

Discussion Document: Council-controlled organisations of Auckland Council

SavePapakura.com welcomes the opportunity to comment on the
Auckland Transition Agency's (ATA)

Discussion Document on the Council-controlled organisations of Auckland Council.

***SavePapakura.com engages with local communities on the
Auckland Governance Reforms***

SavePapakura.com was formed by concerned members of the local Papakura community following a public meeting held in Papakura during May 2009, at which over 1000 people attended. SavePapakura.com with support from the Papakura District Council has held a number of public meetings since May 2009 to keep people informed about the proposed changes to Auckland Governance, and to ascertain the communities' views on the various legislative changes proposed. All these meetings have been well attended by the local community, and SavePapakura.com has also maintained an active website to further inform and support the community through this period. The group supported the public to put submissions into the Second Bill, the Local Government Commission draft report on the proposed boundaries for the wards and boards, and the recent Third Bill.

We are now representing the views the community expressed at the recent public meeting we held in regard to the ATA's discussion documents, and other communications we had received from members of the Papakura community.

We oppose the formation of the proposed Council-controlled organisations

SavePapakura.com has previously stated its opposition to the scale and extent of Council-controlled organisations (CCOs) proposed for the Auckland Council, in its submission to the Select Committee on the Third Bill. Our view on this remains unchanged. We believe that the elected representatives of the Auckland Council will be the best people to determine the service delivery model for many of the functions proposed to be delivered via CCO's. We would also challenge many of the assumptions made as to the benefits of the CCO model.

No evidence to justify the establishment of CCOs as the best option

On page 6 of the discussion document, reference is made to the criteria for the establishment of CCOs. It indicates that they should meet the good governance principles, including:

- [democratic, including accountability and transparent decision-making](#)
- [efficient & effective, including vertical alignment](#)

There is no evidence that the Council-controlled organisations (CCOs) will be democratic, accountable or transparent.

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Establishment process severely undermines democratic rights

The transition process for forming the proposed CCOs severely undermines the democratic safeguards contained within the Local Government Act, and constrains the incoming Auckland Council. The CCO boards will be initially appointed by Minister Rodney Hide. The people of Auckland will have no say in who the appointees are, and the appointees will not be accountable back to the people of Auckland. Under current rules, there is no requirement for the CCO meetings to be held in public or for the agendas or minutes of such meetings to be publicly available. To highlight this lack of transparency under the existing council structure, Watercare always requests that its Statement of Intent (SoI) and funding plan be discussed by the Region's councils in confidence — where's the transparency in that??

***Unsubstantiated assumptions underpinning
Council-controlled organisation model***

SavePapakura.com challenges many of the unsubstantiated assumptions outlined on page 6.

Professional Board poorly suited

There is an assumption that a 'professional board' will do a better job than a democratically elected body supported by experienced staff. Whilst a professional board with a business focus might have the skills to provide a commercial focus to a business venture (although one might even question that, given the recent global recession), many of these CCOs are not 'commercial', but service providers with a high degree of 'public good' – something that a 'professional board' may not have expertise in.

There is an emphasis on board appointments providing commercial disciplines and specialist expertise, yet as already mentioned, many of the functions of the proposed CCOs are not fundamentally commercial. The specialist expertise can just as easily and more transparently be provided through a Council Committee structure.

CCOs decrease democratic decision making

Mention is made that CCOs will 'empower local communities', and whilst an example is provided of a small trust, it is hard to understand how the large powerful CCOs proposed will fulfil this expectation.

CCO silos detrimental to Auckland's success

Whilst CCOs might be seen as providing 'vertical alignment'; there is concern about the risk of 'silos' forming. CCOs may be insular from integrating with other CCOs, the Auckland Council, Local Boards and the public. There may also be reluctance for competing CCOs to communicate with each other over complex projects, or in cases where there are issues over funding.

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Council Committee governance structure better suited, than a Council-controlled organisation corporate model

Page 8 of the discussion document highlights the perceived benefits of CCOs. SavePapakura.com argues that in most cases, these functions and services could be provided equally as efficiently and effectively by a Council Committee structure.

Inadequate consideration of alternatives to CCOs

For all the arguments outlined in this document as to why CCOs should be the preferred model of service delivery, the document fails to recognise that in most instances, these functions and services could be provided as efficiently through the governance of an Auckland Council Committee structure, with council staff and specialist expertise reporting to that committee. Such a model with its requirements for public agendas and minutes, opportunities for the public to make deputations and presentations is likely to be far more transparent and democratic than the CCO model proposed. It is also the most likely to achieve the integrated decision making objectives of the Governance Reforms.

Managing CCOs

Public input to governance

Given the scale and extent of the CCOs proposed for the Auckland Council, with some commentators estimating that up to 75- 90% of rates collected by the Auckland Council will be spent by these entities, it would seem reasonable for the Statements of Intent to be consulted on with the public, so that the public at least have an opportunity to comment about the priorities for their rates expenditure.

Advisory Board not required

SavePapakura.com believes that the Advisory Board proposed by the ATA, to recommend the appointment of directors or to provide advice, is not required. These functions can easily be provided by advice from council staff, Local Boards or specialist expertise. The ATA in making this recommendation seems unable to recognise the skills and expertise that may be present within the democratically elected representatives of the Auckland Council, or the staff of the Auckland Council.

Local Boards to have a governance role with small CCOs or trusts

SavePapakura.com supports the view that Local Boards have a governance role in overseeing small CCOs or trusts.

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Auckland Council should determine CCO Board appointments policy, which may include Councillors

SavePapakura.com is concerned that under the proposed legislation, Auckland Councillors are prohibited from being board members of proposed CCOs. Not only is this contrary to what happens elsewhere in New Zealand, but it fails to recognise that some Auckland Councillors may be the best people for the CCO boards, with just the skills and expertise required. Clearly this is a decision best determined by the Auckland Council.

Conclusion: Unwarranted Council-controlled organisations

SavePapakura.com is concerned that the Council-controlled organisation model proposes a very corporate model for the Auckland Council which in most cases is at odds with the 'public good' principles of democratic local government. SavePapakura.com believes that most of the CCO functions proposed could equally well be provided under the more traditional Council Committee structure; providing greater integrated decision making, transparency and accountability back to the people of the Auckland Region.

Additional information

SavePapakura.com hearing request

We request to meet with Auckland Transition Agency representatives, for effective communication to discuss these issues. Ideally in the Papakura area.

(We also have a hearing request for our other submission, on Local Boards.)

Related information

Further information that may be of interest includes our submissions to the Select Committee on the Auckland Governance Legislation; particularly our submission on the Third Bill which includes related provisions regarding Council-controlled organisations. These are available on request.