



Local Government
Commission
Mana Kāwanatanga ā Rohe



Enhancing local government for Aucklanders

Recommendations to Auckland Council

March 2018

Foreword

Tēnā koutou

In 2015 the Local Government Commission agreed to assess an application for local government reorganisation from the Northern Action Group in North Rodney. An application from Our Waiheke, based on Waiheke Island, followed. Both sought unitary councils separate from Auckland Council for their respective areas.

During the reorganisation process that followed, the Commission heard from different sectors of the community. Many spoke of the benefits that came with being part of a large organisation, and the ability for Council to take a region-wide view. However, others were concerned that the “local” is being lost from local government.

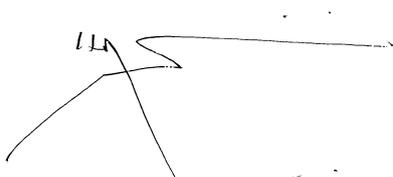
While the Commission determined through the reorganisation process that the status quo was the preferred option for local government in Auckland, this does not mean the Council’s operations and services are optimally aligned for all its diverse communities. The Auckland region has been through a period of major change with the amalgamation of eight councils in 2010. Auckland Council is now in its third term. It is shifting from a phase of consolidation into one of improving services and responsiveness. While the local government structure itself is appropriate, challenges remain. Now is an opportune time to consider how best to meet these challenges.

Armed with the information and feedback received during the reorganisation process we are in a good position to reflect on what can be done to make local government work better for the residents, businesses and communities of Auckland, and in particular in Auckland’s outer areas.

The success of local government in Auckland relies on goodwill, good relationships and people working together. We hope that the recommendations in this report will go some way to strengthening those relationships.

On behalf of the Commission, I would like to thank all those that participated in the reorganisation process. We now ask the Auckland Mayor, councillors and local board members to consider the Commission’s recommendations with a view to making local government work better for all Aucklanders. We look forward to receiving the Council’s response in due course.

Nāku noa

A handwritten signature in black ink, appearing to be 'Wira Gardiner', written over a faint, light-colored background.

Sir Wira Gardiner

Chair, Local Government Commission

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Recommendations

Recommendations to Auckland Council

As per Section 31(1) of the Local Government Act 2002, the Local Government Commission recommends that Auckland Council:

1. note that good relationships are key to Auckland's success and rely on all parties understanding how and where they fit into the local government system, mutual respect and clear communication on all sides;
2. continue the work done so far on the Governance Framework Review, and
 - 2.1. further explore ways to balance regional and local needs without losing the benefits of being part of a large organisation. This could include:
 - 2.1.1. keeping delegations and/or allocations of functions to local boards under active review; and
 - 2.1.2. considering where people benefit from service delivery standardisation and where service delivery could be tailored to different areas;
 - 2.2. consider whether to roll out the Waiheke pilot (or aspects of it) elsewhere before the pilot is complete, if it is achieving the desired results;
3. note there is a widespread lack of understanding of council governance arrangements, in particular the role and responsibilities of the governing body and local boards;
4. take steps to improve understanding of the council governance arrangements among the public, council and council-controlled organisation staff, and elected members;
5. continue to monitor the effectiveness of the relationships between council-controlled organisations, local boards and the public, and provide direction to council-controlled organisations where they are not meeting expectations;
6. take steps to build public understanding of the wide range of functions the Council undertakes (including regional council functions);
7. tailor communications for different local areas, in particular highlighting the work the Council is doing and where rates are being spent locally;
8. consider whether the current funding allocation method for locally-driven initiatives, on a largely per-capita basis, is the best way to meet the different needs of local areas;
9. consider ways to deal with different service levels across the region due to decisions of legacy councils; for example, an increase to the road sealing budget in Rodney;
10. continue to look for ways to improve service delivery for customers and communicate those improvements to the public;
11. explore the possibility of the Rodney local board office being physically located in the Rodney Local Board area;
12. with all relevant parties, including the Waiheke Local Board and council-controlled organisations, work towards a solution at Mātiatia on Waiheke Island; and

The Commission requests Auckland Council provide a written response to these recommendations by 22 June 2018 and a progress update by 1 November 2018.

Recommendations to the Minister of Local Government

The Commission recommends that the Minister of Local Government:

1. notes these recommendations to Auckland Council and the timeline for its response and progress update; and
2. considers whether amendments to the Local Government (Auckland Council) Act 2009 and Local Electoral Act 2001 are required to give Auckland Council greater control and flexibility over its representation arrangements.

Context

Creation of Auckland Council

In November 2010, the Auckland Council was established through the amalgamation of one regional council and seven territorial authorities.¹

This followed the completion of the Royal Commission on Auckland Governance in 2009. The Royal Commission had been established by the Government in October 2007 to “respond to growing concerns about the workability of local government arrangements in Auckland.”²

Applications from community groups for de-amalgamation

In 2013, the Commission received a reorganisation application from the Northern Action Group proposing the constitution of a North Rodney Unitary Authority separate from Auckland Council.

In 2015, the Commission agreed to assess the application following the submission of further information to the Commission by the Northern Action Group (following a High Court process).

In 2015, the Commission also received a reorganisation application from Our Waiheke. This application proposed a unitary authority for Waiheke Island, separate from Auckland Council. The Commission determined to treat the Waiheke application as an alternative application within the reorganisation process initiated by the Northern Action Group’s application.

In early 2016 the Commission invited alternative applications as required by the Local Government Act 2002 (the LGA). The Commission received 39 in total.

The Commission undertook a public engagement programme in late 2016. The purpose of the engagement was to hear from the Auckland community, particularly residents and/or ratepayers of Rodney and Waiheke Island about Auckland local government arrangements.

In November 2017, the Commission determined its preferred option for local government in Auckland was the status quo, having analysed various options against the legislative criteria set out in the LGA.

¹ The Auckland Council replaced the Auckland Regional Council, Rodney District Council, North Shore City Council, Waitakere City Council, Auckland City Council, Manukau City Council, Papakura District Council, and Franklin District Council.

² Royal Commission on Auckland Governance, *Volume 1 Report*, 2009.

Recommendations for Auckland Council's response

During the reorganisation process the Commission heard from many sectors of the Auckland community about what they want from their local government, what they think is working well under the current structure and what could be improved, including under alternative arrangements. The reorganisation investigation is confined to specific structural options, and is not a general review of Auckland Council's performance. Therefore much of what we heard was out of scope of that process.

However, Section 31(1) of the Local Government Act 2002 enables the Commission to consider, report on, and make recommendations to the Minister and any relevant local authority on matters relating to a local authority or local government considered appropriate by the Commission.

The following sections of this report detail some of the key issues we heard during the Auckland reorganisation process and the Commission's recommended actions for Auckland Council. The recommendations are not binding but the legislation states that a local authority that receives such a report or recommendation must consider and respond by a date specified by the Commission. The Minister of Local Government is not required to respond to the recommendations.

Good relationships are key to Auckland's success

In concluding the recent Auckland reorganisation process, the Commission determined the current structure of local government arrangements in Auckland was the preferred option for local government in the region. However, this does not mean the Council is operating as effectively as it could. The following sections of this report highlight areas where we think improvements can be made.

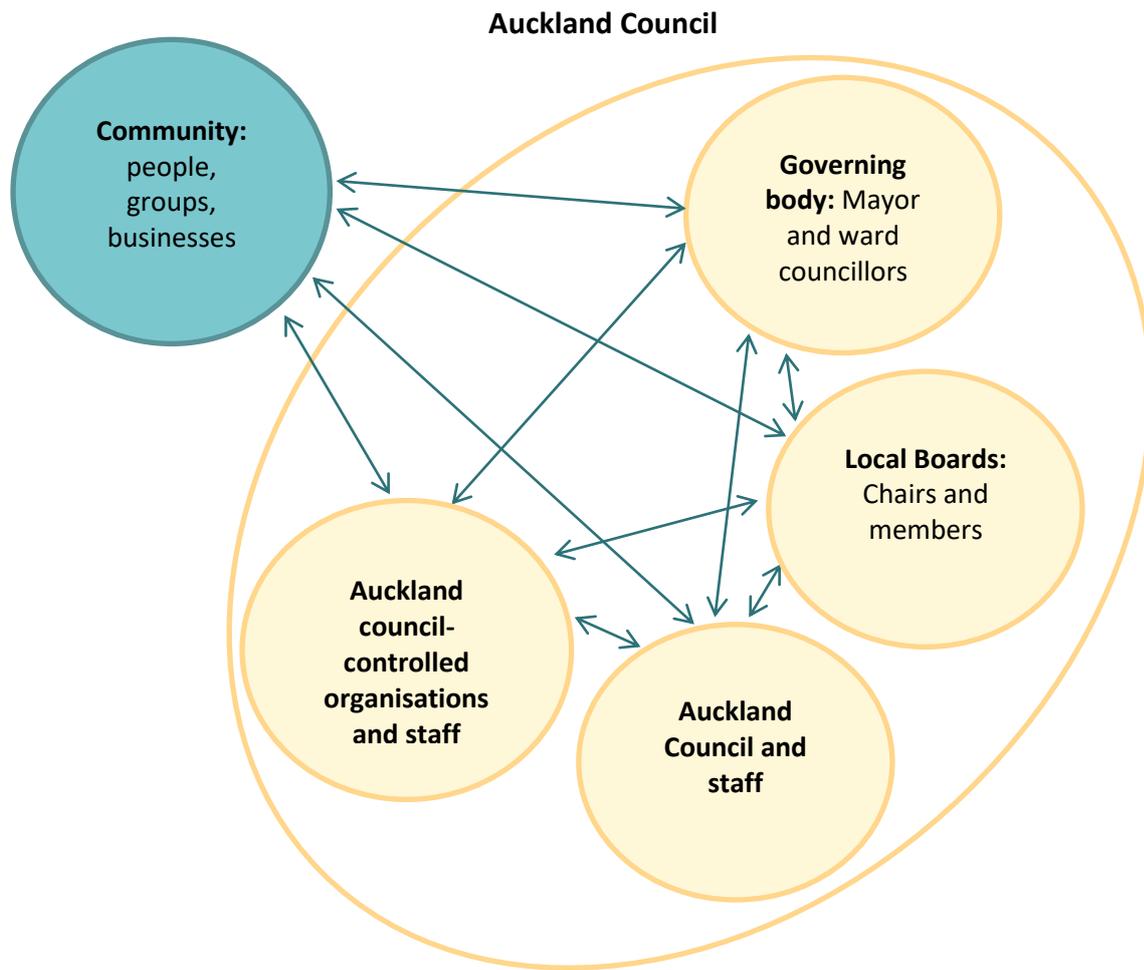
While improvements can be made to systems and processes within the Auckland Council structure, the overall success of Auckland will rely heavily on good relationships. Some of the most important relationships are between the community and Auckland Council, between the Council and its council-controlled organisations, and between elected members (on both the Governing Body and Local Boards) and Council staff. Many of the things we discuss in this report should help develop and strengthen those relationships.

Good relationships in the local government context rely on:

- all parties understanding how and where they fit in the system;
- mutual respect;
- clear communication; and
- everyone taking responsibility for fostering those relationships.

The following page contains a diagram showing the numerous relationships that the Auckland local government system relies on.

Figure 1: Key relationships in the Auckland local government context



Making the governance arrangements work effectively

Auckland Council has now been in place for more than seven years. However, there appears to be a lack of understanding about the Auckland Council governance arrangements (made up of a governing body and 21 local boards).³ There is a particular need for clarity around the different roles and responsibilities of the governing body and local boards.

The lack of understanding is widespread throughout the general public, council staff, council-controlled organisations, and elected members. Some examples of how this manifests itself are:

- local board members feeling as though they are treated as stakeholders rather than governors; and
- members of the public going to the local board for answers or help when it is a matter for the governing body (and vice versa).

³ The governing body consists of the mayor (elected by all Auckland voters) and 20 governing body members (elected by voters from the ward they represent). The governing body focuses on the big picture and on region-wide strategic decisions. The local boards consist of between five and nine members, which are elected by voters from the area they represent. Local boards represent the communities in their area and make decisions on local issues, activities and facilities.

These misunderstandings can and will continue to result in:

- Public dissatisfaction (e.g. when local board members don't have the power to address something the community expects them to)
- Disempowerment and disillusionment (e.g. for the public in its elected members, and for local board members if their views are not given appropriate weighting and they cannot make meaningful decisions)
- Poor process (e.g. consulting local boards too late in a process)
- Insufficient consultation
- Insufficient governance support for local board members

We heard mixed views about whether the overall level of delegations or allocations to local boards is consistent with their statutory role. We suggest Auckland Council keeps this under active review as the Governance Framework Review is implemented and be open to treating different parts of the region according to their specific needs and circumstances.⁴

Following amalgamation and consolidation, the Council is now transitioning into a phase where the focus is on lifting the quality of services and dealing with Auckland's rapid growth. At this stage it makes sense for the Council to review and make changes to optimise governance arrangements. It is doing so through the Governance Framework Review. We support the Council's work in this area and are mindful that many of the measures will take time to implement.

We heard some complaints that since the amalgamation Auckland Council has moved towards standardisation of services across the region. Many people were concerned that the Council has moved too far towards regionalisation and as a result a degree of the "local" service has been lost. This could be a symptom of the need to first regionalise and combine the services of eight former councils. However, now the Council is more embedded, Council should consider where the one-size-fits-all model works and where more flexibility could be introduced to represent different areas and different needs. This is likely to be easier for those areas where service delivery and decision-making is not as heavily networked with neighbouring areas. For example, more localised procurement in isolated rural areas could be considered if that would be more effective – including cost-effective – than a metropolitan wide approach. Increasing delegations to local boards in those circumstances could also be considered. The Governance Framework Review is also an important step towards balancing regional and local needs in the governance structure, without losing the benefits of being part of a larger organisation.

An effective Auckland Council is not just dependent on the relationship between the governing body and local boards. A successful Auckland Council also depends on good relationships between the local boards and council-controlled organisations. All parties having a clearer understanding of the role of the local board and local boards exercising their leadership in collaborative ways may help to address local issues. This could assist in situations like that at Mātiatia on Waiheke Island where fragmented governance and management of the area has led to delays over how to develop and manage the space.

⁴ The Governance Framework Review is a process for Auckland Council to reflect on the years since the 2010 amalgamation and considers whether the model is working optimally to meet the aims of the 2010 reforms. <https://ourauckland.aucklandcouncil.govt.nz/media/9572/auckland-council-governance-review-released.pdf>

We are aware that the Waiheke Pilot, part of the Governance Framework Review, will trial some extended decision-making delegations or allocations to the Waiheke Local Board. As the pilot progresses we encourage Auckland Council to consider whether the pilot, or aspects of it, could be rolled out to other areas where appropriate.

Transparency through improved communication

Throughout the reorganisation process we heard a range of issues related to a lack of, or poorly targeted, communication within and from Auckland Council and its council-controlled organisations.

Issues arising from sub-optimal communications are:

- A lack of understanding of the wide range of functions and services the Auckland Council provides, including the environmental and maritime planning and regulatory functions delivered by regional councils in other parts of the country
- Residents are unclear about what the Council and Local Board are doing in their area and what local projects their rates are funding
- Communications are often generalised and not targeted or specific to local areas making them less meaningful or inappropriate in some cases

Auckland Council should give more consideration to what and how it communicates with its residents and ratepayers. More visibility about what Council is doing, where resources are being allocated, and tailoring its messaging to be meaningful to different areas will improve the relationship between the organisation and the people it is there to serve.

Putting customers at the centre

During the Auckland reorganisation process we heard from many people about the difficulty in interacting directly with Auckland Council and some of its council-controlled organisations. For example, people did not know who to contact with their questions or concerns or they felt ignored by Council when they received no response regarding their enquiry or complaint.

These issues were not limited to external customers (e.g. residents and businesses). They were also experienced by internal “customers” (e.g. elected representatives).

Processes designed with the customer at the centre will mean customers can interact with Council more easily and have a positive experience. We understand the Council has already improved some services in this way and continues to make improvements. The *Auckland Council Performance Plan 2017-2019* has ‘Customer-friendly services’ as one of four focus areas. Some improvements have come as a result of customer feedback.⁵ Council should continue to look for ways to improve services and communicate those improvements to the public (especially if they occurred as a result of customer feedback). This will provide confidence to the public that the Council is responsive and always looking for ways to improve how it serves its customers.

⁵ Office of the Auditor-General. *Auckland Council: How it deals with complaints* pp 31-31.

Another issue that we heard many times was that often services were designed for those living in urban areas with little consideration given to how that service would be delivered in other circumstances (e.g. to those living in rural areas). Wherever possible, a range of customers should be considered when designing processes for the public (e.g. rural customers, those with limited internet access, those with disabilities, those with English as a second language etc.)

An example of a situation where the Council could put the customer first is the Rodney Local Board office. At present and as a result of legacy arrangements, the Rodney Local Board office is situated outside of the Rodney Local Board area. However, having a Rodney Local Board office physically located in the Rodney Local Board area will make the local board more visible and accessible to many of the residents it represents.

In an effort to make local boards more accessible and visible to the residents they serve Auckland Council could enable local boards in larger areas, like Rodney, to hold meetings in different places throughout the local board area.

Continually reviewing and making improvements to the way Auckland Council and its council-controlled organisations respond and interact with their customers will strengthen the relationship between the organisation and the people it is there to serve. This approach could result in both short and long-term improvements. However, it should also be considered as part of a wider culture change centred on good customer service.

More nuanced funding allocation methods

We heard during the reorganisation process that there is a sense that the majority of Auckland Council spending is focused in the more densely populated urban areas while the outer areas struggled to advocate for basic levels of service or adequate infrastructure.

A key determinant of how Auckland Council allocates money for some types of activities to each local board is the population of a local board area. For example, Auckland Council allocates funding to local boards, for locally driven initiatives, using a formula that is heavily weighted towards population (90 per cent) compared to deprivation (5 per cent) and land area (5 per cent).⁶ While this method may be appropriate in most cases, a heavy weighting for population over other factors means physically smaller but densely populated urban local board areas will receive more money than larger local board areas on the periphery or key tourism locations. Over time, and especially for activities with a strong spatial element, this may result in disparities in service provision.

We recommend the Council, and its council-controlled organisations, consider whether its funding allocation methods have the right weightings or if they need more sophistication. Other important considerations should not be overlooked, for example local needs, seasonal population variation and the use of infrastructure by tourists.

⁶ Auckland Council, *Local Boards Funding Policy*, 2015.

Addressing legacy inequalities

It is apparent that there are still some disparities in services and local assets that reflect the different levels of investment in different activities made by the pre-amalgamation councils (for example, the much lower level of road sealing undertaken by the former Rodney District Council compared to others such as the Franklin District Council). As a result, if ongoing funding is now allocated evenly over Auckland, these historical disparities will remain embedded.

Auckland Council should consider whether to dedicate some council funds to addressing historical disparities in assets and services. For example, prioritising an increase in the funding allocated to Rodney for road sealing would address historical under-investment in the area regarding transport services.

Auckland's representation arrangements

Auckland Council has to operate under representation provisions set by legislation. Auckland's representation arrangements are, in part, covered by the Local Government (Auckland Council) Act 2009 and Local Government Act 2002, rather than solely the Local Electoral Act 2001. This means that the Council has far less discretion than any other council in New Zealand to alter its representation arrangements. It also means that there are two separate processes to change aspects of its representation arrangements.

Key issues with the current legislation are:

- The Council must consider changes to its ward boundaries through the normal representation review process set out in the Local Electoral Act 2001. But if the Council wishes to change the boundaries or number of its local boards, it must apply to the Commission for a formal local government reorganisation using the multi-stage statutory process that is used for investigating council amalgamations (Schedule 3 of the Local Government Act 2002). In contrast, other councils may alter community board boundaries as part of a representation review (although any other councils with local boards would also need to change those through the reorganisation process).
- The membership of the Auckland Council governing body is fixed by the Local Government (Auckland Council) Act 2009 at 20 members plus the Mayor. A change to the legislation would be required to alter the number of members on the governing body. All other councils can change councillor numbers through the representation review process, subject to rules on maximum and minimum number of councillors, with a public right of appeal to the Commission.

It was appropriate that the local government arrangements were locked down for the initial terms of the new Auckland Council, to avoid tinkering before the model had a chance to bed in. However, now that Auckland Council is in its third term, the lack of flexibility creates a growing risk.

The key risks are:

- Auckland Council cannot respond as easily as other councils to patterns of growth and changes to communities of interest.

- Changing representation arrangements (ward and local board boundaries) through two separate processes that use two different sets of criteria may result in two different outcomes.
- Local board boundary changes require a full reorganisation process, which is intensive for both Auckland Council and the Local Government Commission. This could result in ward and local board boundaries getting out of alignment – conceptually this need not be a problem, given the different roles of local boards and ward councillors on the governing body, but it can create community confusion and administration challenges. Different ward and local board boundaries would increase the cost and complexity of electoral processes.
- We consider that the reorganisation process includes a number of steps not necessary for local board boundary alterations, and which would add significantly to the length of the process. These include the establishment of a transition body, the development of a reorganisation scheme in consultation with the transition body and an Order in Council to implement the scheme.

The Commission's view is that changes to local boards should be dealt with as part of the representation review process. With Auckland Council now in its third term, it is timely for it to have the same control over its representation requirements as any other council in New Zealand. The Commission would retain its role in a representation review: making the final determination following any appeals or objections to a Council's proposal. This would ensure decisions were made closer to the affected communities, the Council would have the ability to keep ward and local boundaries better aligned if it wished (which assists public understanding of the governance and representation system), and result in a simpler more integrated process.

It is also important for good local government that the legislative framework does not hamper Auckland Council's ability to effectively implement the changes it is proposing to the relationship between the governing body and the local boards as a result of its Governance Framework Review.

Conclusion

Much of what the Commission has observed in Auckland can be attributed to natural growing pains from the transition out of the biggest and most complex local government reorganisation in New Zealand's history, and implementation of a governance model (with a governing body and local boards) that is markedly different from the system that preceded it. In our engagement, we heard about many of the benefits of those changes, such as access to world-class library facilities and the greater ease of doing business without multiple sets of rules to comply with.

Auckland is large, fast-growing, super-diverse, and comprises many different types of communities. The Auckland governance arrangements should allow for progress at a regional level to support population and economic growth while also meeting the needs of Auckland's many local communities. Time and funding constraints will always result in some tension between the two. However, given Auckland Council is now into its third term it is the right time for the Council to make sure that the balance is right and, if not, find ways to move towards an appropriate equilibrium. In doing so, the benefits of the creation of Auckland Council should not be underestimated or lost.

Many of the services Auckland Council and its council-controlled organisations provide are networked (not just roads and water, but things like libraries) and require centralised service delivery, strategies and/or decisions to ensure efficiency and fairness. Some of Auckland's areas are not so heavily networked for some or all of the services provided, and Auckland Council could consider whether peripheral areas can be managed differently. Local Boards in the peripheral areas could exercise more autonomy without losing the benefits of standardisation. Auckland Council should consider how the principles set out in the Local Government (Auckland Council) Act 2009 play out for the particular circumstances of each Local Board area.

The Commission welcomes the initiative Auckland Council has taken in commissioning the Governance Framework Review, and considers it important to the city's future that this review be well implemented and refined over time.

The Commission also commends the Council's work to date to improve service delivery. This should be an ongoing process to make it easier for customers to access and connect with Council for the betterment of the whole region.

While we have heard many complaints and concerns about the Auckland Council there is also much to be commended. Auckland Council should make sure it communicates its progress and achievements. This would enable the public to see all that is being done, particularly in their local area or as a result of their feedback.

The Commission hopes the recommendations contained in this report will support the development and strengthening of relationships in Auckland so that the region can thrive. We look forward to the Council's response in June and progress update in November.

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