

## Submission

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# Beacon Pathway Ltd. Submission to the Royal Commission of Inquiry into Auckland Governance

<b>Date</b>	21 April 2008
<b>Author</b>	Nick Collins
<b>Position</b>	General Manager

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## Summary of key points

1. Alterations to governance arrangements and processes will only deliver a successful, world-class and sustainable Auckland region if the new arrangements are purposefully targeted at core sustainability principles and critical outcomes.
2. The various governance arrangements being proposed for the Auckland region could most likely all deliver sustainable outcomes – *if they are so directed*. Equally, without clear direction and performance criteria, the various proposed governance arrangements could miss opportunities to earn Auckland world-class recognition for its integrated management of environmental, social, cultural and economic aspects of the region.
3. Ensuring homes and neighbourhoods are more sustainably designed, built and renovated will reduce Council operating costs and improve the Auckland region's international competitiveness. Outcomes and performance criteria for local government in the Auckland region should include a specific responsibility for improving the sustainability of the region's homes and neighbourhoods.
4. Current governance arrangements are generating a number of barriers to creating and managing sustainable places, including:
  - a. A need for better alignment between central government policy, regional strategies and the instruments that govern local decision-making around greenfield and brownfield developments.
  - b. A need for more consistent building consent and inspectorate processes, including standardised processes and requirements and shared agreed solutions (under the Building Code), thereby simplifying transaction costs to the residential building industry, that operates across the region.
  - c. A need to find ways to optimise use of limited skills and capacity across the region, particularly in planning, infrastructure management, and the building inspectorate.
  - d. A need to move past institutional practices and attitudes that make sustainable design choices more difficult than conventional options.

5. Desired regional outcomes need to be better specified and benchmarked for the Auckland context, and governance bodies need to be made accountable for achieving these outcomes. The Royal Commission's proposed list of 'what local government arrangements should ideally provide' is a sound process-focused list. It needs to be coupled with an outcome-focused list of characteristics of 'a successful and sustainable city/region', drawing on the regionally agreed text within the Auckland Sustainability Framework.
6. Existing local government practices to promote sustainable homes and neighbourhoods are highly variable across the region. This variability can add unnecessary complexity to already-extensive consenting processes, and raises issues of equity between cities. However, the variability has also allowed Councils – particularly the medium-sized TAs – to innovate and respond to sustainability issues that are of particular local concern. The resulting piecemeal arrangements contain some excellent policies and programmes that would be beneficial to the wider region.
7. Beacon wishes to stress its support for existing good practices and innovation. Any alteration to governance arrangements must be careful not to lose the leadership and creativity that is evident in the small to medium-sized councils within the Auckland Region.
8. Beacon would support regional and local decision-making arrangements that allow issues to be considered systematically across all governance levels, and especially provide for greater emphasis on demand side management and efficiency measures.
9. Beacon would support improved consistency in Council practices relating to sustainable homes and neighbourhoods, provided that the process of alignment was able to systematically review and adopt the best available (that is, the most effective and sustainable) policy practices from across the region. In particular, Beacon would recommend consideration of how to better align:
  - a. Policy Statements and Plans prepared under the RMA. Including better expression of the importance of sustainable housing and neighbourhoods, and rules and assessment criteria to support on-the-ground initiatives.
  - b. Building consenting processes. Including standardisation of how such matters as solar hot water installation, grey water systems and non-potable use of rainwater, are assessed and priced.
  - c. Councillor and officer upskilling programmes, ensuring Councils understand and are better equipped to promote sustainable building practices.
  - d. Shared research resources, making more effective use of Councils' limited research budgets to address regionally-shared challenges, and working in partnership with the research sector, as has been successfully achieved with the multi-stakeholder governance arrangements for Beacon.
  - e. Council-led efforts to improve homes and neighbourhoods, including home retrofitting programmes and the potential for Urban Development Agencies.

10. Whilst improving the performance of housing and neighbourhoods in the Auckland region should be a central concern of regional and local government, they cannot achieve the necessary improvements without central government engagement and support. Improved coordination between levels of government on housing and associated infrastructure decisions, including clearer policy statements from central government, could improve the sustainability performance of the Auckland region.

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## 1. Basis for submission

Beacon welcomes the opportunity to make a submission to the Royal Commission on the future of Auckland's governance arrangements. The following submission responds to those issues and questions within the Discussion Document that are particularly relevant to Beacon's research and operational activities.

### ***About Beacon Pathway***

Beacon Pathway Ltd. (Beacon) is a research consortium that seeks to radically change the design, construction and renovation of New Zealand's homes and neighbourhoods. Beacon aims to bring about a significant improvement in the sustainability of the residential built environment in New Zealand through science-based New Zealand research.

The Foundation for Research, Science and Technology matches funding from Beacon's shareholding partners, a unique mix of industry, local government and research organisations: Building Research, Scion, New Zealand Steel, Waitakere City Council and Fletcher Building.

Beacon's vision is to 'create homes and neighbourhoods that work well into the future and don't cost the Earth.' It has set an ambitious goal of bringing 90% of New Zealand's homes to a High Standard of Sustainability™ by 2012, and ensuring neighbourhood developments refer to a nationally recognised Neighbourhood Sustainability Framework from 2008 onwards.

Beacon's core research into improving the performance of homes in the areas of energy, water, indoor environment quality and building systems, is being tested in large scale demonstration projects: 100 new homes and 1000 existing home renovations around New Zealand. Beacon aims to show that sustainable, affordable and desirable homes - warmer, healthier, cheaper to run and kinder to the environment - can be built or renovated today using products and materials that are generally available now.

More information on Beacon can be found at our websites: [www.beaconpathway.co.nz](http://www.beaconpathway.co.nz) and [www.nowhome.co.nz](http://www.nowhome.co.nz).

### ***Sustainable Homes***

New Zealanders spend 75 – 90% of their time in their homes, and as such homes are a critical factor in population health, resource efficiency and community wellbeing. It is a key Beacon assertion that the sustainability of a home is an interdependent web of performance areas. Beacon has defined a High Standard of Sustainability™ that encompasses energy, water, indoor

environment quality, materials and waste – all issues that are affected by local government activities and that can contribute or detract from local government’s community well-being responsibilities.

### ***Sustainable Neighbourhoods***

Beacon is concerned with the sustainability of dwellings, but it is also concerned with neighbourhoods. Urban neighbourhoods are very important to sustainability in New Zealand because, although small in both land area and in population, New Zealand is a highly urbanised country. Over 80% of the 4 million residents live in urban areas, with almost half the population living in the eight largest cities.

Scale is important - some things happen at a neighbourhood level that do not, indeed cannot, happen at either a city level or a household level. Beacon recognises that the sustainability of individual dwellings depends also on the constitution of the neighbourhood’s built environments. To improve the sustainability of neighbourhoods both existing and new in New Zealand, Beacon has been developing a Neighbourhood Sustainability Framework which includes two tools to assess neighbourhoods and identify opportunities for improved sustainability.

### ***Importance of the Auckland Region to Beacon***

The future sustainable development of Auckland’s neighbourhoods and housing stock is central to Beacon’s objectives for several reasons:

- The Auckland region has the greatest concentration of population.
- Demographic projections for population growth and diversification mean that Auckland’s housing needs are markedly different from the rest of the country’s.
- The Auckland Regional Growth Strategy sets a direction for neighbourhood development that is aligned with Beacon’s neighbourhood research, yet implementation of the RGS to date has been limited.

### ***Importance of Sustainable Homes and Neighbourhoods to the Region***

Sustainable homes and neighbourhoods are important to the Auckland region’s position as a world-class and resilient city. Healthy, resource efficient homes within connected neighbourhoods contribute to the city’s ability able to attract and retain talent. The quality of our homes and neighbourhoods will also be a critical determining factor in how well we are able to respond and adapt to future changes (e.g. climate change and rising fuel prices).

Current small-scale initiatives are already demonstrating how improving the region’s housing and neighbourhoods meets local government’s obligations under section 10 of the Local Government Act 2002 – to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future. A key challenge is to enlarge these initiatives to have a wider reach across the region.

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## 2. World-class cities are sustainable cities

*Royal Commission Issue 1: What kind of local government arrangements will help Auckland become a successful world-class city?*

World-class cities are sustainable cities. London, New York, Sydney, Melbourne – all these places are actively pursuing more sustainable futures, connecting their economic potential with broader issues of urban place-making, community building and environmental responsibility. If Auckland is to credibly identify itself as a world-class city, it must address the sustainability and resilience of its places and activities.

Beacon is pleased to note that the Royal Commission's terms of reference place sustainability at the centre of Auckland's local government arrangements and, indeed, at the centre of the review. It is concerned to note that references to sustainability are more limited within the Royal Commission's own discussion document.

Beacon has no particular view about the extent or manner of changes to be made to Auckland's governance arrangements. It is, however, firmly of the opinion that **alterations to governance arrangements and processes will only deliver a successful, world-class and sustainable Auckland region if the new arrangements are purposefully targeted at core sustainability principles and critical outcomes.**

Beacon research into sustainable homes and neighbourhoods, residential water, residential energy, and local government policies<sup>1</sup> suggests that current governance arrangements are generating a number of barriers to creating and managing sustainable places, including:

- a. A need for better alignment between regional strategies and the instruments that govern local decision-making around greenfield and brownfield developments, including:
  - Council policies, plans and codes of practice;
  - financial mechanisms such as Development Contributions Policies; and
  - the operating objectives of Council Controlled Organisations (e.g. water utilities).
- b. A need for more consistent building consent and inspectorate processes, including standardised processes and requirements and shared agreed solutions (under the Building Code), thereby simplifying transaction costs to the residential building industry, that operates across the region.
- c. A need to collaborate to optimise use of limited skills and capacity across the region, particularly in planning, infrastructure management, and the building inspectorate.

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<sup>1</sup> *Relevant Beacon research reports are available at*  
<http://www.beaconpathway.co.nz/local+government+research.aspx>

- d. A need to move past institutional practices and attitudes that make sustainable design choices more difficult than conventional options.

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### 3. Arrangements to be Outcome-Focused

*Royal Commission Questions 1 and 2: Do you agree or disagree with our list (in paragraph 28) of what local government arrangements should ideally provide? Do you think there are other criteria that are as important and should be included?*

Beacon agrees with the Royal Commission's list of what local government arrangements should ideally provide, however the list is only focused on *process* characteristics of good governance (i.e., being transparent, accountable, efficient and responsive). It is suggested that **any revision of governance arrangements for the Auckland region needs to be clearly framed within an understanding of the issues and desired outcomes, as well as performance criteria to achieve those outcomes**. In other words, the process-focussed list needs to be coupled with a set of performance criteria for 'a successful and sustainable city/region' that can be subsequently benchmarked and monitored.

The LGA provides a broad framework to promote sustainable development and community wellbeing, but the **desired regional outcomes need to be better specified and benchmarked for the Auckland context, and governance bodies need to be made accountable for achieving these outcomes**. The Auckland Sustainability Framework provides regionally agreed language, more specific than the general purpose available under the LGA, that could be considered here:

*The concept of sustainability which lies at the heart of this Framework is expressed through:*

- *Anticipating future challenges and opportunities*
- *Working within ecological limits*
- *Acknowledging social, cultural, environmental and economic interrelationships*
- *Learning from the past, enhancing Auckland's current wellbeing, and creating a positive and enduring legacy*
- *Developing a resilient region that can adapt to change by building strong communities and robust ecological systems, and designing flexibility into our economy, infrastructure and buildings.*

The various governance arrangements being proposed for the Auckland region could most likely all deliver sustainable outcomes – *if they are so directed*. Equally, without clear direction, expressed through appropriate performance criteria, the various proposed governance arrangements could miss opportunities to earn Auckland world-class recognition for its integrated management of environmental, social, cultural and economic aspects of the region.

With regard to the specific issues of homes and neighbourhoods, Beacon submits that, for Auckland to be a world-class city, it must provide good quality, healthy, resource efficient and resilient homes and neighbourhoods. Multiple actors are involved in these sectors including central and local government, the building and development industry, landlords, banks and community organisations. Within this mix, Beacon suggests that it is the role of local government to provide the structures, policies and incentives to ensure the quality of homes and neighbourhoods being delivered. **Outcomes and performance criteria for local government in the Auckland region should include a specific responsibility for improving the sustainability of the region's homes and neighbourhoods.**

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## 4. Regional and local decision-making

*Royal Commission Issues 2 and 3: What decisions should be made and implemented at a regional level? What decisions should be made and implemented at a local level? By what body or bodies or processes should these decisions be made?*

Issues addressed by local government frequently have dimensions at different scales of activity, and could be resolved in different ways at these different scales. For example, growing demand for drinking water could be addressed regionally through increasing supply by building new large-scale collection and distribution systems (that is, another dam or pipeline), or locally by building multiple on-site collection systems (rain tanks). Or, the growth in demand could be offset through reducing demand by plugging leaks and increasing end-user efficiency through education, pricing and technology such as low-flow devices (efficient appliances, low-flow taps and dual flush toilets). The best solution may well be a combination of actions at all of these scales.

Whilst there are good examples of joined-up thinking in the region, such as the recent central, regional and local government agreement to underground the New Lynn train station, current regional and local decision-making processes do not always address the system-wide dimensions of an issue, and could be better integrated. **Beacon would support regional and local decision-making arrangements that allow issues to be considered systematically across all governance levels, and especially provide for greater emphasis on demand side management and efficiency measures.**

Beacon's research demonstrates that innovation in local government policy for sustainable development tends to come from the small to medium-sized councils. Larger councils tend to have adopted a much more conservative approach to resource and infrastructure management. Although smaller councils can be more thinly stretched, they appear to have a higher quality of engagement with their communities, and an ability to innovate. Perhaps there is also a greater *need* to innovate in order to stay competitive. **Any alteration to governance arrangements must be careful not to lose the leadership and creativity that is evident in the small to medium-sized councils within the Auckland Region.**

Further to this issue, Beacon would be concerned if any integration of governance arrangements and functions were to result in loss of the leading small-scale examples of sustainable building and neighbourhood development practices that are currently in place. This is discussed further in response to Issue Four, below.

Turning to the substance of ‘what’ decisions should be made at regional and local levels, Beacon submits that sustainable home building and neighbourhood development should be a core concern at both levels, for the simple reason that **ensuring homes and neighbourhoods are more sustainably designed, built and renovated will reduce Council operating costs and improve the Auckland region’s international competitiveness.** In the main, this requires only very simple measures to be implemented, and marginal additional capital investment.

As noted in the introduction to this submission, Beacon has identified five key performance areas that contribute to a High Standard of Sustainability™ for New Zealand homes, and has developed a draft Neighbourhood Sustainability Framework to assess the performance of new and existing developments. The following sections discuss water, energy, waste and neighbourhood design as four performance areas where Councils have a particular role to play, and where governance mechanisms could be improved to deliver more sustainable outcomes for the region.

## **WATER**

Councils typically spend one third of their annual operating budgets on delivering and managing potable drinking water, wastewater and storm water. Ageing infrastructure is straining to meet growing demand, with substantial increased costs. The region’s water resilience is also questionable. Although it receives seven times more water (rainfall) than its residents consume, the Auckland region is reliant on another region for much of its water supply.

Of all the water used in homes, less than 5% is required for drinking. Yet we use treated, reticulated potable water for all our lower quality needs in the laundry, toilet and garden – literally flushing away residents’ and ratepayers’ money.

Water demand management is an essential approach to water use efficiency. It can save capital cost through delaying the need for major new water supplies; reduce the energy use required to provide and pump water and wastewater; provide resilience against climate perturbations (in particular more droughts) and reduce the impact on the environment. A case in point, demand side management measures in Beacon’s Waitakere NOW Home® reduced water consumption by 66% in the first year, with no behavioural change from the NOW Home®’s tenants.

Likewise, low impact urban design approaches, water policy, engineering standards and design criteria can help to reduce the economic and environmental costs of urbanisation and infrastructure management.

In spite of the clear benefits and efficiencies for the region, demand side management and low impact design are not consistently applied principles in the Auckland region's water management and urban development. Indeed, Beacon research identified that Metrowater's approach is a significant barrier to sustainable water management.<sup>2</sup> **The review of regional governance arrangements is an opportunity to make demand side management and low impact design standard operating practice for all Councils and the bulk water supplier.** It is a necessary step to ensure the region's future as a resilient, successful, and sustainable city.

## ENERGY

Energy management has not been traditionally recognised as a role of local government. However, much of what Councils do has direct implications for the region's energy demands, security of supply and future resilience. For example, the pattern of Auckland's urban development affects transport options and fuel demand. Recent local government involvement in housing retrofit programmes (e.g. EcoWise West, Waitakere City Council, the Snug Homes programme, Manukau City Council) is an indicator of the growing acknowledgement of the importance of energy efficient and healthy homes to community well-being. **Beacon supports the role of Councils in healthy homes programmes and would like to see such programmes rolled out regionally, and to a wider socio-economic range of residents.**

Beacon submits that any revised governance arrangements for the Auckland region should:

- Consolidate urban form around urban villages throughout Auckland and link these with viable urban transport between the 4 current cities. This would be expected to include a much greater utilisation of water transport and alternative fuelled public transport which may only be possible through a partnership that is wider than the 'competing' 4 cities model, including with central government and potentially with transport providers.
- Enable Auckland to prepare for peak oil and the transition to different energy futures, including preparing for greater self reliance in energy supplies (including urban energy generation and community owned energy systems) and a move away from the dependence on the private car.
- Support the role of all TAs in the region in developing appropriate district plan provisions and other methods (including potentially bylaws and non-regulatory programmes) that would ensure that all new homes and consented renovations will be designed to reduce total energy requirements through active management of their passive solar and thermal performance.
- Recognise the role that local communities have in supporting greater use of distributed energy generation, and the benefits to a greater self reliance in energy can have for the people of the region.

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<sup>2</sup> *Easton, L. (2006). Defining the Benchmarks for Beacon's High Standard of Sustainability: Interim Report to Board, November 2006. Report PR109. Auckland: Beacon Pathway Limited.*

## WASTE

Beacon submits that Councils should strengthen their role in relation to solid waste and local implementation of the New Zealand Waste Strategy. This could include further development of cleaner production programmes and work with major sectors such as the building industry to reduce the amount of waste to landfill.

Beacon supports cleaner production initiatives, the RENEW waste exchange and the REBRI construction and demolition waste programme. Funding should be increased to allow wider penetration of these initiatives.

Beacon submits that waste programmes should be expanded to consider the life cycle of materials in the building industry, as this has a significant impact on the amount, recyclability and degree of hazardous nature of construction and demolition waste.

## NEIGHBOURHOODS

Beacon research<sup>3</sup> has concluded that world class cities need to be built on world class neighbourhoods. Assessment of New Zealand neighbourhoods against the prototype Neighbourhood Sustainability Framework has identified the characteristics that make neighbourhoods work well, including such features as low levels of dilapidation, access to facilities, and the ability for friendly casual social interactions.

Local government has a role to play in creating and maintaining all of these conditions. Effecting change in neighbourhoods that do not work well can be a long-term and costly challenge. **The challenge of creating sustainable neighbourhoods for Councils is compounded by fragmented responsibilities across levels of government, and constraints on the ability to shape market actions, or to pursue development themselves within longer investment timeframes. Current explorations into the potential of Urban Development Agencies are welcomed.**

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## 5. Regional Consistency

*Royal Commission Issue 4: To what extent should individual local councils follow consistent practices? How do we ensure that decisions made at national, regional, and local government levels are consistent with each other, and that they lead in the same direction?*

**Existing local government practices to promote sustainable homes and neighbourhoods are highly variable across the region.** This variability can add unnecessary complexity to already-extensive consenting processes, and raises issues of equity between cities. However, the

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*3 Bijoux, D., Lietz, K. and Saville Smith, K. 2007. Measuring Neighbourhood Sustainability in New Zealand (Conference Paper). UPE7: World Class Cities – Environmental Impacts and Planning Opportunities, January 2007. Available: <http://www.beaconpathway.co.nz/the+neighbourhood+sustainability+framework.aspx>*

variability has also allowed Councils – particularly the medium-sized TAs – to innovate and respond to sustainability issues that are of particular local concern. The resulting piecemeal arrangements contain some excellent policies and programmes that would be beneficial to the wider region.

**Beacon wishes to stress its support for existing good practices and innovation**, such as Council policies around waste management, stormwater management, incentives for sustainable building, and involvement in programmes targeted at energy efficiency, climate change and Zero Waste. A forthcoming Beacon publication *Sustainable Building Policies: Resource Manual for Local Government* will document such successful examples, and support other Councils to implement similar programmes.

Through its research, Beacon research has identified that, very often, there is no explicit legislative or regulatory barrier to achieving more sustainable building and neighbourhood development. At the same time, there is also little by way of regulatory requirement or support. The research concludes that, **often, it is Councils' institutional practices and attitudes that make sustainable design choices more difficult than conventional options** – even though the sustainable choices are more fully aligned with legislative purposes and regional and TA policies (for example to promote the sustainable management of natural and physical resources under the RMA). This is considered to be a shortcoming of current local government practice, given the requirement on Councils to promote sustainable development and community well-being (under the Local Government Act, the Resource Management Act, the Building Act, and the Civil Defence Emergency Management Act, among others). **Proposed changes to governance arrangements should be assessed for their likely effect on institutional practices and attitudes and, ultimately, their delivery of sustainable outcomes.**

**Beacon would support improved consistency in Council practices relating to sustainable homes and neighbourhoods, provided that the process of alignment was able to systematically review and adopt the best available (that is, the most effective and sustainable) policy practices from across the region.** In particular, Beacon would recommend consideration of how to better align:

- a. Policy Statements and Plans prepared under the RMA. Including better expression of the importance of sustainable housing and neighbourhoods, and rules and assessment criteria to support on-the-ground initiatives.
- b. Building consenting processes. Including standardisation of how such matters as solar hot water installation, grey water systems and non-potable use of rainwater, are assessed and priced.
- c. Councillor and officer upskilling programmes, ensuring Councils understand and are better equipped to promote sustainable building practices.
- d. Shared research resources, making more effective use of Councils' limited research budgets to address regionally-shared challenges, and working in partnership with the research sector, as has been successfully achieved with the multi-stakeholder governance arrangements for Beacon.

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## 6. Central-regional coordination

*Royal Commission question 18: How adequate is coordination between central government and the Auckland councils? What improvements, if any, are needed?*

**Whilst improving the performance of housing and neighbourhoods in the Auckland region should be a central concern of regional and local government, they cannot achieve the necessary improvements without central government engagement and support.** Beacon believes it is the role of government – both central and local – to set frameworks to ensure that simple sustainability measures become a normal element of building and development. Experience in Australia and other comparable countries indicate that building industry is capable of responding to enhanced regulatory expectations, and will do so well.

There is also a clear case for national investment in housing quality. Beacon research in *The National Value Case for Sustainable Building Innovations*<sup>4</sup> has identified that many of the benefits of improved housing performance actually accrue at the national level, rather than at the household level. For example, if houses are more energy efficient, there will be a national benefit – reducing, or at least delaying, investment in electricity generation and transmission infrastructure. National benefits also exist around health-care costs (and associated costs to loss of productivity).

Research currently underway is highlighting the need for substantially improved national policy positions on water management and metering, residential rating tools for newly built homes (for use at point of sale and in rental agreements), and incentives for more sustainable homes. Demand side management measures are a particular gap within water and waste policies, even though parallel efforts in energy have demonstrated the substantial savings that can be made. Improved coordination between levels of government, including clearer policy statements from central government, could improve the sustainability performance of the Auckland region.

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## 7. Address for service

**Nick Collins, General Manager**

Beacon Pathway Limited

PO Box 11338, Auckland

Email: [nickc@beaconpathway.co.nz](mailto:nickc@beaconpathway.co.nz)

Phone: 021 464 252

We wish to be heard in support of this submission, and would prefer to attend a hearing in Auckland City.

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<sup>4</sup> Beacon Pathway; Allan and Clarke Policy Regulatory Specialists; Infometrics; EcoSense; Jenkins, M. (2007). *National Value Case for Sustainable Housing Innovations*. Auckland: Beacon Pathway.

