation from which to build.

Recommendation 1: Commit to building a community development infrastructure. Invest in the creation and on-going development of locally-based organisations whose mission it is to systematically develop/preserve community assets and deliver critical services in lower income communities.

Example: Enterprise Community Partners, Inc

Since housing is transformative, Enterprise focuses on rehabilitating the brick and mortar of a community. A not-for-profit organisation, Enterprise acts as an intermediary organisation, accumulating resources from the public and private sector (financial institutions) to provide low-income people with affordable housing, safer streets and access to jobs and child care. Enterprise provides loans, grants and technical assistance to nonprofit organisations that are building and revitalising local neighborhoods. Enterprise has a national network of 2,400 nonprofit organisations, public housing authorities and Native American Tribes in 860 locations.

While, perhaps, not similar to the Auckland context, what is replicable from this model is the boldness of thinking, the idea of empowering the local level by establishing an entity with expertise in assembling the necessary resources and allies to promote community development. The point being that it is targeted, providing a focus on both people and place. This should be a catalyst for bringing various agencies and organisations together to partner with the community.

In the US, community-based development non-profit corporations have played a significant role in transforming communities. In order for these organisations to achieve scale and sustain themselves they need support. Intermediary organisations such as Enterprise were established to provide such support. The involvement of intermediaries helps mitigate risk, giving financial institutions a comfort level investing in projects directly or through the intermediary. At present in New Zealand and Auckland it seems that there are strong and well resourced central government agencies operating within their spheres but not connecting well. The focus seems to be more on delivering programmes that align with national policy, rather than addressing the specific needs of the community in question. Further there seems to be little evidence of [economic] development that empowers local actors which is the key to reducing negative social outcomes.

Enterprise continues its role of collecting the resources to address need. In a time of limited government resources for community development in the U.S., Enterprise and Deutsche Bank partnered to create The Enterprise Social Fund, an innovative investment fund to raise and invest \$15 million dollars from socially responsible corporations and wealthy individuals that have not traditionally invested in community development efforts. The Fund is expected to attract new private investment to the vital work of building homes, restoring neighborhoods, creating jobs and revitalising cities.

Recommendation 2: The business community, particularly the financial services sector, commits to collaborate with government and the philanthropic sector to support and sustain community-based development organisations with capital access, technical assistance, grants and loans. This can take many forms- - consortia of banks, public/private alliances to promote community and economic development, financial sector creating innovative lending products to promote community development, working partnerships between business (SMEs included) and community-based organisations, and the packaging of investment opportunities.

Examples of such collaborations

Multi-Bank Consortium to Finance Affordable Housing Development:

Neighborhood Lending Partners, Inc. (NLP) was established in 1993 under the name Tampa Bay Community Reinvestment Corporation, Inc. NLP provides mortgage financing for holistic neighborhood revitalisation, including affordable housing and commercial revitalisation. NLP has three nonprofit affiliates, each of which administers a revolving loan pool from which the approved loans are funded.

Currently, 85 bank and thrift members participate in NLP's loan pools, which total \$216.4 million. NLP has also received \$5.5 million in CDFI funds, which is matched by \$11 million from the State of Florida Housing Incentive Program funding. To date, NLP has funded \$220 million in loan transactions, representing 8,900 residences for low and moderate-income residents.

Government/Business/Philanthropic Partnership to Build the Capacity of the Locally Based Not-For-Profit Sector:

National Community Development Initiative

The National Community Development Initiative is a partnership among the US Federal government, private foundations, and financial institutions using intermediaries -- Local Initiative Support Corp and the Enterprise, to increase the capacity and ability of community-based organisations to undertake community development activities. Government allocation leverages \$10 in private donations for every \$1 of public funds; 75% of funds accumulated are passed to community development organisations.

The critical component is government's involvement and commitment to supporting community-based development activity. Effective strategies start with identifying targeted areas for reinvestment or preservation, specifically, communities where there is under-utilised industrial zoned districts, along waterfronts, balancing business needs and employment with residential, open space and/or farmland to be preserved.

This is not just a philanthropic or public sector problem, partnerships between the private sector and community-based organisations need to be formed. A well-formed argument needs to be made alongside "the opportunity to invest" that includes both the social and economic benefits to the community and, in the medium to long term, benefits to the investor. The brokering of these relationships is key. The Robin Hood Foundation operates as a privately funded broker, how is this work being complemented or supported in Auckland? Our recommendation is to provide brokering services, similar to workforce/skills brokers outlined in the skills section, who broker community investment projects between the public, private and NGO sectors identifying and addressing needs on all sides of the triangle. However this is not simply a public sector role and some thought needs to go into the independence of brokers.

Micro enterprise Development:

Stimulate entrepreneurship by establishing and supporting micro enterprise programmes. Government, banks, community banks and Economic Development agencies are important sources for micro enterprise programmes, providing the capital to use as guarantee for private

sector loan funds and/or to leverage philanthropic dollars. There are isolated examples apparent in New Zealand but nothing, that the team is aware of, of scale.

Example: Micro Business Development Program

The Micro Business Development Program (MBDP) is a micro enterprise development programme of the Vermont Community Action Agencies. The MBDP is a statewide programme. Started in 1989, MBDP has helped launch or expand over 600 Vermont businesses, and, in the process, leveraged over \$5 million in financing. MBDP helps low and moderate- income Vermonters achieve self-sufficiency and turn their business dreams into reality.

The goal of the programme is education. MBDP gives people with vision, discipline and drive the opportunity to pursue self-employment by helping them learn necessary skills to start and run their own micro business. The programme provides counselling, workshops, and classroom training to provide a foundation for success.

The Micro Business Development Programme receives funding from both national and local government: State of Vermont's Office of Economic Development through the Office of Economic Opportunity, the U.S. Small Business Administration Micro loan Programme, and the Office of Community Services of the U.S. Department of Health and Human Services.

7.2 An Invitation:

Community development is a creative collaborative process that involves government, foundations and the private sector working with nonprofit community -based organisations. There are several well-regarded foundations and trusts operating in Auckland already along with both small and large community based organisations doing the hard stuff. The point to be made is that unless some of the social problems associated with large and rapidly growing cities, such as isolation, disconnection, disempowerment and lack of integration both into the economy and society, are addressed then there will be a constant restraint on the overall functioning of the City along with a low investment - low return equilibrium. This also has a marked effect on the perception of Auckland by both visitors and potential investors.

A common theme throughout this report is that while there are organisations with programmes and projects under way, and while there are many well regarded and in some cases well-resourced organisations and institutions, there exists coordination and collaboration problems, in some cases a patch protection problem. This is not uncommon, but Auckland is of a scale and size where this is by no means insurmountable if agencies and organisations are prepared to work together. The team feels that these issues could in the first instance be addressed through the behaviour of the new leadership commission. If a community investment project were outlined at the outset then the people of Auckland may see some real benefit in supporting it in the future. This should happen alongside any major infrastructure developments to signal the intent of the commission i.e. that it's about the long term well being of Aucklanders.

The New York Federal Reserve Bank has played host to several international delegations interested in understanding more about the community development process in the US. The Federal Reserve Bank would welcome the opportunity to host a delegation from New Zealand in an exchange of ideas and opportunities.

8. The Rugby World Cup 2011

8.1 A Major Catalyst:

The Rugby World Cup 2011 can be an important catalyst for many of the improvements that the Auckland Metro Region seeks to make. It will not only be a significant sports festival and tourism event, but could also be the means to achieve much wider developmental and economic outcomes. Sports activities might be coupled with culture, science, or technological expositions. Improvements to transport, hotel, and other visitor infrastructure might serve broader purposes. But most importantly, the RWC can offer Auckland the opportunity to build new markets in high value activities in Higher Education, Media, Science, and Production. A programme to define and create wider benefits for Auckland region should be set up and a dedicated team identified to pursue this aspect of the RWC.

Rugby World Cup 2011 represents one of the important catalysts that the Auckland region can use to drive forward a more ambitious agenda for change. This opportunity was enthusiastically debated at the Symposium for Auckland and some clear agreements were reached and supported by many.

Evidence shows that regions can use the hosting of global events to help accelerate their progress towards strategic goals. This can happen in a number of ways:

- Major events bring a short-term cyclical boost in terms of visitor economy expenditures which are recycled through wages and profits into the local economy, and through taxes to the national exchequer.
- Major events bring large numbers of people into a region or country for a short period of time and to create the platform for these visits usually require the hosts to make improvements in capacity that would not otherwise become a priority. Typical is the upgrading of hotel and transportation.
- Major events bring exceptional exposure for the hosting region, both through visitors (many of whom discover the region for the first time) and through media and broadcasting of the events themselves.

These are three direct ways in which major events help to boost the hosting region. It is important that Auckland plans for the Rugby World Cup with these direct benefits in mind and that it concentrates on maximising the impact.

The value of hosting events resides in a number of factors that should be well understood:

- They can unify the region around a single common purpose for a fixed period during which other things can get done.
- They can accelerate the delivery of existing goals; it is not a side show.
- They provide moments of high connectivity with global markets.
- They create high visibility and prestige, or a spotlight on weaknesses.
- The reality of deadlines enables normal processes and frustrations to be truncated, and the rules of engagement can be changed/improved for the long term.
- They can make local investment a short-term national priority.
- They can foster collaboration inter-regionally.

There are other considerations that Auckland should bear in mind.

Hosting the games of rugby, the national teams, and the supporters, and the IRF, is an important logistical and project management task that will command all of the attention and resources of those involved (The A Team). A 'second team' of dedicated professionals should be made responsible for securing the legacy of the World Cup. They should be responsible for planning how the Finals are delivered in ways which optimise impacts of strategic priorities for Auckland and for securing those benefits before, during, and after the finals themselves.

This legacy team should focus on a number of related priorities:

- Mounting allied events such as cultural, anthropological or scientific festivals.
- Taking initiatives at a scale which is not otherwise possible.
- Investing in infrastructure to support regional growth and competitiveness.
- Broadening the cultural offer in Auckland and hosting ancillary cultural events.
- The regional identity of Auckland and its global appeal; re-positioning Auckland.
- Increasing foreign investment, trade, and foreign students.
- Bring forward major regeneration of disused and under-used land.
- Boosting capacity of local supply chains and capturing local employment benefits.
- Business development in allied sectors such as media, sport medicine/science, food and beverage. (For example Auckland's excellent base in health care might be broadened to take on elite injury rehabilitation as a new global niche)

Hosting one major event can be very beneficial, but deciding to host a series of events over a prolonged period can have important multiplier effects. Auckland should consider an ongoing major events strategy (see below).

8.2 Leveraging benefits from hosting global events: Case Studies

Detailed case studies are available from the international team. Some brief overviews are included below:

Vancouver - June 2006 World Urban Forum and 2010 Winter Games

In June 2006, on the 30th anniversary of HABITAT I, Canada will host the third UN-HABITAT World Urban Forum, again in Vancouver. The 2006 World Urban Forum will be an opportunity for the world's leaders to discuss international cooperation in urban development and sustainable urbanisation, and to start the development of models that can be used to address urbanisation issues in cities around the world. For Vancouver, it will be a chance to position itself as a global leader in sustainable cities by showcasing Canadian best practices and technologies, engaging citizens on key policy issues linked to Canadian and global urban sustainability, and strengthening domestic and international partnerships in the development of sustainable urban communities. This is not a simple statement of an ethical stance, but an important business opportunity. Western Economic Diversification Canada (WD) recognises that the environmental technologies sector is and will continue to play a significant role in creating economic growth in Western Canada, while helping to achieve Canada's climate change commitments. Thus WD is encouraging the development and adoption of environmental technologies in Canada and abroad³.

The World Urban Forum will set the agenda of sustainable development that the world must adopt, and a few years later, the 2010 Winter Games will provide another chance for the region's competitive edge with regards to sustainable technology and strategies to be displayed to the world. The Games are to be the first "green" games ever. The sustainable aspect was an important defining part of the city's bid which differentiated it from other competing cities,

and it is taking the notion very seriously by viewing the WUF as a stepping stone to the Olympics⁴. Whilst the first event will define and establish the sustainable development agenda, the second event will be an expensive advert of how such models can work in practice, and of how Western Canada are world leader's in such practices. Proposed environmental practices include: green buildings and community planning standards; sustainable transportation initiatives; energy efficiency and use of renewable energy; water conservation, air quality and greenhouse gas management; waste minimisation; and protection and enhancement of natural landscapes.

The city authorities hope that the two events together will increase Western Canada's economic growth through raising the profile of the city's environmental technologies sector, on top of the usual benefits that will arise from the investment into the city's infrastructure.

Turin - Winter Olympics 2006 and Winter Universiade 2007

Turin was once synonymous with Italy's motor industry. But it is currently undergoing a radical transformation in order to host first the Winter Olympics in 2006, and a year later the Winter Universiade, the international multi-sport event for university athletes. The Olympics are costing an estimated \$3.2 billion to hold. But the changes that are resulting from this massive investment represent a highly visible representation of the city's move from a centre of manufacturing to a service economy. Significant infrastructural changes are underway, including the movement underground of some of the railway lines in order to improve the city's aesthetics at the same time as gaining functional space above ground. High-speed train links to other European cities are being introduced.

An impending global event provides an important non-negotiable deadline for such improvements to a city's infrastructure and facilities, and a justification for the high level of investment that this development requires. It also lends weight to the pragmatism of a city's bid for a similar event. This is the case with Turin; their bid for the Winter Universiade was well-respected because there was no chance of any delays in construction or improvements to venues and infrastructure, as they would be completed a year early. Thus the city is in a very good position to hold the Universiade event at little extra cost, and this clearly impressed the event's organisers, the International University Sports Federation (FISU). The second event, together with other planned events such as the 2005 World Fencing Championship and the World Convention for Architects in 2008, allows the city to consolidate its movement away from its industrial past, and towards a service-based industry. This is epitomized by the city's first five-star hotels that have been recently in refurbished buildings near the symbol of the city's industrial past - Lingotto, the former Fiat factory.

Brisbane - 1982 Commonwealth Games and Expo 1988

Brisbane, the capital of Queensland, Australia, won the bid for the 1982 Commonwealth Games. Brand new venues were built for the Games, and they were a remarkable success. However, when the city bid for the World Expo '88, the Queensland government had a hard time convincing the rest of the country, including the Federal Authorities, of the event's potential.⁵ It was the determination and positive attitude of the State of Queensland authorities and Brisbane City Council that secured a repeat success for the city. Strong leadership was key, and fortunately Brisbane is, unlike most other Australian capital cities, controlled by a single governing entity. The authorities' previous achievement contributed to their ambition and ability to host such an international event, but the previous investment in the new builds for the Games did not contribute to the Expo, given the wholly different nature of the two events. The city did try and build on its experience in sporting events by bidding for the 1992 Olympics, but the bid failed. Thus the sunk costs of building the stadiums and so forth did not yield any further significant financial return after the Games were over.

However, both events did yield benefits in their own right, and together they raised the profile of the city previously dismissed as an industrial backwards city. The Expo was situated on the South Bank of the Brisbane River. For many years this area, mainly industrial, had been largely derelict. The creation of Expo, along with the recent construction of the Queensland Cultural Centre, helped to revive the area.

Johannesburg - 1995 Rugby World Cup, World Summit 2002, Football World Cup 2010

In the 10 years since South Africa first held democratic elections, the city of Johannesburg has been fighting hard to rid of itself of its poor international image, and consequently to boost the city and region's economy and social integration. The government has been pro-active in securing many global events for the country, from which Johannesburg in particular has benefited tremendously. The first of significance was the Rugby World Cup in 1995. The main result of this was some fantastic publicity which showed the city as united and ignoring social divides in order to support the national team. As the Springboks progressed through the competition, perceived prejudices between black and white South Africans fell away as the nation united behind the national team.

The World Summit on Sustainable Development in 2002 gave the city a chance to develop the city's new professional image. Much needed developments such as improvements to the bus service and street lightings were speeded up. Local businesses were given the opportunity to develop new skills necessary for implementing such projects. South Africa's has also successfully bid for the 2010 Football World Cup, which is by far the biggest event the country, or even the continent has ever held. They won the bid due to their demonstrated ability to deliver the necessary improvements and to deal with particular city-specific problems such as crime⁶. They are using the event to speed up infrastructural upgrades, most of which, such as airport expansions, had been planned "long before South Africa won the rights to host the World Cup"⁷. They are also able to continue with the well-regarding work done towards "greening the WSSD" by ensuring that the World Cup has a "green goal".

9. Other Recommendations

This section of the report sets out important other recommendations for the action plan that do not feature elsewhere.

9.1 Openness and Human Diversity:

One feature of Auckland's future growth is the diversification of the population base. Human diversity is a key strength in a global, knowledge driven, economy. While diversity was recognised as an issue by business and public leaders during our discussions in Auckland, there were limited discussions of actions that can be taken to promote and fully engage the opportunities that human diversity brings.

We recommend that a simple **Human Diversity Action Agenda** is drawn up to do this and that the issue of human diversity be a more prominent feature in efforts to promote Auckland.

Case studies are available from the international team. The experience of **Singapore and Toronto** will be useful here.

9.2 Building the Investment tools of the Auckland Region:

Auckland does not appear to be investing enough in its own future despite recent improvements. A major area to tackle is transportation; the need to create a compelling, more efficient and productive, and environmentally better alternative to mass car use.

We would recommend reviews of transportation in **Ottawa and San Francisco** to underpin this.

There are also investment requirements in urban regeneration, CBD improvements, and waterfront revitalisation that are required.

We would recommend reviews of **Boston, Washington DC, and Cape Town** to support this.

9.3 An Investment Prospectus for Auckland:

Arising from the Action Plan will be 8-12 key interventions that require investment beyond what the public finance regime is currently delivering. Working closely with the financial services sector based in Auckland, and New Zealand government, these initiatives should be examined and assessed to find the best means to finance them in the near term and a single prospectus should be drawn up identifying preferred financial mechanisms for each including local and regional taxation, national public finance, commercial and institutional finance and other financial innovations. This prospectus will provide a single financing plan for the critical interventions required to drive Auckland's future forwards. It should be a shared document by the whole Metro region. It should engender popular support and, if necessary, be put to a referendum in 2007 at the same time as the Local Elections.

It should identify:

- The scope to raise greater tax at the regional level to underpin borrowing and investment.
- The potential to manage public assets differently to effect joint investment between public and private sectors.
- The scope to develop long term structured borrowing (eg through an Auckland Bond or debenture) to meet the investment requirement for the long term.
- The scope to raise additional regional levies for special purposes such as CBD and Waterfront improvements.
- The scope to develop the role of Auckland Regional Holdings for larger investment tasks.

9.4 Effective Governance and Delivery Arrangements:

The region is blessed with a generation of capable politicians who want to make the region as a whole work. There is also a vigorous and capable group of business leaders and New Zealand government committed to Auckland's success. However, there appears to insufficient integration of leadership capital on the key long term issues facing the region. The separation of roles between ARC and Local Territorial Authorities does not encourage pooled leadership on the critical issues facing the region. There is an active private sector, with enormous skills and resources to deploy, but few mechanisms for them to play their part.

This international review team was not asked to comment on Governance arrangements for the region, the structure and competencies of governmental bodies, and we have sort to follow our TORs carefully.

What we would suggest is that the longer term planning and investment requirements of the region are seen as a **shared leadership and coordination task between ARC leaders, Local Mayors, and the business community working in collaboration, and with engagement from community leaders**. There needs to shared accountability for the region's future and the plans need to be bold and visionary.

We must note however, that although it is beyond our remit to comment, there was clear and widespread enthusiasm for a powerful regional agency or authority to be created to deal with long term issues facing the region, in many of the discussions that we held.

Two clear recommendations result from this:

- **A leadership Commission for Auckland.** Auckland needs the leadership skills of local and regional councils to be combined with leaders from New Zealand government, the business sector, community and civic leaders into one voice and one champions group for the region. This should be established, drawing upon the existing efforts and be asked to shared accountability for drawing up and implementing the action plan.
- **A jointly owned capable regional development organisation to deliver major projects.** For major projects that fall beyond the remit of single existing bodies, or where there has been delay in progressing them, a single capable project delivery organisation, jointly owned by the main partners in Auckland, should be able to

deliver. A regional development organisation, which is jointly owned and participative governance, should be established to help drive major projects and interventions in a dedicated manner.

9.5 Energy and Climate Change:

The Vital Region: Energy:

Auckland's regional energy supply and distribution system is inadequate for a modern city and not yet able to help mitigate the challenges of climate change. There is action already proposed and this should be taken forwards in a committed and systematic way.

Despite a high quality of life and exceptional natural environment the region faces major environmental challenges. High, and unsustainable, levels of car use are one major issue.

This issue was again the remit of the International Team. However, there are close links between addressing environmental challenges and achieving long term economic development in the region.

The identity of the region needs to include a strong clean and natural element, and Auckland could generate substantial numbers of jobs and world class companies in environmental technologies.

There appear to be opportunities to develop bolder proposals here.

Experiences of Stockholm, Toronto, and Vienna will be useful here. Case studies are available for the international team.

9.6 Regional Identity for Auckland:

Distinctively Auckland:

Substantially enhanced regional identity and promotion is required in order to better communicate Auckland's distinctive appeal, to differentiate Auckland from other regions, and to grow the market for Auckland across sectors. Current efforts are too disaggregated and small scale. A vision for Auckland's future must have an emotional logic as well as an economic logic. It must appeal to people on multiple levels. Connecting the image and identity of Auckland to a clear articulation of the future is key to both planning and to promotion of the region.

Auckland's international identity is currently indistinct or partial. The region is rich in character and ambience, as well as excellent in a number of fields, but this is not well promoted or presented.

The international market is for a single identity called Auckland. The names and identities of places within Auckland have important roles but should not compete with the regional identity. Scope for dual identities exists using the name of Auckland plus other local names.

Work has already begun on building a regional identity that can support all of Auckland's marketing efforts and be consistent with local brands and distinctiveness.

We recommend that these efforts are supported and encouraged by all involved in promoting and marketing Auckland.

We recommend a strategy that embraces successful Aucklanders.

It is essential to have clear Auckland regional identity for the lead in the 2011 Rugby World cup, which will begin in 2007.

9.7 A Major Events Strategy for Auckland:

Bringing the World to Auckland.

An international events strategy and programme should be established with the intention of bringing the world to Auckland more regularly. Auckland should consider a range of events that it might host before and after 2011, linked to the wider development goals of the region. The Commonwealth Games, Americas Cup, EXPO, Summits, and other all offer the potential to help build Auckland's identity, to foster investment in essential infrastructures, and to build new international niches in the regional economy.

It is clear that the RWC 2011 has captured the imagination of many within the region. It is essential that Auckland host an excellent set of finals and enjoy the global spotlight to the full.

We recommend that Auckland considers an ongoing major events strategy that would be delivered over the next 20 years. This could include:

- A major cultural event in 2013.
- A major political event (an earth summit?) in 2016
- Commonwealth Games 2018
- EXPO 2020

A programme of major events such as this could underpin the long term infrastructure, regional promotion, and urban revitalisation of the region, accelerating progress on other goals at the same time.

9.8 Ongoing International Learning/Sharing:

It would clearly be advisable for Auckland to focus its resources on learning from interaction with a small number of places in a more intensive way over the next period. We recommend establishing a benchmarking group with a small number of metropolitan regions with mutual interests to regularly and systematically compare outcomes and insights.

There are a number of regions that might offer longer-term policy learning and benchmarking opportunities for Auckland. These are:

- Copenhagen
- Dublin
- Edinburgh
- Seattle

- Ottawa
- Miami
- San Francisco
- Cape Town
- Singapore
- Melbourne.

Each is taking forwards significant investment in its own future and offers a model of one of more ways of implementing change at the scale and depth that Auckland requires.

9.9 International Benchmarking:

There is a range of mechanisms through which Auckland Region can benchmark its progress. The Auckland Region could:

- Undertake an annual review of the key international indexes that exist.
- Undertake bespoke benchmarking studies on key themes.
- Undertake regular benchmarking within a benchmarking club approach.

The first two of these are likely to be undertaken to some degree anyway as opportunities arise. However, they are limited exercises which will not reveal an assessment that should be used to drive investment decisions.

In Europe and North America benchmarking clubs have proved to very effective and efficient means to enable cities and regions to check their progress and to learn from the experience of others. Some clubs offer regular comparative assessment of:

- Economic output measures.
- Economic drivers and trends.
- Framework conditions within cities and regions.
- Implied impact of policy interventions.
- Specialist assessment of business sector requirements.

Crucial to the success of their benchmarking exercises is the expertise of the benchmarking teams in preparing data so that it is genuinely comparable across national borders. This is not easy and takes time. That is why a 'club' approach is effective as it allows the costs of data preparation to be shared across a number of 'users' or 'members'. For example, in Europe and North America over 50 metro-regions are now members of the BAK Basel Benchmarking Club (www.bakbasel.com).

It appears that no such club facilities exist in The Asia Pacific region at this time. Consequently, one option is for the Auckland region to lead the establishment of club from scratch. This would involve:

Canvassing opinion amongst other regions that might be interested (such as other NZ regions, Australian, South African, and advanced East Asian Regions).

Building an initial club and entering into a contract with an economics team to furnish regular benchmarking reports for the club members.

One option would be to use a team that are already benchmarking in Europe and North America in order to enable global comparisons to occur. Buying into a team that is already benchmarking will provide more immediate comparators. However, a critical mass of users from the Asia Pacific or Southern hemisphere will be needed in order to cover the initial costs of preparing the data.

ⁱ See UK DTI/HMT Productivity in the UK, 3, The Regional Dimension. HMSO, Dec 2003.

ⁱⁱ See, for example, longstanding work by Jane Jacobs, Peter Hall, and more recent work by Paul Krugman, Anthony Venables, and others.

ⁱⁱⁱ Eg Scott, Hall, see below.

