



Collaborative Growth Partnerships

An opportunity for the Future Proof Partnership

Prepared for:
Future Proof Partnership

October 2023

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Poipoia te kākano kia puawai
Nurture the seed and it will blossom

A whakataukī that refers to the nurture of oneself or the community.

0 Scope

The Future Proof Partnership brings together iwi, central and local government, agreeing a 30-year spatial plan and growth strategy for the Waikato sub-region¹. The programmes required to deliver the strategy include a mixture of policy initiatives and significant infrastructure investments over the next 30-years. Long-term delivery commitments, including funding, will be an essential component for the Partnership to move from strategy to implementation and deliver the collective vision for the sub-region.

The Partnership wishes to develop a common understanding of the City Deal concept and what might be required to develop and execute such a deal, with particular regard to long-term funding arrangements.

While the term City or Regional Deal is commonly used, we orientate the discussion toward the concept of **Collaborative Growth Partnerships**, as a way forward for the sub-region, drawing on the collaborative nature of the underlying commitments. We do however discuss City Deals specifically and conceptually throughout this report to provide the reader with insights as to how they operate and what they can help to achieve.

¹ The sub-region refers to the territorial areas of Hamilton City Council, Waikato District Council, Waipa District Council and Matamata-Piako District Council.

1 Executive Summary

City or Regional Deals are a way of bringing together central and local government to jointly work together to deliver a shared set of objectives or outcomes. The approach to, and application of, City Deals varies between countries and from deal-to-deal.

This paper provides the Future Proof Partners and readers with a common understanding of the City Deal concept and identifies how it could be applied to the Future Proof Partnership.

The Future Proof Partnership comprises, Ngā Karu Atua o te Waka, Waikato-Tainui, Tainui Waka Alliance, Waikato Regional Council, Waipā District Council, Waikato District Council, Hamilton City Council, Matamata Piako District Council, Waka Kotahi and Te Whatu Ora.²

The Partnership has developed the Future Proof Strategy which represents the 30-year spatial plan for the Waikato sub-region. Delivering the strategy will take significant investment. For example, historic long-term plan estimates from Hamilton City Council, Waipā District Council and Waikato District Council indicated more than \$1.1 billion was needed between 2018 and 2028 for three waters programmes,³ while the more recent Hamilton-Waikato Metro Spatial Plan Transport Programme Business Case recommends at least \$3.3 billion is allocated in capital expenditure (excludes operating expenditure which is approximately \$70 million per year).⁴

While there is clear commitment from the Partners, the current institutional settings are sub-optimal to enable the efficient and effective execution of the implementation plans and investments needed to deliver and achieve the vision. New ways of funding and financing the implementation plan are needed and an evolved City Deal approach could support this to occur.

Benefits of shared long-term commitments

The approach to partnership and shared commitment to spatial planning and delivery is continuing to evolve in New Zealand. [The Urban Growth Partnerships](#) are evidence of this and now extend to include local government, central government (including social and delivery agencies) and iwi to deliver on urban growth and spatial aspirations.

The recent (2023) review into the Future for Local Government calls for better collaboration and coordination between central and local government. The then Local Government New Zealand president, Stuart Crosby, noting:

"It's time to face into the future. With a roadmap to a brighter, more sustainable future now delivered by the panel, it is time for local government to pick up the mantle. Central government cannot solve the issues communities face on its own. If we look at the big issues such as climate change, dealing with regional inequalities, building social cohesion and planning for growth, local government is best placed to take a leadership role."⁵

Reform of the resource management system is also moving toward a regional collaboration model, lending further credibility to these types of partnerships.

A growth partnership offers the benefit of a shared set of long-term commitments enabling the development implementation of solutions that "...address local challenges and maximise local advantages."⁶ For example, in the United Kingdom, the Greater Manchester City Deal triggered the development of a new tool for determining investment priorities (the Greater Manchester Investment Framework), with investment coming from both central and local government and a new funding tool to incentivise sound investment decision making.

The timing is right

As this paper later notes, City Deals in the United Kingdom and Australia were incepted during times of reform. Here in New Zealand, our infrastructure institutions and the funding and financing settings they operate within are starting to show signs of strain. For example, high-growth councils like Hamilton City Council, are up against their debt ceilings and our

² We note that the Terms of Reference and voting membership are expected to expand in the coming months.

³ (Future Proof partners, 2019, wh. 13)

⁴ (Aurecon, 2022)

⁵ (RNZ, 2023)

⁶ Malcolm Turnbull, Prime Minister of Australia, 2016

transport funding system is becoming increasingly less fit for purpose. Ultimately, these challenges are leading to a growing infrastructure deficit and an inability to invest in and manage growth.

As a result, the government has been embarking on several reforms and reviews including the Urban Growth Agenda, resource management reform, water services reform and the Future for Local Government Review. A common and core tenet of each of these change agendas is partnership between all levels of government and key stakeholders for infrastructure planning, investment and delivery. The delivery of the outcomes from these reforms lie ahead, but a City Deal type approach could be the vehicle to support this.

As we approach the 2023 election a line has been drawn with City Deals and long-term infrastructure partnerships specially called out in election manifestos, but with little detail on how they are intended to work.

The timing is right to understand and review the City Deal model and have a conversation about its potential application to the Partnership.

A fit for purpose approach and framework is needed

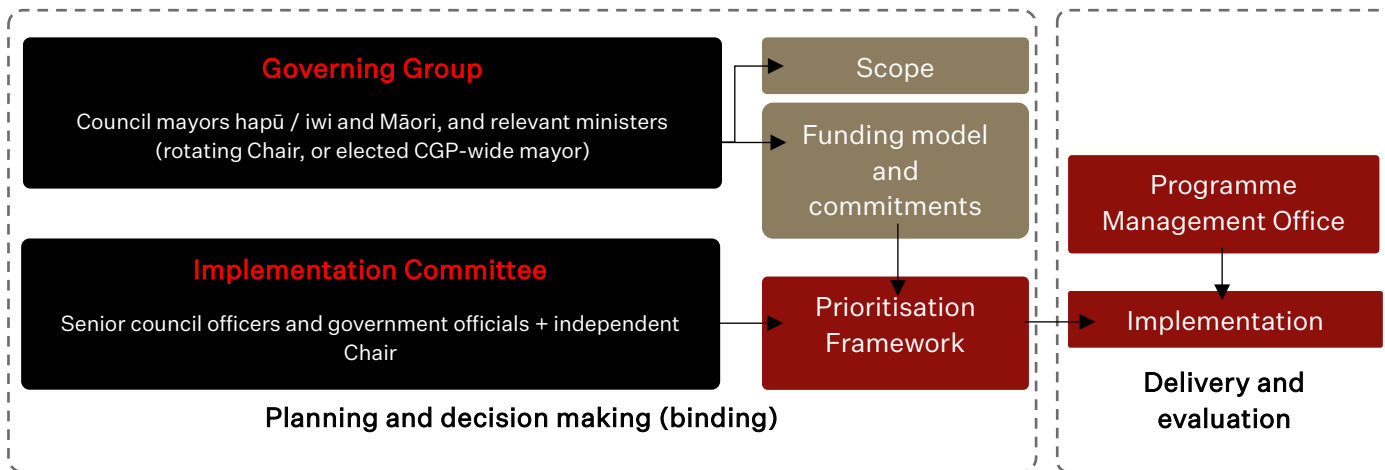
The term ‘City Deal’ carries connotations and criticisms of the model range from being too transactional (rather than outcome focussed) to being unfocused. A well-defined and coherent approach is needed for a City Deal to work well in the New Zealand context. This paper offers a potential framework – *Collaborative Growth Partnerships (CGP)* – for developing and implementing a City Deal model that supports the Future Proof Strategy.

The CGP approach is modelled on the Australian and United Kingdom experience and reflections on the governance arrangements of the Future Proof Partnership. It seeks to bring together governance and implementation, with a view to delivering long-term commitment to the enhancement of Future Proof sub-region through coordinated planning, and sustainable investment implementation in people, place, and the environment.

It does this by aligning scope for central and local government and iwi within a specific geographic area and generating binding investment prioritisation and delivery plans for which publicly elected representatives will be accountable for. A summary illustration of the CGP model is provided below and detailed in **section 6.3**.

Delivering on this will require various shifts from what we see today – representative bodies with limited ability to bind parties – toward collaborative and representative bodies that are also responsible for delivery.

Figure 1.1: Overview of Collaborative Growth Partnership Model



2 Introduction

2.1 A growing local and international focus on partnerships

There is a growing trend domestically and internationally to use partnerships between all levels of government and community to co-design and implement urban development and spatial plans in a way that tackles complex local challenges and unlocks opportunities. These partnerships are increasingly transformative and collaborative in nature and look to drive major change through deliberate commitments that support specific long-term housing, environmental, social, economic, and other goals in response to, and in anticipation of, population growth.

The hallmark of these partnerships is collaboration – bringing alignment between all levels of government, the private sector, and communities to pursue the long-term public interest within a functional economic geography. These partnerships were pioneered in the United Kingdom and are known globally as City Deals, but they take a variety of forms – two examples are explored in this report. Locally, Urban Growth Partnerships have been in place for some time and lately have expanded to include multiple local authorities, iwi, and central government, and even referred to as City Deals by the Minister of Housing and Urban Development.⁷ However, these partnerships remain non-binding and do not provide a clear, committed, credible, or funded long-term implementation pathway.

But the landscape is shifting. The resource management and water services reforms represent a significant re-shape of how local government plan for and deliver services and infrastructure that provide wellbeing to their communities with a focus on regional-level collaboration and community influence. Building on this, the Review into the Future for Local Government landed in June 2023, clearly articulating and presenting the case for new governance models that address complex local intergenerational challenges and opportunities. Local Government New Zealand (LGNZ) President and Selwyn District Council Mayor, Sam Broughton, noted that “LGNZ will work collaboratively with its members from July to October to develop the substance of the consensus position that addresses the various aspects of the report and any other areas that will ensure a strong and stable future. We are taking a deliberate, considered approach...”⁸. Nevertheless, there remains a gap in policy and legislation (including draft Bills), that limits the possibilities and scope of long-term collaborative partnerships between central and local government, iwi and community.

2.2 Context – The Future Proof Partnership

The Future Proof Partnership brings together iwi, central and local government, agreeing the 30-year spatial plan and associated growth strategy for the Waikato sub-region. The activity required to deliver the spatial plan and strategy and include a mixture of policy and significant infrastructure investments over the next 30-years. Long-term committed funding from all Partners will be an essential component to move from strategy to implementation.

The Partnership wishes to develop a common understanding of the City Deal concept and what might be required to develop and execute such a deal, and how it could support long-term funding arrangements.

The Partnership was borne from collective concern across sectors and council boundaries that the significant growth facing the sub-region was poorly planned for, lacking in leadership and cross-agency collaboration and failed to reflect the criticality of the region as part of the broader growth and economics of the upper North Island.

As a structure and plan for the management, provision and facilitation of successful and collaborative growth, the principles guiding the Partnership are based on six key interest areas:

- ◆ Effective partnerships, leadership and implementation
- ◆ Vibrant city centre connected to thriving towns, villages and rural communities
- ◆ Protection of the natural environment
- ◆ Affordable and sustainable resource use

⁷ (Parliament & Woods, 2028)

⁸ (Local Government New Zealand, 2023)

- ◆ Genuine and equal partnership with tangata whenua / mana whenua
- ◆ Sustainable resource use and climate resilience

The focus and priorities of the Partnership are unique compared to other spatial plans and associated strategies in several respects:

- ◆ The healthy and sustainable co-existence of the natural and built environment is a driving factor of the plan rather than a secondary consideration, noting in particular the special place of the Waikato River at the heart of the community and with **Te Ture Whaimana o Te Awa o Waikato** as a cornerstone document in the plan's approach to environmental and resource management aspects.
- ◆ Growth is to be facilitated with compact and concentrated settlement plans as key. This is to say that the plan focusses primarily on the regeneration of existing urban areas to provide for growth rather than through the provision of new urban areas.
- ◆ There is a strong theme of implementation throughout the strategy, rather than this being a subsequent step. Implementation strategies in the plan are cast broadly to capture opportunities within existing policy statements, district plans and local and central government initiatives and through the strategy's reference in other statutory and non-statutory documents. There are also distinct objectives and associated timeframes to encourage and facilitate the implementation of the plan.
- ◆ Unlike most spatial plans, the Partnership considers growth itself, and planning for growth, on a wider regional basis rather than just within the boundaries of a single council district, helpfully reflecting the reality that growth does not occur within district lines and cannot be successfully planned for within such parameters.

These areas of interest and unique factors can all come together under a robust collaborative growth partnership that prioritises and commits to implementation. The City Deal concept provides a basis upon which the next evolution of the Future Proof Partnership could be considered.

3 What's the deal with City Deals?

Urban and regional planning strategies are focused on enhancing development. Population growth and changing demographics are presenting challenges for planners and policy makers, triggering the need for more “housing, education, and infrastructure; the absorption of sizable numbers into productive employment; and more strenuous environmental protection”⁹. Increasingly, intra- and inter-regionally oriented approaches to planning are being undertaken in partnership with numerous stakeholders. This section provides an overview of the City Deal concept, based on the experiences of the United Kingdom and Australia.

3.1 City Deals are collaborative partnerships, focussed on growth

“City deals are a new approach to developing outcomes driven policy and investment for individual cities across all tiers of government the private sector and community. They will address local challenges and maximise local advantages.”

Malcolm Turnbull, Prime Minister of Australia, 2016

City Deals originated in the United Kingdom in 2011/12 as a strategy “to maximise a city’s economic potential and thus its contribution to national growth by driving up productivity and employment”¹⁰ through joint planning, investment and enhanced local governance. A City Deal is a strategic partnership between several councils and central government. They are often extended on a formal or informal basis to the private sector and business and community groups (these groups are not involved in the governance of a deal).

Underlying these partnerships are shared intentions to collaborate and coordinate planning, resources, and investment to enhance and leverage key drivers to improve growth, while finding and delivering solutions to the local problems that growth be hindered by or create. They are built on mutual ambition and trust, taking a tailored approach to the specific circumstances, needs and opportunities of an area.

Based on desktop research, City Deals are often initiated during times of infrastructure or governance reform. For example, the first wave of City Deals in the United Kingdom was the start of a devolution of power to local authorities (decentralisation), while in Australia, they followed the recommendation of the Australian Infrastructure Plan (2016) to “Use Infrastructure Reform Incentives to improve the efficiency and effectiveness of Australian cities in partnership with state, territory and local governments”.¹¹ Other driving factors for City Deals identified include:

- ◆ A need for cross-boundary collaboration and commitment (however, both are important).
- ◆ A desire and / or need to move beyond traditional investment evaluation and prioritisation frameworks.
- ◆ The need to overcome funding constraints or pilot alternative funding and financing approaches.

Common City Deal characteristics:

- ◆ **A future focused, local approach**

City Deals are not one-size-fits-all; they are tailored to the local growth challenges and opportunities, reflecting what is unique about the functional area¹² they cover. They identify and prioritise specific needs and opportunities such as infrastructure, housing, transport, and climate change. But ultimately, City Deals are focussed on supporting and enabling growth over long time-horizons (often around 30-years). This means that they also need to be adaptable to the circumstances and incentivise outcomes over outputs.

⁹ (Bloom, 2020, p. 6)

¹⁰ (KPMG, 2014)

¹¹ Recommendation 2.1, Australian Infrastructure Plan, 2016

¹² For the purposes of this report, the concept of a functional area is used to describe the area within which communities operate and derive wellbeing. These will often span multiple authority boundary lines and can be visualised by the reader as a web of overlapping areas that are linked through various activities like commuting patterns, economic flows, a river or other significant feature that has meaning to the communities it intersects and interacts with (like the Waikato river).

- ◆ **Strong, accountable and enduring governance**

Clear governance arrangements and accountabilities are critical to the establishment and implementation of a City Deal. This ensures that the “rules” are known throughout the negotiation and decision-making processes and all parties understand their roles and responsibilities. It should be emphasised that governance is different to resource allocation and implementation decisions. Often, there is a dedicated unit established within central government to coordinate departments and negotiations, acting as a single point of contact and coordination – these tend to be housed in the equivalent of New Zealand’s Department of Prime Minister and Cabinet.

However, centralised governance arrangements should be avoided to mitigate the risk of spatial disparities. It is important that the local body / bodies are sufficiently resourced to manage the deal. Taxpayers and ratepayers also need to know who is responsible and can be held accountable for the programme spend that falls out of a City Deal, and as such ongoing monitoring is a crucial accountability and transparency tool (see *Effective oversight* bullet below).

City Deals can also endure for up to 30-years, providing for long-term programmes of investment and delivery that will transform geographies and economies. They span up to ten political cycles, and multiple careers of those involved. Governance arrangements and investment plans that bridge political divides and have a long-term focus will help to promote durability. Iwi, in particular, have a long-term focus and will be critical to governance arrangements and the promotion, and recognition, of Te Tiriti o Waitangi in any City Deal arrangement.

- ◆ **Stakeholder engagement and community participation**

Stakeholder engagement and active and authentic community participation are critical throughout the development phase of a City Deal. Inclusive decision-making processes enable residents, businesses, and interest groups to contribute their perspectives, ensuring that the initiatives truly reflect the needs and aspirations of the region's diverse population while generating buy-in and trust in the institutions responsible for delivery.

- ◆ **Coordinated investment**

Investments enabled through a City Deal tend to have a specific investment focus such as transport, housing, or economic growth across the entire functional area. This approach facilitates investment into transformative projects that might otherwise be beyond the capacity of individual councils. This may require a published investment decision framework, promoting transparency around decision making. We note that these investments may not be in capital stock only, but could also include training programmes, regulatory changes, or other intangible investments. While a robust and transparent decision framework is useful, investments should be outcome focussed.

- ◆ **Effective oversight**

A City Deal is not a ‘*set-and-forget*’ arrangement. The partners of a deal must commit to clear targets and performance indicators to promote accountability and transparency. Monitoring and evaluation processes need to be agreed from the outset and integrated into delivery programmes, with clear and measurable outcomes. This approach allows for the effective monitoring of progress, identifying areas for improvement, and making necessary adjustments to achieve the agreed outcomes which measure effectiveness between programmes.

- ◆ **Committed funding pathways**

The tried and tested pathways of local borrowing and central government grants were insufficient in the examples reviewed; this was often one of the catalysts for a City Deal. Instead, City Deals include a collection of funding tools. Generally, all partners will commit funding to the partnership for the suite of investments it looks to make, including funding the administrative arrangements. Some partnerships utilise more innovative models, like an ‘*earn-back*’ regime (see **section 7.1**), or include devolved funding powers that enable the area to realise financial benefits from investment(s) in ways they could not otherwise.




These characteristics appear to be common across the deals and literature reviewed during the development of this report, but applied differently to each deal, reflecting the local and tailored nature of each deal. We explore the United Kingdom’s maiden city deal with Greater Manchester City, and Australia’s most recent deal with South East Queensland below.

3.2 Case study: Greater Manchester, 2012

The Greater Manchester City Deal was a pathfinder deal in the United Kingdom, aimed at boosting productivity, employment and economic growth through three pillars: real economy prioritisation; establishing governance and metrics; and establishing funding parameters. In 2012, it brought together the UK government and 10 local authorities with a plan to:

- ♦ Reduce reliance on central government transfers (grants) through a revolving infrastructure fund and the new ‘earn-back’ mechanism where Greater Manchester could ‘earn-back’ a portion of additional tax revenue generated by their investments.
- ♦ Improve local governance.
- ♦ Develop a new tool for determining investment priorities (the Greater Manchester Investment Framework).
- ♦ Bring together core economic development funds.
- ♦ Align and deliver on economic, social and environmental goals.
- ♦ Establish a housing investment fund to use local and national investment to develop new housing.
- ♦ Work with the Department for Transport on a broad package of transport proposals including bus improvement measures and devolution of the Northern Rail franchise and local transport funding.

Figure 3.1: Key figures of the Manchester City Deal

 local authorities	 of investment, £1.2bn locally funded	 people living in Greater Manchester in 2012
£900 million	potential total value of the government’s commitment to Manchester’s ‘earn-back’ arrangement over 30-years	
£199 million	transport allocation	
7,000	new homes in 5-years	
6 themes	skills, housing, inward investment, transport, low-carbon, business support	

Delivering on the Deal

The governance mechanism for the Greater Manchester City Deal was the Greater Manchester Combined Authority, which is a statutory body that enables a group of two or more councils to collaborate and make collective decisions across council boundaries. The authority is not dependant on delegations from its constituent authorities and the decisions it makes are binding, providing a stable platform and providing confidence to investors, and central government to devolve powers. This is a critical point for any City Deal type structure in the New Zealand context.

Funding and the ‘earn-back’

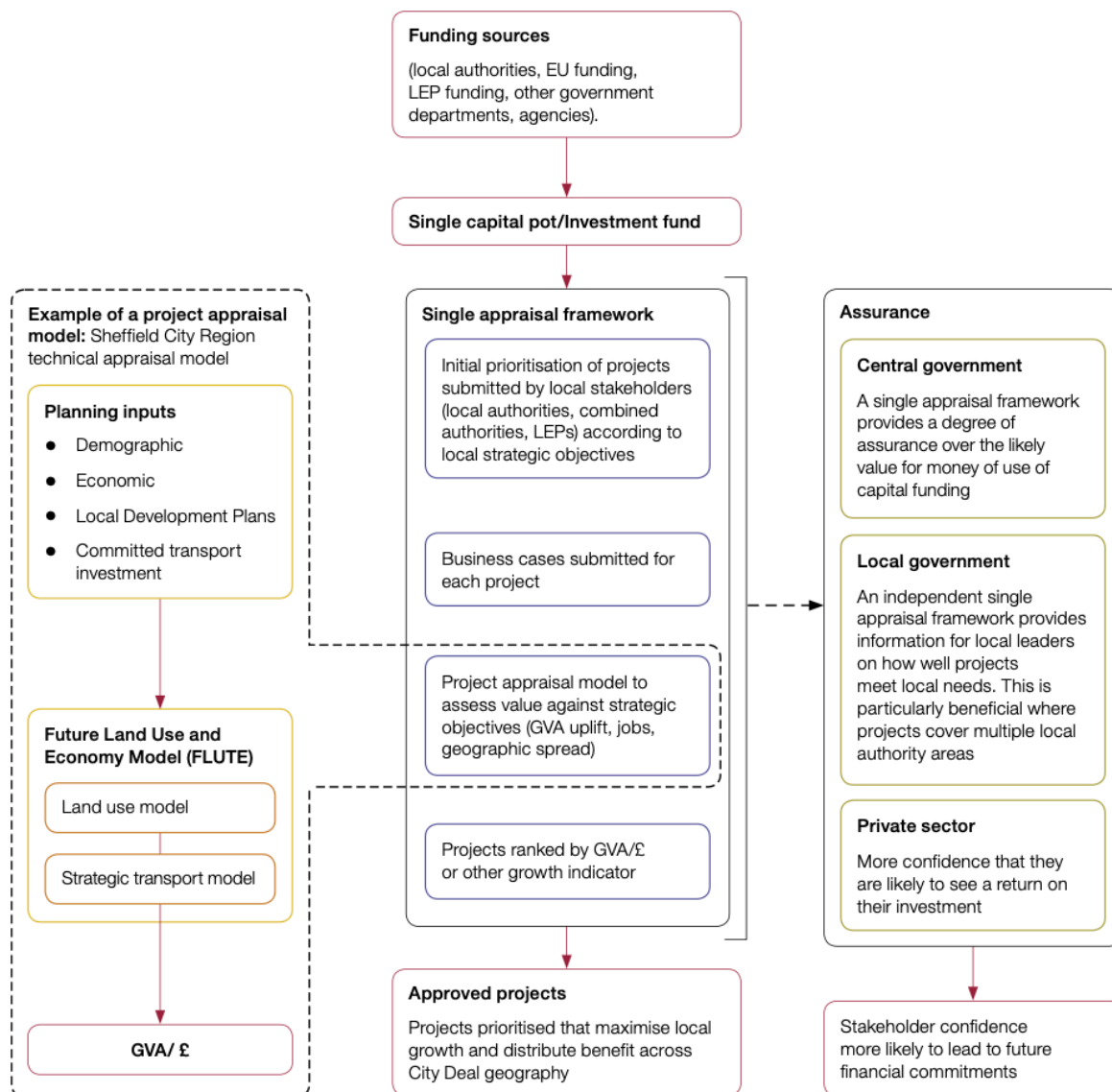
Funding arrangements for the Greater Manchester City Deal were unique. While the central government provided some baseline funding in line with historical levels, self-help funding for the deal was captured through a combination of

revenues, tolls, levies and dedicated local taxes¹³. An ‘earn-back’ was also introduced, creating incentives to take an investment approach (that is, seek a return).

The ‘earn-back’ mechanism aims to stimulate economic growth by incentivising the region to prioritise spending that maximises productivity – Gross Value Add¹⁴ (GVA). The Greater Manchester City Deal included an ‘earn-back’ of up to £900 million over 30-years. This mechanism worked by setting a growth baseline which, if exceeded, would enable the region to receive a share of the windfall tax created by that investment, allowing the region to ‘earn-back’ a portion of the investment made. This essentially created a revolving fund where the funds generated from successful economic growth are reinvested to further stimulate and reward Greater Manchester for delivering ongoing economic expansion.

To achieve this, resources were prioritised based on their potential net-GVA impact at the regional level through an ex-ante assessment of their contribution to GVA. To prioritise investments, the Greater Manchester City Deal developed and deployed a consistent assessment framework to prioritise capital investment in line with local strategic growth priorities and measure relative benefits between investment proposals (see **Figure 3.2**, below). One criticism of the framework is that it does not include a sustainability or deliverability assessment – a possible area for improvement for any Future Proof deal.

Figure 3.2: Greater Manchester City Deal investment appraisal framework (Comptroller and Auditor General, 2015)



¹³ (Morrison & Low, 2014)

¹⁴ Gross Value Add is a measure of productivity that measures the value generated by any unit engaged in the production of goods and services.

3.3 Case study: South East Queensland, 2022

The South East Queensland (SEQ) City Deal, established in March 2022, is a 20-year partnership between the Australian Government, the Queensland Government, and the Council of Mayors, comprising 11 councils. The initiative is geared towards shaping the future of the SEQ region by focusing on comprehensive infrastructure development, digital and transportation connectivity enhancement, job creation, and an overall enhancement of quality of life in the region.

The deal aims to transform SEQ through shared commitments by the partners to enhance infrastructure, boost digital connectivity, transport connectivity, create jobs, and improve liveability.

With a growing population of over 3.8 million people and a further 1.58 million expected by 2041, SEQ is one of the fastest growing regions in Australia, and the deal addresses the challenges of accommodating this growth by investing in strategic infrastructure, services, and amenities. The deal emphasises collaboration between all government levels and the private sector, working towards a more connected and competitive region. The SEQ City Deal is also tied to the 2032 Brisbane Olympic and Paralympic Games, aiming to use the event as a catalyst for sustainable development and lasting legacy.

The SEQ City Deal has had a long evolution since its inception with its underlying memorandum of understanding entered into in November 2016, while the City Deal agreement was signed in March 2022 with the Implementation Plan released in July of this year (2023).

Figure 3.3: Key figures of the SEQ City Deal

local authorities	of investment	people living in SEQ in 2020 (1 in 7 Australians)
\$220 million	investment in SEQ job economy, encouraging innovative industry and world class digital connectivity	
\$780 million	transport allocation, enabling faster mobility, new connections and integrated transport options	
\$510 million	allocation to new urban amenity and blue and green assets	
\$300 million	economic development funding for trade and enterprise	
4 key outcomes	accelerating future jobs, a faster more connected region, a more liveable SEQ and thriving communities for SEQ	

Governance

The SEQ City Deal represents trilateral governance reform, with all three levels of government working collaboratively to deliver the partnership’s objectives and commitments. The partnership has established a trilateral governance arrangement providing multiple forums for the three levels of government to implement the commitments.

A leadership group and executive board comprises the overall decision makers (with representatives from all three tiers of government), while a coordination and implementation committee take responsibility for the delivery of the City Deal projects – supported by steering groups (as required) and a programme management office. An industry reference group is also established which provides a forum for engagement with the industry, research and community representatives and stakeholders.

Delivering on the SEQ City Deal

Following the agreement as to the City Deal in 2022, the parties have negotiated and agreed a detailed implementation plan which sets out 29 projects and records the parties' agreement as to:

- ◆ Which party is responsible for leading the project and in partnership with which other participants in the City Deal.
- ◆ The key milestones for the project.
- ◆ The financial commitments from each party (and recording where other co-investment or other contributions from the private sector may be sought).
- ◆ Reporting processes for each deal / initiative and agreeing additional milestones and funding commitments.

To support the effective and efficient delivery of the relevant initiatives, the parties have also agreed a set of indicators and evaluation metrics to measure the outputs of the SEQ City Deal. These metrics are outcomes and performance based, focussing on the identified value and benefits that the projects are intended to contribute to in the communities. This provides a model for ongoing alignment of the City Deal with its key drivers and outcomes over the two-decade period, while also acknowledging that a shift in those drivers may occur over time and some adaptability and flexibility is required to respond to that. Given the long-term nature of such an arrangement, this room for future movement is essential.

4 Institutional settings assessment

New Zealand’s existing institutional and legislative frameworks provide a reasonably diverse, flexible, and facilitative framework for the governance, funding, and implementation of a city deal type structure. However, the fulsome utilisation of these opportunities is limited by existing internal processes, assumptions, cautions and habits within local and central government.

For example, councils could make improved use of existing funding tools and governance structures to deploy a city deal model effectively and efficiently. In addition, a relationship based on partnership is required between local and central government. This means a shift away from local government being seen as the agent of central government to mirror successful city deal arrangements in other jurisdictions.

Nonetheless, there are various legislative and regulatory amendments which could be made to better facilitate such a model:

- ♦ Legislative clarity is needed to give councils the confidence to use existing instruments such as rating and development contribution collection powers to full effect without undue legal challenge.
- ♦ The ability for councils to, by agreement, impose rates or levies across council boundary lines. This would be beneficial to streamline the rating for regional projects affecting multiple districts where regional councils do not have the remit, or if multiple regions are involved.
- ♦ Increased flexibility in respect of council debt limits is required to facilitate greater borrowing power, especially for high-growth councils.
- ♦ Legislative amendments are needed to further empower the use of value capture and user pays tools for councils.
- ♦ Direct funding from, and co-pay arrangements with, central government need to be streamlined to fund mutually beneficial projects more effectively. A substantial increase in central government funding is also necessary.

4.1 Governance

Table 4.1: Governance – Opportunity and challenge assessment of status quo arrangements

Opportunities	Challenges
Joint Committees & Council-Controlled Organisations (Local Government Act 2002)	
<ul style="list-style-type: none"> ♦ Can be established by local authorities or public bodies for inter-agency collaboration. Focussed scope or purpose to reduce distraction by wider issues and politics. Have delegated decision making power so can bind their governing bodies. Can have terms beyond the three-year electoral cycle. ♦ Can be comprised with other agency bodies to share decision making and responsibilities across entities. Allow for improved commercial focus, with independent and skilled directors and board members. Can ring-fence financial risk from governing bodies. Can be empowered with significant decision-making powers. 	<ul style="list-style-type: none"> ♦ Delegation of powers to joint committees are limited (e.g. they do not have the power to strike rates, make bylaws, or to borrow money other than in accordance with the long-term plan). ♦ CCO decisions do not necessarily bind its governing entities (unlike joint committee decisions), so delegation efficiencies can be limited. ♦ Shared governance arrangements are generally limited by council reluctance to reduce autonomy. Friction can be caused by differing personalities, conditions, characteristics, priorities, and objectives. ♦ Both CCO and Joint Committee arrangements are subject to the LGA decision-making processes and requirements – this can be time-consuming and resource-intensive, especially where multiple councils are involved. ♦ CCO and joint committee effectiveness hinges heavily on clear mandate and direction from parent councils and limited

Opportunities	Challenges
	by poor strategic direction and expectations and lack of funding.

Spatial Planning Bill 2022 (SPB)

<ul style="list-style-type: none"> ♦ The SPB Works with the Natural and Built Environment Bill to create a single integrated planning and consenting system. ♦ It creates Regional Planning Committees (RPC) comprising local government, local hapū, iwi and Māori and central government members – mandating cross agency co-operation and development planning. Decision making is removed from councils in this area, allowing broad-outcomes focus and meaningful cross-organisational engagement. ♦ There is less political influence, clear mandate and decision-making powers. ♦ Role of central government members on RPCs increases the opportunities to align regional and national interests, greater access to government funding. Requirement of implementation plans could form foundation for binding deals. 	<ul style="list-style-type: none"> ♦ The scope and role of RPC currently limited to SPB functions – no delegation for any further decision making or scope until a different structure is involved (e.g., CCO, joint committee). ♦ Decision making lifted above local council level limits the local voice – large regions may have too little local input through RPC. ♦ Accountability and implementation challenges may occur as councils are required to fund and implement strategies.
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5 Changing institutional arrangements for infrastructure planning and provision

How local government plans for and provides wellbeing to communities is changing. The current resource management and water services reforms, alongside the recent report *Review into the Future for Local Government (FFLG)* suggest an impending and fundamental reshape in the role and function of local government away from its traditional roots. These changes will reorientate councils from their narrow focus on delivering services and infrastructure to strategic, long-term planning and the development of new and meaningful partnerships with central government and hapū / iwi and Māori. At the recent Local Government New Zealand (LGNZ) Annual General Meeting, members agreed to develop a “consensus position”¹⁵ on the 17 recommendations in the FFLG report.

Underpinning the current and signalled changes is a recognition that administrative boundaries (like those of local authorities) do not reflect the complex network of activities that occur at a sub-national, regional, or sub-regional level. A one-size-fits-all approach is no longer fit for purpose when it comes to planning and providing for community wellbeing, aligning with the functional area concept used in this report.

The scale and pace of change seem in the infrastructure and planning space is unprecedented and nothing is off the cards as we shift into a new era. It is against this backdrop that we consider it an opportune time for the Future Proof Partners to develop their vision for City Deals / Collaborative Growth Partnerships.

5.1 Key threads from the emerging political context

- ◆ **A shift to regional decision making**

The resource management and water services reform remove some substantial responsibility and decision-making powers away from councils to regional bodies. This refocus on aligning decision making with broader benefits and economies beyond the local context will also be a cornerstone of any City Deal. The legislative drive towards regional decision making and planning will help facilitate the same shift required from councils in a City Deal model.

- ◆ **Increased involvement and control from iwi and central government**

The reforms underway and the recent FFLG review identify the critical challenges facing councils as a result of insufficient and inconsistent engagement and partnership with both central government and hapū / iwi and Māori.

Mandated engagement and collaboration with these partners through new entities such as the regional planning committees and the water services entities will aid in strengthening these ties for the benefit of future City Deals and asserting the key role these players have in city and regional growth.

Further, some of the central recommendations of the FFLG review include the formalisation of these relationships with amendments to the Local Government Act to legislate for hapū / iwi and Māori partnerships and the creation of a dedicated government department facilitating central and local government relationships.

Similarly, the National Party’s Infrastructure for the Future policy specifically records a commitment to City Deals and the creation of a National Infrastructure Agency to coordinate government funding to infrastructure delivery – showing a clear direction around greater central government involvement in regional infrastructure and growth.

- ◆ **New funding models and tools**

It is well established that the current funding and financing models are failing to successfully deliver growth and development outcomes.¹⁶ The water services reform shifts the entire management, operation and funding of urban water services from councils to the new entities in order to mitigate the issues facing management and growth of critical water infrastructure – issues significantly driven by long-term underinvestment.

¹⁵ (Local Government New Zealand, 2023)

¹⁶ (Future Proof, 2019) and (House of Commons Committee of Public Accounts, 2015)

The FFLG review recommendations include various suggestions to improve funding and financing tools including significant funding increases from central government to support local priorities and place-based agreements, the introduction of rates payable on Crown property and the creation of an intergenerational fund for climate change and other regional and local projects. In a similar vein, the National Party's Infrastructure for the Future policy includes proposed amendments to improve the operation of the Infrastructure Funding and Financing Act, consolidation of central government infrastructure funding and increasing opportunities for ACC, New Zealand Superannuation Fund, KiwiSaver and other funds to access long-term infrastructure investments.

5.2 Resource Management Reform

The current resource management reform will repeal the Resource Management Act (**RMA**) and the enact three new pieces of legislation: the Spatial Planning Act (**SPA**), the Natural and Built Environment Act (**NBA**), and the Climate Adaptation Act (**CAA**). The primary goal of this overhaul is to establish a more comprehensive, efficient, and responsive resource management system that addresses critical challenges such as environmental protection, sustainable development, climate change adaptation, and recognition of Te Tiriti o Waitangi principles and te ao Māori. The reform shifts environmental and planning issues from council-based decision making to a regional collaboration model, but continues to lack effective legislative teeth to commit parties to funding and delivering regional level plans.

The NBA will be the main replacement for the RMA and mandates compliance with environmental limits and targets to protect and restore the natural environment. It shifts the focus from managing adverse effects to promoting positive outcomes for both the natural and built environments.

The SPA will require the development of long-term regional spatial strategies (**RSS**) to coordinate decisions made under relevant legislation. These strategies are developed by the regional planning committees comprised of central government, local government, and Māori representatives – shifting this planning function away from the councils. The RSS will set the vision for how a region will grow, adapt, and respond to the effects of climate change and natural hazards over several decades. RSSs will identify areas suitable for development, those requiring protection and restoration, the need for infrastructure, and areas particularly vulnerable to climate-related impacts.

The SPA provides for implementation of the RSSs through implementation plans which are a requirement of the Act. These plans must identify the key leads for each action and provide various details as to the funding, investment, and priority characteristics of the relevant action items. These items are then reported against, and the plans formally reviewed triennially. The parties are also able to enter into implementation agreements to give effect to certain items in the plan. However, these implementation plans, and any agreements are non-binding and non-enforceable, and so have no formal legal influence over the parties tasked with implementation.

In addition, implementation requires public expenditure, yet there are no funding mechanisms provided for in the SPA or direct legal link to the Local Government Act 2002 or Land Transport Management Act 2003 (being the key frameworks for the funding of infrastructure and services). This means that the measures envisaged in each RSS are without any funding linkage except at the discretion and subject to the priorities and decision-making requirements and processes of each individual council.

RSSs need to evolve alongside and be informed by the funding processes under other legislation to achieve any alignment between planning and funding. RSSs need to have real influence on funding decisions otherwise they will be subject to the ongoing negotiation and wrangling between agencies, noting that securing funding has proven a difficult task even where consensus has been reached across agencies. A strong link to funding would also ensure a level of reality in spatial planes, minimising tendencies for overly ambitious plans which are not able to ever be implemented.

In addition to the shift in planning-based decision making which the resource management reform achieves, this reform also seeks to reset the interface between national, regional, and local interests. While this reset is limited to the planning and environmental management space, it creates a foundation and sets a precedent for comparable shifts in other spaces – this local to regional shift and broader outcome focus are key facilitators of a City Deal model.

5.3 Water Services Reform

The water services reform programme has four key outcomes: safe, reliable drinking water; better environmental performance of wastewater and stormwater service; efficient, sustainable, resilient, and accountable multi-regional water

and sewage services; and affordability for future generations. The reform is driven by mounting challenges in delivering safe water services caused by ageing infrastructure, historical under-investment, source water contamination, higher consumer expectations, required resilience for impacts of climate change and natural hazards and the pressures of evolving demographics and huge looming costs.

Under the water services reforms, the urban drinking water, stormwater, and wastewater services currently run by 67 councils will be combined into 10 publicly owned, specialised water service entities (**WSEs**). The WSEs will be owned by local councils on behalf of the public but will be operationally and financially independent from them. This triggers three major changes for the role of councils in relation to water services:

- ◆ **Service Provision**

Responsibility for the provision of urban water services transfers entirely from councils to the WSEs. This materially reduces the direct involvement of local councils in managing and operating these services.

- ◆ **Governance**

While WSEs are owned by councils, who also have a governance function through the regional representative groups, the centralisation of the entities reduces the scope of local council decision-making over water-related matters. This will impact how councils address local water-related issues and could in turn lead to shifts in their governance structures.

- ◆ **Financial Management**

Local councils will no longer bear the same level of financial burden for water infrastructure upgrades and maintenance with these responsibilities (and the powers to charge ratepayers for these costs) being transferred to the WSE.

As with the resource management reform, the water services reform shifts decision making away from councils and seeks to achieve benefits and economies on a wider geographic basis and with broader outcomes in mind. It also consolidates the role of central government and hapū / iwi and Māori as critical in the planning for and delivery of infrastructure and its associated benefits.

While the water services reform moves responsibilities for three waters away from local authorities, it does provide some leadership as to multi-regional decision making. WSEs will also need to be a part of a City Deal arrangement if there is an impact (direct, or indirect) on water services.

5.4 Review into the Future for Local Government

In 2021, at the request of the local government sector, the Minister of Local Government established the *Panel for the Review into the Future for Local Government* to identify how local democracy and governance needs to evolve over the next 30-years.¹⁷

The final report, issued this year, highlights the critical role of local government in building place-based resilience to support communities in the future. It also highlights that the current system of local government faces several challenges, including financial pressures, capacity strains, fragmented relationships with central government, and an uncertain mandate to fulfil its purpose.

The report states that historically, significant changes in the local government sector have been driven by central government reforms. The panel proposes that beneficial outcomes are better served by local government taking the lead in respect of its own future and spearheading the reform process itself. The panel notes that this requires a major shift from central government, with agencies and ministers adapting their operations and relationships with local government and providing adequate commitment and resources to facilitate a local government vision.

Key recommendations include entrenching the purpose of local government in legislation, embracing Te Tiriti o Waitangi and te ao Māori values, establishing a new Crown department to facilitate alignment between local and central government, addressing sustainable funding for local government, and strengthening local democracy through citizen-led democracy

¹⁷ Review into the Future for Local Government (2023) He piki tūranga, he piki kōtuku, Wellington: New Zealand.

tools and approaches. The panel emphasises the need for new culture, mindsets, and leadership approaches to support the changes effectively and make the transition to a new local government system a success.

Accordingly, this report flags some of the key challenges also facing City Deals, including poor local and central government relationships, insufficient and unsustainable local government funding, and a lack of authentic relationships with hapū / iwi and Māori. The outcomes and responses to this report may help to address these challenges, minimising the scale of barrier they pose to a City Deal. However, the report, and its focus on local government sector led change, has provided a critical opportunity for councils to present a united vision for their future. The inclusion of City Deal models in this vision provides a unique opportunity to establish and entrench this model as a key future tool of councils and its iwi and central government partners.

5.5 Election 2023 – emerging rhetoric

In the run up to this year's election, the future of both local government and critical infrastructure will be key policy matters. National's Infrastructure for the Future Plan includes five main elements:

- ◆ **National Infrastructure Agency**

An expanded version of Crown Infrastructure Partners, this agency will coordinate government funding, connect domestic and offshore investors with infrastructure projects, and improve funding, procurement, and delivery processes.

- ◆ **Innovative Funding and Financing Tools**

The party aims to increase the use of private sector funding and expertise, explore Public-Private Partnerships (PPPs), and introduce value capture charging to share infrastructure costs with beneficiaries.

- ◆ **City, and Regional Deals**

To address infrastructure deficits, National specifically proposes City and regional deals in partnership with local government. While the detail and structure of these proposed deals is not yet clear, National has confirmed the intention will be shared strategic objectives and long-term funding commitments for infrastructure projects.

- ◆ **A New Consenting Framework**

National plans to establish an infrastructure fast-track process for quick processing of resource consents, along with a class of projects known as Major Infrastructure Priorities, which will require decisions within one year.

- ◆ **30-Year Infrastructure Plan and Pipeline**

The party will create a 30-year infrastructure plan covering all sectors, including a priority project list, to signal future investment intentions and provide industry certainty.

Notwithstanding the specific commitment of City Deals in National's Policy, the other key infrastructure-based policies address some of the key funding and institutional constraints currently facing City Deal models. As such, the implementation of these policies could fill some of the existing funding and relationship gaps. In addition, a National government may also look to quickly get a first cab off the rank in relation to the above policies by way of a City Deal utilising the purported benefits of the National Infrastructure Agency and new funding/financing tools.

Other major party policies reviewed at the time of drafting did not propose changes relevant to this report.

5.6 Local context – The Future Proof Partnership

The Future Proof Partnership presents a strong united voice and vision for the region with buy in from key stakeholders, providing for a sub-regional spatial plan. It shares many of the hallmarks of a City Deal and has the potential to be the springboard for a Waikato regional, or sub-regional deal.

Without its own binding decision making and funding powers, the Partnership is challenged by all of the structural, governance and funding limitations currently facing councils, but multiplied across its numerous different local body participants, limiting its effectiveness. There is scope for the Partnership to evolve through a City Deal-type process to bring the requisite clearer decision-making authority and mandate to agree and execute a City Deal type arrangement.

Table 5.1: Opportunity and challenge assessment of the Future Proof Partnership

Opportunities	Challenges
Regional Decision Making	
<ul style="list-style-type: none"> The Partnership embodies some of the key characteristics seen in City Deals, such as a shift towards regional planning and thinking, cross boundary assessments of benefits and a focus on the broader outcomes and benefits of growth within a functional area. The Partnership’s purpose and vision are for the holistic growth of the region and subregion and their focus on rural to urban integration – reflecting this shift to longer term and regional based decision making we have seen in the resource management and water services reform. The Regional Planning Committee tasked with creating the Regional Spatial Strategy under the new Spatial Planning Bill are likely to have a similar membership to the Partnership. Alignment between the Partnership’s objectives and the region wide planning strategy for development will significantly aid in the feasibility of delivering projects. In addition, the Partnership’s focus on not only critical infrastructure, but also community wellbeing through the protection of the natural environment, heritage characteristics and climate change resilience reflect the drive for the delivery of broader benefits outside of the constraints of narrow focussed and election cycle bound decisions at each local level. This is consistent with the shift seen in the wider context and sets the Partnership’s perspective at a scope and scale which aligns with this institutional shift. There is an opportunity to enhance and build on these characteristics through new arrangements that enable the Partnership to create binding commitments. 	<ul style="list-style-type: none"> The Future Proof Implementation Committee is currently the only formal joint governance structure sitting within the Partnership, being a joint committee pursuant to the Local Government Act, comprising Hamilton City Council, Waikato District Council, Waipa District Council, Waipa Regional Council, Matamata-Piako District Council alongside three representatives from the Tainui-Waikato Alliance and Ngae, Waikato-Tainui and Nga Karu Atua o te Waka. This committee is empowered to drive the vision of the Partnership, including to central government, local communities and in the form of submissions to its participating councils. However, the committee has little to no formal decision-making powers on behalf of its governing bodies and so may only function as an input into existing council processes rather than allowing for a formal mandate outside of these processes. This materially limits any meaningful regional decision making as the Partnership’s vision remains entirely dependent on political and financial buy-in from its governing authorities. It is understood the Future Proof Implementation Committee Terms of Reference are currently under review and will expand the voting membership to 22 including Ministers of the Crown, Waikato tāngata whenua, and the Auckland Mana Whenua Kaitiaki Forum. Non-voting membership is also afforded to Te Whatu Ora, Water Services Entity B, and Waka Kotahi. Up to four non-voting experts may also be appointed to the Committee.
Role of central government and iwi	
<ul style="list-style-type: none"> The strong presence of iwi in the Partnership and te ao Maori principles embodies the critical role iwi must play if growth is to achieve the desired benefits for communities and the environment. In addition, the representation from Waka Kotahi and Te Whatu Ora in the Implementation Committee partially addresses the significant challenges posed by the lack of a key central government delivery agencies’ role in the strategy, delivery, and implementation of any projects. Having central government representatives involved at both the strategic and implementation levels facilitate the inclusion of national interests and can aid in presenting those benefits to central government in a manner leading to funding and financing opportunities. 	<ul style="list-style-type: none"> While central government is recognised as a key partner, only Waka Kotahi and Te Whatu Ora are represented in the Implementation Committee. This reinforces the siloed approach of central government in the regional space -with a narrow focus primarily on transport rather than in broader regional growth management (and the national benefits served by that growth). The Crown representatives on the committee are also non-voting, placing central government in an advisory / input role rather than as a genuine partner. Although, it is the intention of the Partnership to address this gap by putting in place a revised governance structure which will include three ministers as voting members (appointed by the Crown) alongside Waka Kotahi and Te Whatu Ora (remaining as non-voting members).
Diversity of funding and implementation tools	
<ul style="list-style-type: none"> The diverse membership of the Partnership provides a level of influence and collective resource that can be leveraged to implement existing funding and implementation tools, such as the Infrastructure Funding and Financing Act 2020, or to 	<ul style="list-style-type: none"> The Implementation Committee is the only formal legal structure which would have any authority to access and use funds on behalf of all parties (if it had the appropriate delegations – which it currently does not – and noting the

Opportunities	Challenges
<p>pursue with Kāinga Ora Specified Development Projects under the Urban Development Act 2020.</p> <ul style="list-style-type: none"> Equally, the breadth of challenges and likely value of capital projects to deliver on the vision will require new models to be developed and piloted. The Partnership, if it chose, would be a prime candidate to work with central government to develop and test new tools. 	<p>statutory limits on what powers can be delegated to a joint committee).</p> <ul style="list-style-type: none"> As such, the funding and financing of any City Deal would still be subject to the Partners successfully mobilising funding and financing opportunities within their own organisations (subject to all the relevant processes, political impacts and competing interests). As the trends in the local and national contexts have shown, this approach is un-workable, and the successful funding of such projects requires a less siloed and more straightforward approach. A special purpose governance structure which can directly access / enable funding will be required rather than trying to collate individual powers in an efficient manner. The lack of private sector interests in the Partnership is a significant gap. The involvement of the private sector whether in the funding and/or delivery sphere is essential and how this sector is brought into any City Deal model will require consideration of this from a projects strategic inception rather than as a player brought in later in the piece.

6 A new Collaborative Growth Partnership

The United Kingdom and Australian City Deals have common characteristics and came about during times of reform and pressure on public funds. There is sufficient similarity between the underlying structures and environments associated with these City Deals and the Future Proof Partnership that we can develop a clearer conceptual model for Future Proof which adjusts for differences and reflects local institutional arrangements. It is with this contextual understanding that we base the concept of a **Collaborative Growth Partnership (CGP)** on.

The reframing of a City Deal to a CGP is to reflect the direction in which infrastructure planning and delivery frameworks, policies and regulation are moving here in Aotearoa New Zealand, and the nature of the Future Proof Partnership. Of equal importance, active and authentic partnerships between central government, local government, and communities (including local businesses, hapū / iwi and Māori) are increasingly common in planning arrangements. It is important that any notion of being ‘transactional’ or favouring one area over another is avoided. Instead, a CGP provides the basis upon which collaboration leads to tangible commitments to deliver on the long-term Future Proof vision.

It is this long-term vision that must remain the focal point. A CGP would likely span 20-30-years, meaning it will cover 6-10 political cycles and span the careers of all involved. As such, the foundations and relationship must be based on outcomes to ensure any CGP is enduring and durable, withstands political wind shifts and goes beyond the individuals involved. From conversations we know that the Australian experience has found that the role of the individual can overly strong, with progress slowing when individuals leave.

Governance arrangements also need to be carefully designed, with support systems that are adequately resourced and able to evolve throughout the life of the CGP (that is, as focus moves between planning, commitment, and implementation). Similarly, delivery arrangements should be politically neutral, and free of a parent council or central government agency, with an ability to focus on delivery rather than constantly adjust to shifting political landscapes.

With these considerations in mind, this section outlines a possible structure to support garnering long-term funding and delivery commitments from the Partners.

6.1 Objectives of a Future Proof Collaborative Growth Partnership

The tangata whenua vision for the Future Proof Strategy is “*Kia tuku atu ngaa karu atua o te waka hei aarahi, hei rataki, hei tiaki*” which signifies leadership, and nurturing through planning today to know our future. This serves as a guide as we seek to comprehend what a CGP could look like for the Future Proof Partnership.

As we also heard from Partnership members and at our research workshop with central government agencies, it is important that any arrangement is clear on its objectives (scope is discussed later in this report). Following this lead, and reviewing the approaches taken in the United Kingdom and Australia, and the seven transformational moves in Future Proof Strategy we consider the overarching vision for a Future Proof CGP could be:

“The CGP is committed to the enhancement of Future Proof sub-region through coordinated planning and sustainable investment implementation in people, place and the environment.”¹⁸

This is a broad vision that ensures focus is on implementation, while capturing Te Ture Whaimana (environment), employment (people), and placemaking (place). To achieve this, we propose the following high-level supporting objectives in **table 6.1**. As the CGP should not trigger another round of plan making, we have sought to align these with existing objectives from the Future Proof Strategy.

Table 6.1: High-level objectives of a Future Proof Collaborative Growth Partnership

Objective	Description	Critical success factors
Facilitation and coordination of growth	A new CGP should be structured to promote the effective and efficient implementation of the Future Proof Strategy which is the sub-region’s growth strategy. The diversity of the sub-region and the significant opportunities it offers means that there are a number	Population growth is supported by the right infrastructure investments (transport, health, education etc.) and economic growth matches pace,

¹⁸ Note, this is an indicative statement only, any statement should be actively developed by the Partners.

and a productive, diverse economy

of central and local government parties covering core physical and social infrastructure services, as well as hapū/iwi and Māori, business and community interests that must be present through decision making and investment delivery.

providing skilled, high-value job opportunities.

Growth is dynamic and diverse – reflecting the opportunities the sub-region has to offer.

Promote and protect the environment and Waikato River

The population of the sub-region is expected to double over the next 50-years, placing significant pressure on the environment and natural resources. This includes waterways, particularly the Waikato River. How growth is prioritised, and the design of supporting infrastructure has a big role to play in how natural resources are protected. Te Ture Whaimana encompasses the vision for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.¹⁹ Te Ture Whaimana should be incorporated into a CGP.

The experience, and ecological integrity and water quality, of the Waikato River are improving.²⁰

Affordable and sustainable implementation

A significant amount of investment is required to deliver the vision for the Future Proof Strategy. While this is, as yet, unquantified we know that the Partners’ balance sheets are constrained, and traditional funding models will not meet the investment needs to execute the strategy. A CGP should facilitate the streamlining of existing funding and resources and establishment of new funding mechanisms that provide certainty of funding over the long-term. Possible funding tools are discussed in **section 7**.

Investment prioritisation and decisions are made utilising a consistent framework.

Growth in revenue streams associated with investing activities.

No decline in local authority budgetary positions relative to forecasts attributable to investments.

Spatial equity

One of the criticisms of earlier iterations of City Deals is the risk of spatial inequity between participating members. There is often a fear that the needs and aspirations of urban communities are prioritised at the expense of rural communities. There is potential for unsustainable outcomes to arise where there is strong economic growth focus.

An objective of any CGP should be to ensure that the priorities and aspirations serve all communities. There will inevitably be trade-offs, but incentives and governance structures should be designed in a way that mitigates and manages this risk.

Promotion of spatial accessibility to amenities and key central and local government services.

Investments reflect the agreed spatial plan.

No single member can exert stronger investment decision making powers.

A vibrant city centre strongly connected to thriving towns and rural communities

Building on the objective of spatial equity, this objective promotes the connection of people with place and economic prosperity, reminding us that economic growth should not be at the detriment of liveability or sustainability.

Accessibility to economic hubs including employment and retail centres and regional agriculture, forestry, fishing and manufacturing.

Promotion of a sense of place in the city centre, towns and regional communities.

These objectives are high-level and should be seen as directional and be used to guide conversations around the focus and targets of any CGP. We deliberately chose not to mirror the transformation moves as these more closely align with the possible scope of a CGP, discussed below.

¹⁹ Waikato River Authority, 2023

²⁰ Only 22% of the 751 trends monitored from the Waikato catchment are improving. (NIWA, 2020)

6.2 Potential scope of a Collaborative Growth Partnership

While the scope of any potential CGP would be determined by those participating (see *Governance Group* in **section 6.3**), we suggest the scope of a CGP comprise three layers:

- ◆ **Geographic scope**

The functional area that the Future Proof Strategy serves would be the default geographic scope, however this may be expanded to incorporate other neighbouring territorial boundaries if future work finds a bigger functional area is justified. For example, the proposed Regional Spatial Strategies may justify the inclusion of other local authorities.

- ◆ **Infrastructure / investment scope**

This layer provides the substance to the scope of a deal and will identify what the priorities are – such as transport, or water services. While a CGP may have a particular focus, it is important to remember that the initiatives delivered through a CGP should be complemented by other business as usual initiatives undertaken by councils.

We suggest the focus of a CGP mirror the Priority Development Areas (**PDA**s). While these are not the only areas of growth within the sub-region, they are the most investment ready areas with known initiatives that support the Future Proof Strategy and are required to unlock the growth sought.

This may draw some criticism as being too urban focussed, however this approach will likely yield the greatest returns to communities through housing and transport choice and meet national policy direction set out in the National Policy Statement on Urban Development Capacity.

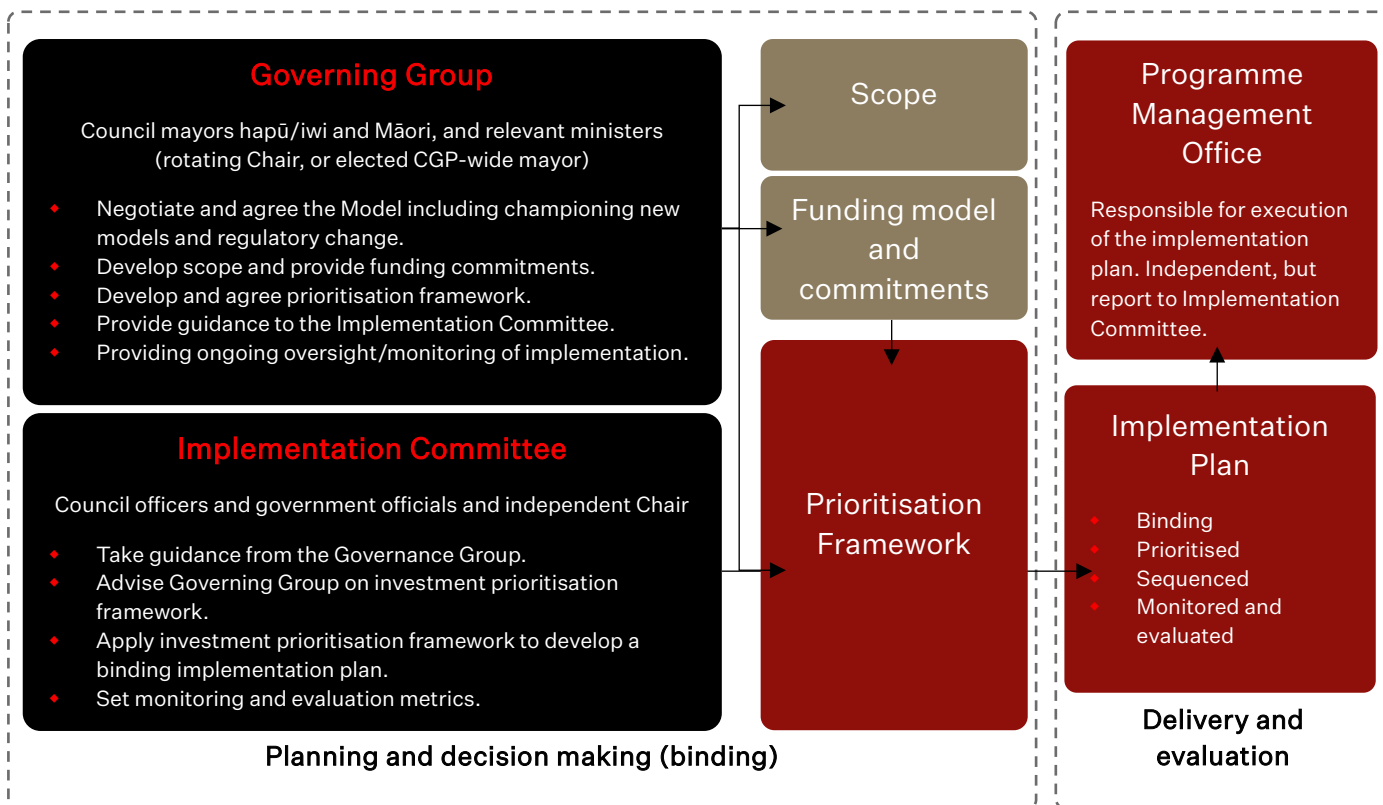
- ◆ **Funding and financing scope**

The funding and finance layer is critical and must lead to credible commitments. Without credible commitments, the CGP will be nothing more than a planning committee. This is also the layer where a CGP can champion innovative tools, seek commitments to pilot new tools, or even champion the use of an ‘earn-back’ mechanism, like that in the UK. Possible funding tools are discussed in **section 7**, below.

6.3 Structure of the Collaborative Growth Partnership

The CGP has been developed based on joint decision making and delivery and builds upon the United Kingdom and Australian models, and the existing Future Proof Partnership structures. The proposed structure (see **figure 6.1**), while unique, does not materially deviate from the current approach to Urban Growth Partnerships or the proposed structures in the resource management and water services reforms. In this way, it should be efficient and avoid duplication of efforts. Legislative changes would be required to provide the structure with the necessary powers, responsibilities, and accountabilities, see **section 6.4**, below.

Figure 6.1: Proposed structure for the Collaborative Growth Partnership



Each component of the proposed structure will need to have dedicated resources that match the ambition and scale of any proposed CGP. For example, in Australia, a *Cities and Policy Unit* was set up to manage the deal. The costs and level of resource for this unit could not be identified from the desktop research undertaken.

Governing Group

The Governing Group (**the Group**) is a representative body, comprising all the mayors of the constituent councils, hapū / iwi and Māori representatives and relevant ministers. It is envisaged that the chair would rotate, or – like the combined authority model in the UK – elect a CGP-wide Mayor (or Chairperson) on a democratic basis.

The functions of the Group are similar to a governing body of a council – setting the strategic direction of the CGP, and members would need to operate in the interests of the functional area it represents, rather than their particular constituent authority’s interest. The Group must be empowered and have the mandate to make decisions, commitments and provide directions that ultimately become binding on the member local authorities. It is important that decisions reflect the interests of all affected communities, current and future. It has responsibility, and accountability, for the following functions:

- ◆ **Model negotiation and agreement**

Acting as the focal point for all constituent authorities, hapū/iwi and Māori, community and business groups and central government, the Group will be responsible for engaging in negotiations amongst the Partners to establish the parameters of the CGP and will need to arrive at consensus (but not unanimous) decisions. The Group will also be responsible for advocating for new funding tools and championing the interests of Future Proof.

- ◆ **Scope of the CGP**

A subset of the CGP negotiation responsibility, the Group will need to establish the boundaries, and the focus, of the CGP. This means determining what the aspirations are for the CGP and may include:

- The primary area(s) focus of the CGP – e.g. housing, economic development, or sustainability.
 - The number of focus areas should be kept narrow to avoid over-commitment of lack of focus.

- Defining the infrastructure, services and other investments that are in-scope for the CGP.
 - This should align with the focus areas noted above.
- The role of Te Ture Whaimana.
- Identify / define the targets should the CGP aim to achieve.
 - Targets should be identified early on, and be achievable. These may change over time as the focus shifts between planning, implementation.

♦ **Prioritisation Framework**

As we have seen with the experience of similar models in other jurisdictions, there is benefit in having a consistent, transparent framework for evaluating and prioritising investments, based on the CGP scope. This will help to ensure that decisions are consistent over time and do not favour any particular area. Importantly, it also enables clear investment comparisons, creating efficiencies and ensuring the CGP remains focussed.

Implementation Committee

The Implementation Committee (**the Committee**) membership is comprised of senior representatives from the constituent councils, hapū / iwi and Māori and member government departments. While varied, members would need to collectively possess expertise across several relevant domains²¹. The addition of an independent Chair ensures an impartial leadership that fosters balanced decision-making. It does however take its steer from the Governing Group who provide the strategic direction and framework. The Committee has the following responsibilities:

♦ **Investment prioritisation**

The Committee will assess investment proposals and prioritise these into a clear implementation plan using the resources available and signalled by the Governing Group. These assessments should be made publicly available, promoting transparency and accountability for decisions.

♦ **Development of a binding Implementation Plan**

The output of the investment prioritisation exercises will be a suite of investments and interventions that should proceed. The Committee will need to develop a binding implementation plan that is appropriately sequenced, outlines the sources of funding and applicable tools, and assigns clear responsibilities for delivery to an entity(s).

♦ **Investment Monitoring and Evaluation**

The Committee would be responsible for monitoring and reporting on progress against the implementation plan and report to the Governing Group. This will go beyond the construction or initiative implementation period and will include operational periods to understand the effectiveness of the investment. The Committee will need to develop consistent and comparable set of metrics to enable simple comparisons and ensure there are consistent definitions as they relate to key measures like employment or productivity growth.

However, potentially the most important element of monitoring will be the achievement of outcomes, and 'earn-back' metrics as these will likely garner the most attention and promote the longevity of the CGP.

Programme Management Office

The Programme Management Office (**PMO**) could be described as the engine room of the CGP, responsible for the delivery and execution of projects that support the implementation plan. This includes coordination of resources and ongoing reporting. Importantly, the PMO would remain the delivery body over the span of the CGP. Its scale would need to flex with the programme, as the early focus would be on delivery, while later it would reduce to a monitoring function. Given its lifespan, it would also help protect against the loss of personnel and institutional knowledge.

²¹ Domains include performance monitoring and governance; network infrastructure industries; the principles of te Tiriti o Waitangi/the Treaty of Waitangi; the environment; perspectives of mana whenua, mātauranga, tikanga, and te ao Māori; and pectives of local government.

The key responsibilities of the PMO are outlined below:

- ◆ **Programme Planning**

Developing the supporting detail of the implementation plan – that is, a roadmap for delivery of the implementation plan.

- ◆ **Risk Strategy and Management**

The scale of the CGP and investment plan are likely to be significant. As with any major investment, there will be unique risks associated with each component of the plan. The PMO will need to anticipate these and identify and implement an appropriate mitigation strategy.

- ◆ **Programme Assurance and Reporting**

While the Implementation Committee has responsibility for monitoring and reporting against the implementation plan, it will need support to do so as members may not be technical experts. There will need to be detailed oversight of project delivery and regular reviews of the programme and implementation plan – this assurance function would be undertaken by the PMO, providing transparency to the Committee, the Governance Group and the public.

Ongoing reporting would also need to be provided to the implementation committee covering topics such as: scope, financials, resources, risks, issues, delivery progress, benefits, inter-dependencies.

- ◆ **Financial and Resource Management**

The CGP would be allocated funding, and potentially financing mechanisms, to enable the delivery of programmes / projects of work. The PMO will need to ensure that investment is balanced across the programmes and within budget such that agreed scope and outcomes are delivered. We also recommend that the CGP (including the PMO) is subject to audit by the Auditor General.

Equally, all members of a CGP would be committing resources (financial and non-financial). These resources will need to be effectively and efficiently coordinated, removing any home-base bias and meet the needs of the CGP and implementation plan.

6.4 Enabling a Collaborative Growth Partnership

The CGP model would require various amendments to the existing institutional and legal frameworks to operate as intended. Most critical will be the changes required to facilitate the proposed governance structure and allow for the various decision-making powers to be delegated within this structure as required for it to function.

Currently, the ability of councils to delegate decision making powers is limited primarily to structures like Council-Controlled Organisations and joint committees, which are limited in relation to the powers which they can hold. At a high level there are two key options available to address this governance gap²²:

Empowering a new entity in legislation

First, is the creation of a new special purpose governance entity which is specifically empowered with the relevant decision-making powers to bind its members to certain outcomes and to access funding and financing opportunities itself, separately from the processes and balance sheets of its member authorities / agencies. Any such governance structure could empower the creation of the Group above (i.e., a governing body comprised of various stakeholders with the central and local government representatives authorised to make decisions which bind their governing organisations) and allow for the stand up and operation of the Committee and PMO as legal entities also empowered accordingly (e.g., to enter into binding delivery and/or funding contracts on behalf of the Group). Bespoke enabling legislation would be the best means of establishing such an entity so that it sits sufficiently outside of the existing frameworks of the Local Government Act 2002, etc.

²² This should not be seen as a full legislative assessment. Further work would be needed, depending on the preferred approach to a CGP.

This is the most desirable option as it avoids the complexity of adapting existing governance models (discussed below) while still allowing an opportunity to align processes and requirements where desirable (e.g., requiring public consultation and engagement in a similar manner to the Local Government Act 2002 where appropriate).

Adapting legislation

Secondly, is the adaptation of existing governance structures to allow them to function as the CGP model anticipates. For example, the Local Government Act 2002 could be amended to remove the current restrictions on delegations to joint committees, allowing a joint committee to make a broader range of decisions, including to commit to or to obtain funding and impose rates or levies. Alternatively, the new Regional Planning Committees established under the Spatial Planning Act could be further empowered to create 'sub-committees' with decision making powers and financing abilities extending outside of the spatial planning realm (e.g., for the implementation plans and agreements to be binding on the relevant parties or to allow binding services or delivery contracts to be entered into by the 'sub-committee' - effectively allowing it to function as a PMO entity).

However, any 'add-on' or amendment to existing structures will have flow on effects across the whole Act and may be complex (and controversial) to achieve. For example, diluting the process requirements joint committees are currently subject to may undermine the function of these committees in other areas (for example, by opening a 'flood gates' of decision-making powers to joint committees which circumvent consultation requirements where these are desirable from a democratic and transparency perspective).

7 Funding and financing a Collaborative Growth Partnership

7.1 Opportunities for new tools

There are a number of potential funding and financing tools that could be explored through a CGP, and the objectives and scope of any CGP should inform what sorts of funding tools are deployed, or the development of any new tool. New tools, not available to councils currently include:

- ◆ Gain-share
- ◆ Value Capture
- ◆ Congestion charging (we note this is a demand management tool, more so than a revenue tool)
- ◆ Public Private Partnerships
- ◆ Tax increment financing

This section explores the gain-share opportunity only, as the remaining opportunities are being explored in depth by central government and canvassed in other third-party reports.

Gain-share

As we have seen with the Greater Manchester City Deal, there is opportunity to incentivise certain outcomes through gain-share arrangements on additional tax receipts²³ earned by central government that are attributable to local investments. This can be furthered through the establishment of a revolving, or self-sustaining fund. These two concepts can be operated separately or combined. **Figure 7.1**, overleaf provides an illustration of the gain-share arrangement.

Just like the Greater Manchester City Deal, the government would agree to a share of additional tax receipts it receives above an agreed baseline that can be attributed to initiatives or investments made through the CGP. The shared revenue should then be reinvested back into a capital pool for the CGP to deploy into new investments that can further enhance the gainshare arrangement. This would need to be time limited, but the timescale should match the life of benefit. It should also be measured robustly to ensure that it is truly additive, rather than displacing activity from elsewhere in the economy.

Careful consideration would need to be given to structuring any such arrangement that the CGP is not incentivised to chase revenue. This risk could be mitigated by including other minimum criteria that must be met before any gain share is paid out, such as environmental targets.

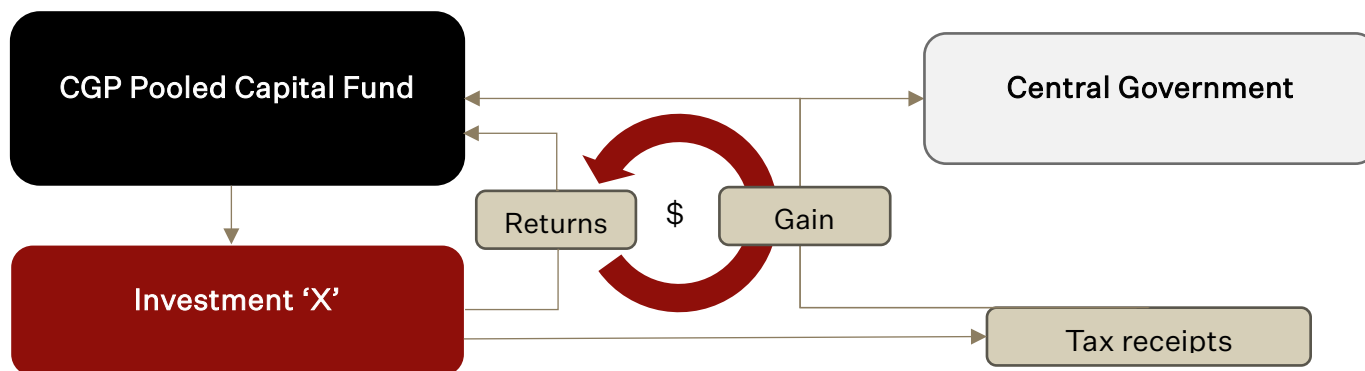
This model could be bolstered by funding investments from this pool that provide a cash return or income to the CGP that can be added back to the capital fund for other investments or leveraged to raise further finance for additional investments. Ultimately this will help to reduce reliance on central government and ratepayers for ongoing capital investments.

No legislative amendments are necessary for a gain-share arrangement to be put into place. This is something that central government and the CGP could agree themselves contractually. However, in order to have such an arrangement, there will need to be legal entity established for the CGP so it can contract with central government directly, otherwise such an agreement would need to be between central government and each of the CGP members individually (leading to contractual complexity).

Further, as with any binding arrangement entered with the crown, there are various limits on what the crown can agree to in terms of contractual liability (e.g., indemnities), ease of unwinding, and enforcement of the contractual arrangement will face the usual contractual limits – relying still in part on a functional and cooperative relationship between the parties.

²³ In the United Kingdom, this was done based on Gross Value Add. Depending on the investment scope / scenario of a CGP in New Zealand, this could be based on GST, income tax or business tax receipts. Further work with central government agencies and economic modelling is required to determine the best approach.

Figure 7.1: Illustrative overview of the gain-share arrangement



7.2 Existing funding and financing tools

There are a number of existing funding tools available to councils which with minor legislative adjustments, could be made available to a CGP Governance Group.

Table 7.1: Funding and financing – Opportunity and challenge assessment of status quo arrangements

Opportunities	Challenges	Financing type
Council Rating Powers		
<ul style="list-style-type: none"> Councils have flexible and multifaceted rating powers and can utilise a mix of general rates, uniform annual charges and targeted rates (a quasi ‘value capture’ tool which can be applied against specific properties or ratepayers benefitting from a specific project/initiative.) Targeted rates can be used for transparency and accountability or to target beneficiary pays objectives. Combinations of rating types can facilitate a fair and long term spread of project costs to those who benefit. 	<ul style="list-style-type: none"> Political pressure to keep rates growth low. Inability to capture cross-boundary benefits except with cooperation between councils (limited by significant diversity across councils in rating strategy and use of categories). Limited ability to charge ‘user pay’ levies beyond targeted rates (e.g. for road/zone tolling, congestion charges etc). Crown land often non-rateable, so not all ‘users’ are paying for projects. Little use of targeted rates due to political pressures and seen as a general tax rather than a user charge. 	<ul style="list-style-type: none"> As a legislated taxing power, council’s rating powers are what enables them to borrow. These are what are known as general obligation borrowings as they are not tied to a specific revenue stream or investment. Council debt ceilings and credit rating restrictions can be prohibitive especially for high growth councils already near their debt limits, limiting their borrowing power.
Development Contributions		
<ul style="list-style-type: none"> Allows for growth to “pay for itself” by deriving revenue to repay the infrastructure for new property developments from new residents, rather than existing ratepayers. Allows for recovery of proportionate share of costs caused by increased demand on infrastructure. 	<ul style="list-style-type: none"> Not chargeable in respect of renewals or service level improvements, only for growth/increased capacity. Implementation often difficult for councils as subject to challenge from developers resulting in deferred payments or discounts. Councils lack clarity as to the extent of powers. Is conceptualised as a user charge, not a levy, and therefore needs to be supported by detailed project costing information. 	<ul style="list-style-type: none"> Typically financed through local authority borrowings (general obligation). Rating agencies generally exclude development contribution income from their rating methodologies because of the statutory limitations on their use. Council debt ceilings and credit rating restrictions can be prohibitive especially for high growth councils already near

Opportunities	Challenges	Financing type
	<ul style="list-style-type: none"> Financing and development risk carried by the council. 	<p>their debt limits, limiting their borrowing power.</p>
Crown Funding		
<ul style="list-style-type: none"> Just under 20% of council funding comes from government grants (primarily for roading and public transportation). E.g., local roads are co-funded by Waka Kotahi and councils, with the split roughly approximating the national versus local benefits. Even if funding is not directly provided for in legislation, Central government have the power to allocate funding to any entity (at a local, regional or national level) and could fund city/regional deals on this basis. 	<ul style="list-style-type: none"> Co-funding and grant opportunities are currently very limited in scope (primarily transport based) and in terms of value. Gatekeeping of this funding by government means it lacks flexibility and is subject to annual budget cycle requirements which encourage short term funding decisions. 	<ul style="list-style-type: none"> Crown borrowing.
Infrastructure Funding and Financing Act 2020		
<ul style="list-style-type: none"> Bespoke funding and financing mechanism for infrastructure allowing the use of a long-term levy imposed on benefitted properties to create a financeable revenue stream. Provides funding and project certainty due to legislative mechanism (Order in Council). Debt raised is ring fenced from council's balance sheet. Facilitates coordination with central government, private sector entities. 	<ul style="list-style-type: none"> Funding only available for growth aspects of developments. Upfront costs before funding available can still be high. Feasible for medium to large projects only. Levy process is cumbersome. 	<ul style="list-style-type: none"> Project finance, off balance sheet for local authorities. Investment minimum ~\$100 million.
Urban Development Act 2020		
<ul style="list-style-type: none"> Empowers Kāinga Ora in relation to urban development by enabling comprehensive, large-scale and timely development through a consolidated development process for "Specified Development Project Areas" (SDP). Kāinga Ora able to act as consenting and planning authority, charge rates/levies, construct/move infrastructure, etc. Mitigates barriers often facing complex developments, especially in planning and consenting space. 	<ul style="list-style-type: none"> Kāinga Ora and the Crown 'gatekeepers' of the process limiting the role and input of councils – Kāinga Ora holding and controlling the development tools. Rigorous provisions and processes to be complied with. Interface with local council urban development and planning strategies still unclear. 	<ul style="list-style-type: none"> Not tied to any debt / financing mechanism.
Road Tolls		
<ul style="list-style-type: none"> An effective mechanism to fund both the upfront costs of a project but also the ongoing operational costs through a 'user-pays' model where those benefitting from the infrastructure are 	<ul style="list-style-type: none"> Not often used in New Zealand although we do have a history of using it for specific road projects – Auckland Harbour Bridge; Lyttleton Road tunnel; SH 1 Silverdale to Puhoi; Tauranga 	<ul style="list-style-type: none"> Not tied to any financing mechanism although conceptually could be linked to project financing.

Opportunities	Challenges	Financing type
<p>paying for it. The revenue from the toll can be used to pay back debt or other debt – which also proposes an attractive proposition for the involvement of the private sector (who could receive the proceeds from the toll).</p>	<p>Eastern Link Road; Tauranga Takitimu Drive (Route K) are historic and current examples.</p> <ul style="list-style-type: none"> ♦ Councils are not empowered to charge tolls – they can only be imposed in relation to state highways by Waka Kotahi under the Land Transport Management Act 2003. Further, the three stage process whereby Waka Kotahi assesses tolling is onerous and restrictive, minimising feasibility of use. 	
Regional Fuel Taxes (RFT)		
<ul style="list-style-type: none"> ♦ Can be imposed to fuel sold in the whole or part of a region – capturing the users of the relevant transport upgrades funded by the tax. Benefit of capturing out of region users as well (tourists and trucks travelling through) who can be high users otherwise uncaptured by other ‘user-pay’ mechanisms. Long-term revenue possible through 10 year duration (and option to extend). 	<ul style="list-style-type: none"> ♦ Only collectable by a regional council – limiting sub-regional collection. Can be limited by “leakage” (purchasers seeking cheaper fuel outside the area). Central government are ‘gatekeepers’ of the tax with approval of Minister of Finance and Minister of Transport required. ♦ Only one RFT scheme can apply in an area at a time – minimising multi-project usage. Fuel Tax also subject to GST, on top of the GST already payable on fuel, this reduces effectiveness of funding for roading infrastructure as funds received as reduced and consumers effectively paying a triple tax. 	<ul style="list-style-type: none"> ♦ Not tied to any financing mechanism although conceptually could be linked to project financing (but this would require legislative change)

7.3 Streamlining existing funding pools

There are a number of existing pools of central government funding available to local government. Some are enduring, like the National Land Transport Fund (although investment levels and priorities are varied via a Government Policy Statement), while others are one-off investments, like the Waste Minimisation Fund. The spread of these funds often mean that councils are chasing cash (rather than outcomes) and at the mercy of changing political winds.

However, the arguments for a City or Regional type deal are underpinned by the idea that local government, being closest to communities, know their community needs and can drive the change needed to foster and manage growth. To enhance their effectiveness and promote strategic alignment with national objectives, there is a growing case for transitioning from ad-hoc funding allocations to a comprehensive approach that pools various funding pots allocated by central government.

Pooling diverse funding sources into a single fund, with a clear allocation mechanism to a CGP, offers greater financial stability and flexibility. Instead of grappling with fragmented resources from separate funding pots, the CGP can strategically plan and allocate resources in a holistic manner. This streamlining fosters efficient decision-making, as the focus is on projects that align with both local needs and broader national agendas.

Pooling and devolution

Pooling of funding and allocating funding to a CGP, should be accompanied by a devolution of powers to enable the CGP to prioritise effectively. Like in the United Kingdom, devolution will need to be accompanied by the changes in governance the proposed CGP promotes. This is because the CGP and devolution collectively enhance the responsiveness of governance. Local authorities possess an intimate understanding of their communities' unique needs and challenges. Empowering a CGP with the authority to tailor policies and initiatives accordingly enables more targeted and efficient solutions. This local

knowledge fosters quicker and more precise decision-making, leading to timely interventions that address pressing issues. Devolution circumvents the one-size-fits-all approach, ensuring that policies are well-suited to local contexts and can evolve as circumstances change.

Devolved powers and funding also encourage innovation and experimentation. Local governments are better positioned to experiment with creative approaches and pilot projects that may not be feasible at the national level due to their specificity. This incubator for innovation can yield valuable insights that can later be scaled up or adapted by other regions, contributing to a broader culture of progress. To enhance accountability, central government could link pooled funding and devolution to the gain-share model discussed earlier in this chapter.

8 Next steps

The CGP model, based on the City Deal concept offers substantial opportunity to support the Future Proof Partnership as it moves from planning to implementation. It can help accelerate delivery, bring about wellbeing improvements to communities sooner than anticipated and provide certainty to the infrastructure and construction sectors, enabling them to invest more. This will only be possible if there is commitment to funding, and potentially new funding approaches, without this commitment, a CGP would do little to evolve the Partnership from what it is today.

The design and implementation of the CGP should not simply mirror or transpose the approach taken in the United Kingdom or Australia. For example, New Zealand has the benefit of growing and strong relationships with hapū / iwi and Māori who bring a long-term perspective to infrastructure planning and delivery.

Developing the CGP model further, and ensuring it is fit for purpose will require careful and detailed consideration of the governance and oversight arrangements, as well as ensuring there is willingness and support from central government to pilot or implement new funding and financing approaches.

Equally, aspects of the model can be implemented quickly, while other aspects require legislative change – for example, moving from a joint planning committee to an arrangement where decisions are binding on the Partners. There are also several moving parts in the underlying and supporting institutional arrangements such as resource management and water services reforms. The outcome of the upcoming election will also likely influence the design of any CGP.

It is therefore recommended the Partners consider the CGP in further detail including:

- The boundaries and aspirations for a CGP, and therefore the scope of a CGP.
- The preferred approaches to governance, accountability and implementation (within or outside of existing settings).
- The level of investment, potential delivery timeframes and options for efficient funding mechanisms.
- Identifying other stakeholders to engage with and support the development of a CGP.
- The appetite of stakeholders, including the community to engage with and support a CGP.

A workshop on this report and next steps identified above with the Partners would be an effective and efficient way confirming appetite and scoping the next steps in further detail.

8.1 Phase two: Development of a Conceptual Model Agreement

The scope of work included a request to develop a scope of work for phase two. It is suggested that this be developed post the workshop recommended above. However, for completeness we anticipate it would involve:

- Confirming the preferred approach to the CGP model
- Further development and refinement of the CGP model to align with the aspirations of the Partners and the communities they represent.
- Engagement with relevant government departments and Ministers to socialise, test and further refine the proposed approach.
- Scope the level of resource required to implement a CGP.
- Develop an indicative Terms of Reference to support progressing with implementing a CGP.

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