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## Governing Body Workshop

# MINUTES

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Minutes of a workshop meeting held in the Meeting Room, Level 26, 135 Albert Street at 1.31pm

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### PRESENT

Deputy Mayor Cr Bill Cashmore (Chair)

Mayor Phil Goff

Cr Cathy Casey From 1.34pm, until 4.28pm

Cr Efeso Collins

Cr Ross Clow From 1.44pm

Cr Linda Cooper Until 4.14pm

Cr Chris Darby Until 4.31pm

Cr Alf Filipaina From 1.34pm

Cr Christine Fletcher From 1.51pm, until 4.05pm

Cr Richard Hills

Cr Penny Hulse Until 4.31pm

Cr Denise Lee Until 3.57pm

Cr Mike Lee From 1.47pm, until 3.47pm

Cr Daniel Newman Until 3.58pm

Cr Dick Quax From 1.33pm, until 2.57pm

Cr Greg Sayers From 1.36pm

Cr Desley Simpson

Cr Sharon Stewart

Cr Wayne Walker From 1.34pm

Cr John Watson From 4.16pm

### APOLOGIES

Cr John Walker

### ALSO PRESENT

Shale Chambers

Angela Dalton

Paul Walden

Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.

**Purpose of workshop:**

The workshop seeks governing body feedback on the draft positions of the Governance Framework Review's Political Working Party.

**Apologies**

Apologies from Cr J Walker for absence, Cr J Watson for lateness on council business, were noted.

**Declaration of Interest**

There were no declarations of interest.

**Workshop notes:**

*Linda Taylor, Theresa Stratton and Phil Wilson*

A PowerPoint presentation was given. A copy has been attached to the workshop minutes as a minutes attachment.

*Cr D Quax joined the meeting at 1.33pm.*

*Cr C Casey joined the meeting at 1.34pm.*

*Cr A Filipaina joined the meeting at 1.34pm.*

*Cr W Walker joined the meeting at 1.34pm.*

*Cr G Sayers joined the meeting at 1.36pm.*

*Cr R Clow joined the meeting at 1.44pm.*

*Cr C Fletcher joined the meeting at 1.51pm.*

*Cr M Lee joined the meeting at 1.47pm.*

*Cr P Hulse left the meeting at 2.13pm.*

- Linda Taylor (Governance Framework Review programme manager), Phil Wilson (Governance Director) and Leigh Auton (GFR facilitator) gave an overview of the GFR programme that covered:
  - The high level findings of the independent review
  - The process that the political working party had been following in considering the review and coming to recommendations to the governing body
  - Consultation to date with local boards
- An overall theme of the review is that their needs to be more recognition, support and empowerment of local boards as governors of a discrete set of local services and activities
- Auckland Council's focus (for legitimate reasons) has tended to be on the regional ahead of the local for the first six years e.g. bylaw consolidation, Unitary Plan, Auckland Pla,
- This is not sustainable in the long term and is not consistent with the policy intent of the governance reforms.
- Drivers of Auckland's amalgamation were stronger regional decision making **and** greater community engagement and decision making at the local level.
- It was noted that Auckland Council is now almost seven years old, and now is an appropriate time to consider whether the governance structures are working as intended.

### Political Working Party: Recommendations to date

*Cr R Clow joined the meeting at 1.44pm.*

*Cr C Fletcher joined the meeting at 1.51pm.*

*Cr M Lee joined the meeting at 1.47pm.*

*Cr P Hulse left the meeting at 2.13pm.*

Members were led through a series of issues and draft recommendations of the political working party that appear to have unanimous or near unanimous support from the working party and from local board feedback to date. These were:

- The need for Auckland Council to implement a more rigorous process for regional policy development that better takes into account local boards' role to input into regional decisions. Members generally agreed with this direction.
- Not to implement a mechanism where the governing body can 'call in' a local board decision that will have sub-regional or regional effects, but rather ensure that local boards are explicitly aware of potential regional effects before they make a decision. Governing body members agreed with this position but noted that there should be a reciprocal requirement or protocol for local boards to advise the governing body of potential decisions that may have regional effects, prior to making the decision.
- A pilot for greater decision-making responsibilities and better operational functioning on Waiheke Island. Governing body members discussed that this pilot will likely be an iterative process: a project and evaluation plan have been designed, but it is likely that new issues will be discovered and addressed during the term of the pilot.
- There was agreement that any proposal to change the number of local boards not be considered at this point in time. It was noted that legislation currently in parliament, if passed, would make such reorganisation proposals much simpler. It was also noted that the current LGC process regarding Waiheke and North Rodney needs to be concluded, as that may result in changes.
- The conclusion of the working party is that there is insufficient evidence to support a change to the way that governing body members are elected (by ward or at large) at this point in time. It was agreed that further changes so soon after the amalgamation would further confuse the public and impact on community engagement.

### Auckland Transport and Local Boards

*Cr P Hulse returned to the meeting at 2.21pm.*

*Cr G Sayers left the meeting at 2.28pm.*

*Cr G Sayers returned to the meeting at 2.35pm.*

*Cr M Lee left the meeting at 2.35pm.*

*Cr M Lee returned to the meeting at 2.44pm.*

*Cr A Filipaina left the meeting at 2.46pm.*

*Cr W Walker left the meeting at 2.47pm.*

*Cr A Filipaina returned to the meeting at 2.54pm.*

*Cr C Casey left the meeting at 2.57pm.*

*Cr D Quax retired from the meeting at 2.57pm.*

- Members noted that the fundamentals of CCOs e.g. structure, governance, were out of scope for this project.
- Members discussed the GFR findings that some local boards are frustrated with Auckland Transport decision-making because it doesn't reflect local preferences or aspirations, whilst others are generally happy with what they have achieved working with Auckland Transport. It was noted that local boards also have various levels of satisfaction with Auckland Transport's consultation and engagement with them.

- There was discussion around the issue of delegations, and whether Auckland Transport should delegate some of its decision-making to local boards. There was general consensus that local boards play an important role in placemaking but that this should be achieved through better relationships and engagement between local boards and Auckland Transport, and that delegations are unlikely to be achieved because they would be low level operational decision-making.
- Members discussed the need for existing accountability mechanisms, such as requirements for local board engagement plans, and generally agreed that these need to be used better and more consistently, and their use monitored.
- Members discussed the need for Auckland Transport to keep ward councillors informed of transport projects in their ward areas, on the basis that ward councillors can be powerful advocates for their local area.
- There was also agreement that Auckland Transport needs to be clearer in its communication about the purposes of engagement and consultation: there is no point saying that Auckland Transport is consulting when in reality it has made a decision and is informing people what they are going to do. This has led to distrust of Auckland Transport in the past and is something that needs to be improved.
- Members discussed the local board transport capital fund and the working party's position that this fund should be increased through the long term plan process. There was general agreement that this fund is very useful in helping meet local aspirations. The methods of allocation were discussed, and there was also some agreement that council should consider requiring projects from this fund to be in alignment with the strategic direction of council. This was on the basis that any sizeable part of the Auckland Council family budget needs to meet strategic goals.

#### Finance and Funding Workstream

*Cr W Walker returned to the meeting at 3.03pm.*

*Cr C Casey returned to the meeting at 3.03pm.*

*Cr A Filipaina left the meeting at 3.16pm.*

*Cr E Collins left the meeting at 3.16pm.*

*Cr S Stewart left the meeting at 3.19pm.*

*Cr S Stewart returned to the meeting at 3.25pm.*

*Cr S Stewart left the meeting at 3.28pm.*

*Cr S Stewart returned to the meeting at 3.34pm.*

*Cr M Lee retired from the meeting at 3.47pm.*

*Cr D Lee retired from the meeting at 3.57pm.*

*Cr D Newman retired from the meeting at 3.58pm.*

*Cr C Fletcher retired from the meeting at 4.05pm.*

*Cr L Cooper retired from the meeting at 4.14pm.*

*Cr J Watson entered the meeting at 4.16pm.*

Members were presented with the background and purpose of looking into options for how local boards could have more control over their funding and more local accountability for financial decision making:

- Local services account for approximately 11 per cent of total council costs and approximately 20 per cent of rates revenue
- Local boards are limited in their ability to respond to local preferences because of the current funding model, which limits local decision making to a small proportion of their budgets.
- Local boards are not incentivised to make good financial decisions because they don't receive the benefits of any savings that they may make.

- Members discussed the two options that the working party has considered:
  - An ‘enhanced status quo model’ with greater local board decision-making around, for example, renewals, limited disposals of assets and setting service levels.
  - A ‘local decision-making within parameters’ model, involving greater decision-making powers and including the requirement for local boards to set local rates for their local services.
- There was discussion on the fact that any change of funding model to empower local boards would require local boards to receive high quality advice, and this would likely have resourcing implications. This has been identified as an issue by the project team, and will be quantified in the next steps of the project.
- There was discussion about whether a new model could be piloted somewhere (e.g. on Waiheke or in some rural boards), or whether some local boards could opt in to a local rates model and others not. It was noted that this could create difficulties, for example, running two different financial and organisational support systems, and the imbalancing effect on budgets for local boards. It was noted that some local boards, such as Rodney, are keen to pilot a local rate-based funding model.
- Members discussed where else in the country a devolved funding model had been tried, and heard that Thames-Coromandel District Council used such a model. It was noted that the council had a very high trust rating from its community.
- Members discussed how a new model would balance procurement, particularly the efficiencies that come from regional or large sub-regional procurement, versus the benefits that local procurement brings, such as knowledge of the local area, the benefits to local businesses, potentially lower costs for small jobs etc.
- Members discussed that they were open to some sort of ‘hybrid’ of the two models: a bulk funded version of local decision-making that did not involve local rates.

#### Reserves Act 1077 delegations

*Cr A Filipaina returned to the meeting at 4.23pm.*

*Cr E Collins returned to the meeting at 4.25pm.*

- Members discussed the working party’s current position that local boards should be delegated powers for declaration, classification and reclassification, and revocation of reserve status (only for the purposes of bringing land under the Local Government Act management regime) for local reserves.
- This recommendation is on the grounds that there currently the allocation of decision making is inconsistent: local boards have decision-making over local parks managed under the Local Government Act, but not the Reserves Act. This is purely because the Reserves Act decisions are considered to be regulatory, and by default the responsibility of the governing body.
- The working party currently has a difference of opinion over whether reserve exchanges, which involve both acquisitions and disposals of reserve land should remain with the governing body, as is the case for all acquisitions and disposal, and is waiting to hear the opinions of local boards.
- Governing body members generally agreed with the positions of the working party that decision-making over local reserves should be delegated to local boards due to the principle of subsidiarity. There was also general agreement that exchanges should remain the responsibility of the governing body.

- Members discussed the issue of reserve land currently being alienated through the use of maximum lease periods of up to thirty years, and that council does not have a policy position on leasing periods. This can result in perverse outcomes. It was agreed that further work should be done to consider this issue.

#### Naming Conventions for Elected Members

*Cr C Casey retired from the meeting at 4.28pm.*

- Members discussed the GFR findings that council's naming conventions (which involve governing body members being referred to as 'councillors' and local board members as 'local board members') should be changed, or reconfirmed, on the basis that:
  - the terminology can cause public confusion
  - there is little public awareness of the existence or role of local boards.
- There was general agreement that the status quo naming conventions should be kept.
- It was noted that the working party had not reached a position and was waiting for formal feedback from local boards before forming a view. This issue will be revisited at the next workshop.

#### Future of Political Working Party

*Cr P Hulse retired from the meeting at 4.31pm.*

*Cr C Darby retired from the meeting at 4.31pm.*

- The political working party has its final meeting on 6 September and then ceases to exist. It has been raised during the project that an ongoing joint working party of governing body and local board members could provide a useful forum to work on governance issues that impact on both arms of the Auckland Council.
- It was noted that if this was to proceed, that new Terms of Reference, an appointment process, secretariat support and a work programme would need to be agreed.
- It was agreed to look at the options in more detail at the 13 September workshop.

#### Next Steps

- It was noted that a further workshop was scheduled with the governing body on 13 September. This is ahead of final decision making on 28 September. At this point the political working party will have agreed its final recommendations (on 6 September) and formal feedback will have been received from all local boards.
- The Chair thanked the working party and staff for the work on the project to date.

The workshop closed at 4.36pm.

# Governance Framework Review: political working party findings

Governing Body workshop

17 August 2017

Governance Framework Review

# Overview

- Governance Framework Review (GFR) was commissioned to consider whether implementation of the 2010 reforms was working optimally for Auckland
- Undertaken by independent consultant – wide engagement with elected representatives
- Consultant's report received by governing body December 2016 after circulation of draft to elected members
- Political Working Party (PWP) formed to consider and determine final recommendations
- Draft recommendations currently going to local board business meetings for feedback

# Overview

- Thirty six recommendations coming out of the review – organised under four work streams (Attachment B)
- Options developed in response, assessed against criteria and presented to the working party for consideration
- The political working party has reached agreement on a range of recommendations
- Some issues are still under consideration
- Final report with recommendations to the governing body for decisions in September

# High level findings

- Overall theme - need more recognition, support and empowerment of local boards as governors of a discrete set of local services and activities
- Our focus has tended to be on the regional ahead of the local for the first six years
- This is not sustainable in the long term and is not consistent with the policy intent of the governance reforms.
- Drivers of Auckland's amalgamation were stronger regional decision making **and** greater community engagement and decision making at the local level.

# Political working party: recommendations to date

Governance Framework Review

# Regional policy development (p6)

## Findings:

- No agreed framework for regional policy development process
- Timing of regional decision-making not well-planned and boards don't have visibility of regional work programme
- Considerable time and resource commitments required to seek local board input
- Variable quality advice to local boards on regional issues; limited advice to governing body on local views

## Recommendation

- **Agrees** to the development of a an improved regional policy development process that provides for stronger, earlier and more purposeful engagement with local boards

# Potential “call in right” (p8)

## Findings:

- Limited incentives for local boards to consider assets in a regional context
- Can lead to conflict between local and regional decision-making
- Not a frequent issue, but could become more frequent as pressure on land/resources grows
- Potentially serious implications when it does occur

## Recommendation

- **Agrees** that, while a formal call in right for the governing body over local board decisions is not appropriate or necessary, that local boards be provided with explicit regional impact advice when making decisions that have an impact beyond their local board area

# Waiheke pilot project (p15)

## Findings:

- Waiheke identified in governance framework review as potential pilot area for more devolved activities
- Less connection to networks e.g. stormwater, public transport, roading, community facilities
- Local board arguing for greater subsidiarity on the basis of “unique needs” of the island
- Pilot will use principles-based design and case study methodology

## Recommendation:

- **Agrees** to support a three year pilot project of enhanced local board decision making in Waiheke

# Number of local boards (p19)

## Findings:

- GFR recommended investigating changing the number of local boards.
- Rationale is that 21 local boards creates too much complexity; model is difficult to service and inefficient.
- We looked at 14 boards, 9 boards, and an increase to unspecified number
- Context: legislation in parliament, GFR underway, LGC considering Rodney and Waiheke proposals

## Recommendation:

- **Agrees** that any consideration of changes to the number of local boards be deferred at least until the conclusion of the GFR, the conclusion of the LGC's work on North Rodney and Waiheke and the outcome of the Local Government Act Amendment Bill No 2

# Electoral model for governing body (p21)

## Findings:

- Governing body members elected by ward to make regional decisions
- Perception of confusion between governing body and local board roles
- Various options considered – all elected at large, larger wards, mix of at large and wards, status quo

## Recommendation:

- **Agree** that change from current ward model and voting system for electing governing body members is not warranted
- **Agree** that council should continue to advocate for legislative change

# Auckland Transport and local boards (pp 11 – 14)

Governance Framework Review

# Background

- CCO fundamentals were out of scope, but did look at impacts of Auckland Transport on local boards' role in place-shaping
- GFR report found that Auckland Transport's jurisdiction over the road corridor has an impact on the local board role
- Local boards are frustrated with decision-making not reflecting local preferences
- Local boards' experience with Auckland Transport is variable
- Mixed views on quality and authenticity of AT consultation with local boards

# Other issues

- Mixed views on whether increased delegations would help – issues with transaction costs, operational nature, inconsistency with policy intent of legislation
- The Transport Capital Fund is valued, but view is that an increase would allow more meaningful projects
- Process for advice to boards on best use of TCF is limited – more advice on options required
- CCO accountability mechanisms to ensure local board engagement have not been well used or monitored
- Review of CCO accountability mechanisms is ongoing – looking at use of s92 provisions

# Hierarchy of transport decision making

Governance

Tool	Example	Decision-maker
S 92 directive from GB	Consistency with strategies and plans, including LB plans	Governing Body
LoE, SOI , accountability policy	Local board engagement plans	Governing Body and AT
Setting operating rules	Roads and Streets Framework, Design Guidelines	AT Board, in consultation with boards
Operational decisions	Operational matters e.g. street furniture, traffic calming	AT Management (potentially local boards)
Delivery	Renewals, repairs, capex delivery	AT Management / Contractors

Operations

# Working party position

## **Engagement & accountability for expectations**

- Direct AT to carry out better, earlier and more consistent engagement (in line with accountability mechanisms & recent SOI)
- Local board engagement plans to be used for strategic engagement
- Consistent monitoring of AT performance on local board engagement
- Support for delegations – asked for further information for 6 September
- Interested in use of s92 provisions – consistency with local board plans

## **Transport Capital Fund**

- Significant increase in TCF – determine preferred quantum and allocation through LTP

# Finance and Funding workstream (pp16-21)

Governance Framework Review

# Background

- Allocated activities to local boards – expectation of decision making on priorities and levels of service
- Costs of these services approx 11% of total council costs, 20% of rates
- Current funding policy :
  - Total amount of funding - governing body decision
  - LDI opex – formula for distribution – local discretion (mostly)
  - ABS opex – allocated based on historical levels of service – uneven and little discretion
  - Major new capex and renewals – governing body allocated
  - Local board capex fund – based on formula – local discretion

## Recap of the problem

- Governing body makes decisions on funding of local activities which impacts on decision making of local boards
- Local boards unable to change levels of service and priorities
  - funding policy sets implied service levels
- Historic uneven funding creates inequities between boards
- Local boards are not incentivised to make prudent financial decisions
- Local boards have limited influence over procurement processes for their local assets and activities

## Option One – Enhanced Status Quo

- General rates funded
- Existing approach to new capex
- Current disposals policy plus possibility of final decision
- Options for additional decision making for renewals
- Operational service levels primarily governing body; limited additional flexibility for local boards
- Procurement – Project 17 ++
- Funding – local boards can top up via LDI or targeted rates

## Option Two – Local with Parameters

- Mix of general and local rates
- Existing approach to new capex
- Current disposals policy plus possibility of final decision
- Options for additional decision making for renewals
- Operational service levels set by local boards (parameters around consultation on services with wider impact)
- Local boards procure (efficiency parameters)
- Potential for additional fees or targeted rates

# Local Rates – illustrated (indicative only)

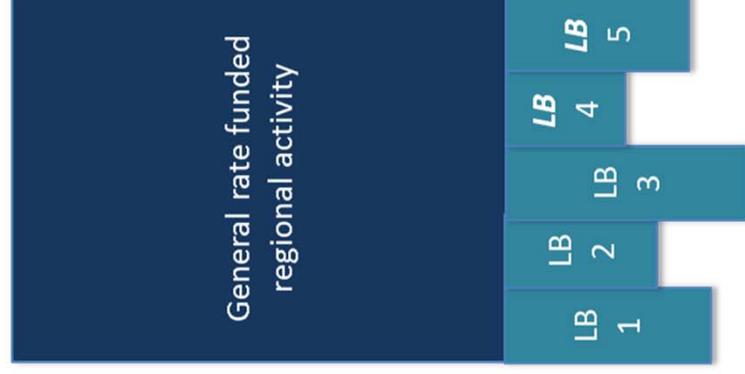
Current – all general rate funded



Total average general rate \$2500

Local activities funded from

local rate



Average general rate \$2000

Local Rate \$ variable

## Rating models (Attachment E)

- Indicative models prepared based on 2015-16 actual direct costs and current property values
- Values will change later this year; further modelling required after this.
- Modelling includes two mitigation options; more possible models post revaluation

# Key issues for consideration from detailed work

1. Legal context
  - Local boards’ role in reflecting preferences of community in local activities
  - Local boards being responsible and democratically accountable
  - Allocation table reflects, funding policy doesn’t
2. Organisational efficiency vs local decision making
  - Considerable staff support required for local decision making
  - Procurement and efficiency gains may be lost
  - Policy intent of legislation

# Key issues for consideration from detailed work

3. Regional standards vs local preferences
  - Regional standards – less decision making for local boards
  - Local preferences- more decision making/more accountability
4. Legacy funding base
  - Different numbers of assets/ different modes of delivery/ different service levels
  - If general rates
    - Top – up to same levels of service – could be expensive
    - Reallocation – reduced services for some boards
  - If local rates – problem addressed locally
5. Local assets as a network
  - Local decisions could have wider impacts
  - Propose wider consultation where necessary (LBs, GB, public)

# Key issues for consideration from detailed work

- 6. Funding
  - a) General rates
    - Governing body decisions drive levels of service
    - Historical funding issues harder to address
    - All ratepayers pay the same (on property value)
  - b) Local rates
    - Will reflect level of service in area
    - Boards control priorities, service levels, budgets and rates
    - Impact on communities least able to afford it
  - c) Mitigation
    - Two options modelled (many more possible)
    - Also phasing approach

# Key issues for consideration from detailed work

6. Funding (cont)
  - d) Fees and Charges
    - New fees (for local activities) could be introduced
7. Data and Policy gaps
  - Considerable work before implementation

# Options for moving forward

1. Status quo – no change
2. Enhanced status quo – plus further work
3. Local decision making within parameters – consult in LTP and then pre-implementation work (earliest implementation 2019/20)
4. Consult on both options in LTP and then decide (earliest implementation 2019/20)
5. Agree in principle to local rates – subject to further work – consult with 2019/20 AP (earliest implementation 2020/21)

## Political Working Party direction

- Not confirmed yet
- Will agree final recommendations at 6 September working party meeting
- Indication:
  - Lock in enhanced status quo
  - Have requested staff to look for further enhancements
  - Continue to explore local decision making/local rates

# Reserves Act 1977 delegations

Governance Framework Review

# Context

- Parks are managed under the LGA or the Reserves Act 1977 provisions
- Reserves Act decisions are delegated by the Minister to Auckland Council generally
- Decision-making allocation provides governance over use / operation of parks and open space to local boards
- Many Reserves Act decisions are deemed to be regulatory & therefore default to governing body
- Decision making principles are not consistent

# Political working party views

- The following decisions should be made at the local level:
  - Declaration of a new reserve
  - Classification and reclassification of reserves
  - Revocation of reserve status (but only to manage under LGA)
- Officer advice is that reserve exchanges should stay with governing body, as they are a simultaneous acquisition and disposal
- Seek local board views on reserve exchanges before taking a position
- The statutory delegation test (LGA) will need to be met – this will be presented in September for governing body decision
- Minister’s supervisory powers (process check) to stay with staff

# Naming conventions for elected members

Governance Framework Review

# Naming conventions (p 24)

## Findings:

- Role of local boards still not well understood in communities
- Wording in legislation is not clear – no legal impediment
- GFR recommended that council should consider new conventions, or confirm existing conventions

## Working party views:

- Has not agreed recommendation pending formal feedback from local board (and this workshop)
- Consistency is across all elected members is important as is community understanding of roles

# Options for titles

	Governing body title	Local board title
Option 1: Status quo	Councillor	Local Board Member
Option 2: All elected members are 'councillors'	Regional Councillor Auckland Councillor Ward Councillor Governing Body Councillor	Local Councillor Local Board Councillor
Option 3: All elected members are 'members'	Governing Body Member Regional Council Member	Local Board Member Local Council Member

# Future of the political working party

Governance Framework Review

# Future of the working party (p25)

## Issues:

- Working party set up to oversee governance framework review, which is now complete
- Proposal considered for ongoing joint working party to consider governance matter relevant to local boards and governing body
- Would need a fresh mandate and new Terms of Reference

## Options:

- Political working party ends and future decisions referred to the governing body; or
- Propose that a new joint working party be established with broader governance mandate

# Next steps

Governance Framework Review

## Next steps

- Local boards considering recommendations at August business meetings
- Political working party meets on 6 September to make its final recommendations
- Will be informed by governing body and local board feedback to date
- Additions workshop with governing body on 13 September
- Governing body makes final decisions on 28 September
- Implementation from 1 October onwards