

# **NEW ZEALAND IN SEARCH OF PLANNING : THE AFTERMATH OF THE FREE MARKET EXPERIMENT**

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## **Introduction**

A study of modern history evidences changes in political and economic thinking which have significant impacts on the fortunes of people and nations. The twentieth century evidenced monumental shifts in thought, with the rise and rise of capitalism, the rise and fall of communism, the waxing and waning of key economies and more recently the brief flirtation with the economic theories of the Chicago School of Economics. Technology, most recently information technology, has paralleled and underwritten these changing paradigms. The global village, foreshadowed by Marshall McLuhan forty years ago, has inextricably intertwined the fortunes of people around the world in a way never seen before. The 'Asian economic crisis' of the nineties, for example, had reverberations and implications for the rest of the world. The huge productivity gains evidenced in the USA economy has likewise shifted the economic focus of the world ever more towards the almighty US\$.

Within the framework of globalisation and the enormous growth of multinational corporations, economic minnows such as New Zealand have struggled to position themselves in the financial whirlwind. The speed of change in economic fortune, spurred by the information technology, has led

to casualties and winners, depending on the capacity of communities and nations to adapt quickly.

New Zealand, per head one of the wealthiest nations in the world in the middle of last century, has entered the new millennium unsure of its capacity to foot it in the new world paradigm. Blessed with a magnificent natural environment, an educated and largely innovative population, good physical infrastructure such as telecommunications, roads and airports, New Zealand is now in search of a way forward in order that it may retain its position in the so called 'developed' countries of the world. High dependence on primary commodities, significant debt levels and a large structural current deficit, has seen international investors casting adrift the New Zealand dollar in a way rarely evidenced in previous times.

In 1984, New Zealand elected a Labour Government which proceeded to create one of the most deregulated economies in the world. Following a pattern established in Great Britain under the Thatcher Government and to a lesser extent neighbouring Australia, the fourth Labour administration removed much of economic regulations of the past. The movement of capital without restriction, the floating of the exchange, the establishment of a Reserve Bank independent of Government, the removal of subsidies and support mechanism for producers, led initially to a much more dynamic and robust economy. In the early nineties, changes to the Employment Act by the new National administration provided an additional boost to economic flexibility. Changes to the economic framework were paralleled by major changes to political governance structures, such as the reform of local government (800 units to 83) and the commercialisation and subsequent sale of many Central Government functions (e. g. Air New Zealand, New Zealand Rail, Forestry, Postal services, banking, telecommunications etc).

The administrations of the eighties and nineties likewise made fundamental changes to the manner by which government agencies, including local government, went about their business. Annual and Long Term Financial Plans (10 years) and accrual accounting, for example, became legislative requirements to drive more efficient governance and financial structures. The Resource Management Act 1991, foreshadowed in 1987, and

the subject of considerable debate, was introduced and widely acknowledged internationally as a world leader in managing the national and physical resources of the country in a sustainable manner.

And yet, notwithstanding the many impressive and internationally acknowledged advances of the 'New Zealand experiment', the country has seemingly lost its self confidence and sense of purpose. Adding to the impact of poor economic indicators, including large trade deficits, a declining NZ dollar, the movement of corporate headquarters to Australia and poor sharemarket performance, are various dismal social indicators. This is especially so for sections of the population who have been 'disengaged' from the economy by restructuring of private industry and former government agencies. Citizens with a low level of educational achievement, once protected within inefficient industries and Government agencies, have been particular casualties of the free market. Poor health and housing statistics, and a dependence on state welfare support, especially for indigenous Maori, and Pacific Island migrants, have led to considerable social and economic disadvantage. Settlements of land grievance issues between the Government and Maori tribal groups under the Treaty of Waitangi have not yet resulted in a change of economic or social circumstances for the original inhabitants of New Zealand.

### **In Search of Planning - the return of (limited) intervention**

A new administration was elected in 1999. Voted into power under an electoral system of proportional representation, the Labour-Alliance coalition government was elected by a country increasingly disillusioned with the perceived 'free market' approach of previous Labour and National governments. Largely copying the success of the Blair Labour Government in Britain, the New Zealand Labour Party has promised a 'third way' of political and economic direction. Problematically falling between the extremes of the individualised free market and the collectivised regulatory state, the third way asserts a new paradigm based on values of 'equal worth, opportunity for all, responsibility and community' (*Jack Straw - British Labour Party*).

The change in government has seen a return to a more collectivised employment legislation (but not a return to compulsory unionism), the rebundling of specification and service delivery within the health system, including a return to (partially) elected health boards, the recentralisation of education funding and a much more active role for the state in the provision of housing for poorer sections of society.

The new government has not, however, changed the fundamental tenets of the accepted western economic system. The independence of the Reserve Bank is retained, the New Zealand dollar still floats (alarmingly low at present) and the continued removal of tariffs, while slowed, has not changed. The new paradigm embraces the free market, but applies pragmatic interventions reflecting community (political) concerns.

## **Urban Planning – The Resource Management Act 1991**

Within the context of economic reform and current repositioning, there is an embryonic realisation that the internationally acclaimed Resource Management Act may not be delivering the outcomes needed to position New Zealand successfully within the global economy. To an extent, this realisation arises from the inherent and possibly incompatible and unwritten (partially) objectives of the Resource Management Act 1991. On the one hand, the legislation admirably seeks to promote the long term sustainability of the natural and physical resources of the environment. It does this by, inter alia, seeking to avoid, remedy or mitigate the adverse effects of activities. Likewise, and the subject of much ongoing political debate, the legislators have sought to reduce or remove social and economic considerations from resource management considerations. The legislation has spawned a huge range of complex and detailed district and regional plans, notable for their size and extent of regulation, as local government has sought to interpret the legislation.

On the other hand, the central government legislators have actively sought to remove the concept of ‘planning’ from the legislation. A pejorative term

during the full flight of the 'free market' economy, planning is not a concept that was intended to fit comfortably, if at all within the Act. Contradictions abound however, with local legislative instruments for example being described as 'District Plans' in the legislation. Yet District Plans are not 'planning' documents in the traditional sense, and are particularly difficult to develop for such purposes in an urban context.

In recent times, the Ministry for the Environment would appear to be embracing a new, possibly 'third way' in its attitude to planning for urban needs. Perhaps belatedly recognising the consequences of an entirely free market driven agenda, the central government agency responsible for environmental policy is suggesting a 'mixed' and possibly more pragmatic approach to ensuring urban areas, and the local governing bodies, are provided with the legislative and other mechanisms that ensure all the infrastructural components may be available for the development of efficient, effective and socially just urban communities.

## **Curbing the Sprawl - Urban Growth Management - Ministry for the Environment**

While acknowledging a recent report of the Ministry as not necessarily reflective of the views or policies of the New Zealand Government, a recently published (April 2000) report of the Ministry for the Environment (written by the Deputy Chief Executive), appears to intimate a possible shift in thinking about planning, in an urban context, in New Zealand. Much more pragmatic than the previous fixation on merely ameliorating or avoiding adverse environmental effects, the document argues, based on experiences out of metropolitan centres in the United States, that 'metro scale' regional strategies and 'ways that make them work' are critical to developing effective and efficient urban systems. A summary of key findings of the Ministry report includes:

- Metro scale regional authorities are the best way to develop regional growth management strategies;
- Metro scale planning needs to be comprehensive – that is, it should encompass environmental, social and economic dimensions;
- Metro authorities use incentives to stimulate and shape markets;
- Managing land supply is critical;
- Managing public transit and roading systems together is vital;
- Be careful about heroic assumptions on the uptake of public transport;
- The key to successful strategies is that they are not prescriptive, instead they set out criteria that are interpreted, applied and implemented by local government and the private sector;
- A critical ingredient in a successful strategy is that it is built politically from the bottom up and technically from the top down;
- Metro strategies fail when they become technocratic and directive.

While a reader of this paper, from say Australia or a south-east Asian country may say ‘so what’, for a country that has explored the frontiers of the free markets, such findings are almost revolutionary. Translated into a New Zealand context, the Ministry for the Environment acknowledges the collaborative strategic planning work being undertaken through the auspices of the Regional Growth Forum in Auckland. The report notes the need to move to a more strategic framework, based on co-operative processes that bring local government, communities, infrastructure providers and the private sector together, rather than a purely Resource Management Act approach. The vital link between roads, public transport modes and landuse development is acknowledged. More clearly, and a significant reason for poor transport systems in Auckland, the report acknowledges the critical point that transport systems are part of an interrelated network.

To emphasise this point, it is worth noting that Transfund New Zealand, the primary funding agency for transport in New Zealand, last financial year (1999-2000) allocated \$400,000 from a budget exceeding NZ\$900 million to capital projects associated with public transport (alternatives to roading projects). It likewise provided around \$25 million in operational grants

(subsidies) for buses and trains in all urban areas throughout New Zealand. The huge bias to roads built into the current legislation includes prohibitions inter alia on regional government from applying for capital grants, notwithstanding their role as the principal funders (through operational outputs) of what purports to be public transport in New Zealand.

The result, especially in New Zealand's largest metropolitan area, Auckland, is substantial and increasing congestion on struggling road networks. Strict adherence to rationing devices such as benefit cost ratios, which generally ignore strategic considerations, mean even the roading system is failing the regional economies.

Consequently, a further conclusion of the Ministry for the Environment report is that 'we should consider strengthening regional transport planning to set explicit and binding strategic directions for all land transport infrastructure and systems, giving more teeth ....'

Finally, the report notes that 'the concepts of concurrency and consistency are perhaps worth formalising ... especially if doing so reduces costs ... it means more formal integration between metro urban strategies and major infrastructure providers' and notably 'we should consider elevating the notion of strategic planning for community and metro region areas to become a core component of the concept of local democracy'.

## **The Return to Planning - Regional and Local Case Studies - Auckland**

Established in 1997, the Regional Growth Forum was created to provide a strategic planning framework for the management of growth in the Auckland Region. Comprising representatives from eight councils (one regional, seven territorial), observers from Central Government and Infrastructure Auckland (infrastructure funder), the Growth Forum was mandated by an amendment to the Local Government Act 1974. The Regional Growth Forum has delegated powers to:

- Address growth issues in the Auckland region by ensuring co-ordination and liaison on a regional basis, to facilitate the production of a Regional Growth Strategy.
- Give effect to a Regional Growth Strategy by developing and approving a regional plan under the Resource Management Act 1991 and by such other means as are considered appropriate.
- Make recommendations to Auckland local authorities and other key parties on appropriate growth strategies for the integrated and sustainable management of the Auckland region.

Essentially a co-operative body, the Forum undertook a lengthy, participatory process towards finalising an Auckland Regional Growth Strategy for the fifty years from 2000 to 2050. Viewed with considerable scepticism and suspicion by most Central Government Ministries and Ministers, the Strategy was signed by Auckland Mayors just prior to change of Government in November 1999. Notwithstanding the new Government, even today some Ministries still informally dismiss the Strategy as inappropriate to a market economy.

The Growth Strategy provides a vision for what Auckland could look like in fifty years time with a doubling of population to two million people. The vision is to sustain:

- strong supportive communities
- a high quality living environment
- a region that is easy to move around
- protection of the coast and surrounding natural environment

A key feature of the Strategy is to promote quality compact urban environments, including:

- growth focused within existing metropolitan boundaries, and only outside these limits where environmental, accessibility and community principles can be met

- most urban growth focused around town centres and major transport routes to create higher density communities, with a variety of housing, jobs, services, recreational and other activities (mixed uses)

A critical linkage in the Strategy is the development of an efficient transport system, and most significantly, greatly enhanced public passenger transport systems.

A diagrammatic representation of the Strategy is attached as Appendix 1.

Aligned to the Growth Strategy are two transport strategy documents. The first, statutorily based, is the Regional Land Transport Strategy while the second, the Passenger Transport Action Plan (PTAP) focuses on the identification and development of rapid transit corridors in the region (refer Appendix II).

All three documents form the basis of protracted negotiations, and a Heads of Agreement between the region's local authorities and Tranz Rail, a private monopoly provider of train services in the region. Yet to be consummated, the agreement seeks to purchase the right (ceded by Central Government for 80 years for \$NZ1 p.a. to Tranz Rail Ltd) to control and/or gain access to the rail corridors for the development of contestable and internationally competitive rapid transit systems.

Notwithstanding the election of a new Labour Government in 1999, one year later the Auckland region is still battling to convince Central Government politicians and officials that effective alternatives to roading are appropriate to the development of an efficient and effective urban economy. The Ministry of Transport with an apparent adherence to purist free market views, seemingly provides the greatest challenge for Auckland to improve its public passenger systems. An agreement is sought by December 2000.

Implementation of the Growth Strategy is based around five themes:

- partnerships and relationships
- the need for alignment of policy and funding
- a long term vision and identified short term actions
- a wide and adaptable range of implementation mechanisms

- a process to keep the vision alive

## **The Current State**

Substantial work is occurring collaboratively within the region on implementing the Growth Strategy. Significant public resource is being committed to the negotiations with Tranz Rail and the Government to gain access to existing rail corridors. A major busway project is being developed for the region's North Shore, and a further work is being undertaken in respect of transit corridors and new rail links in other corridors.

Nodal development planning and implementation is occurring in both existing urban and greenfield areas identified in the Strategy. Sector agreements, linked to infrastructure and funding, are being progressed in each part of the region. The "Liveable Communities Programme", for example, is well advanced in Auckland City. This programme links social, economic and the natural and physical environment issues into a planned approach to the redevelopment and intensification of communities within the City. Infrastructure capacity and stormwater constraints are often significant, as are social infrastructure considerations such as the capacity of educational facilities.

In greenfield areas, concepts of design linking urban form with the natural environment are being developed. Higher density residential communities, designed to decrease the dependence on the motor car, coupled with an emphasis on mixed use, are intended to provide more 'self sustaining' environmental outcomes than current urban patterns. Yet such urban development requires much greater levels of planning intervention than previously accepted. Financial contributions to the development process, such as for public reserves and stormwater, are much higher. The level of regulation involved in building design is commensurately more significant.

In Manukau City, one of the four large metropolitan councils in the Auckland region, planning is well advanced on developing a new community of 50,000 residents in one such 'greenfields' location. Key features of the

development include:

- protection and enhancement of the natural gully/ stream systems
- a new Town Centre based around a traditional 'mainstreet' concept, linked to three neighbourhood centres
- a range of residential housing types, including detached or semi-detached dwellings, terrace housing, town houses and apartments
- connectivity and permeability of the street system
- buildings positively addressed to the street and public spaces
- mixed uses on main corridors

How the market reacts to this new (rediscovered?) form of urban form remains to be seen. However, there are sufficient indications throughout the Auckland region of public acceptance of higher densities and a different urban pattern. It remains to be seen, however, whether Central Government agencies will accept the more interventionist planning instruments necessary to achieve the desired urban form.

## **Conclusion**

After the extremes of the free market approach to the economic, social and (to a lesser degree) environmental fabric of New Zealand society, a new paradigm is emerging. Reflected in the change of Government one year ago, the new way does not reject the market approach. This would not be acceptable to New Zealanders if they wished to be participants in the global economy. But the new way, described in some political contexts as the 'third way', does seek to apply a more pragmatic, perhaps more human face to the free market. This involves more intervention by Government, in its various guises. It involves more consideration of the rights and responsibilities of individuals and communities, consideration of greater participation in the decision-making processes and concepts of equal worth.

The impact of this third way in environmental management and physical

infrastructure development is still being defined in New Zealand. The elements are, however, being tested as the country's largest metropolitan area seeks to manage its growth. Such elements do involve a more strategic, and inter-linking view of planning and infrastructure development. It involves a much less incremental approach to transport and other infrastructural development. It assumes more intervention by agencies representative of communities to meet desired objectives and outcomes.

As a country with a population of only four million people, New Zealand has been particularly prone to making significant and often radical changes to structuring its affairs. Unlike large populations, with often competing views, New Zealand has in the last twenty years moved from an overwhelmingly regulated approach (pre 1984) to one of the most free market approaches in the world. Applying Hegels 'dialectic', of action, reaction and ultimate synthesis, New Zealand is now exploring the opportunities afforded by hopefully the best elements of both approaches. New Zealand has entered the synthesis stage, or more fashionably the 'third way'. How successfully the country applies this third way to its environmental management and physical infrastructure development will become obvious over the next few years. One suspects it will produce better environmental and community outcomes for New Zealand.