

# Wellington Super City: Lessons from Auckland

# The Issues and Options – Lessons from Local and International Experience

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## What this Presentation will do

- Set the Auckland context
- Outline what Auckland needed and what it is getting.
- Discuss pessimistic and optimistic scenarios for the Auckland Council.
- Look at current influences on local governance.
- Discuss the implications for the Wellington region

# The Auckland Context

- The Auckland region will face enormous change.
- Local trends, including high population growth.
- Auckland has to compete in a global marketplace to sell its goods and services and to attract the talented people it requires.

# The Terms of Reference Vision

- “Auckland requires local and regional governance equal to the best in the world and capable of working effectively with central government to ensure Auckland is a successful, sustainable city in the Asia-Pacific region and is recognised as such.”
- Multifaceted and aspirational based on partnership working with government.

# What Auckland Needed

- Clear and strong decision-making and implementation capability at the regional level (compare London's strong executive Mayor with the ward-based Council decision-making weaknesses of Toronto and Ottawa).
- Separation between regional and local governance to avoid cluttering the regional decision-making.
- Clarity of roles and effective collaboration between the Auckland Council and central government

# What Auckland is Getting

- An untested governance model – Auckland’s proposed local boards with their unique combination of decision-making power and dependence on the Auckland Council have no parallel internationally.
- Significant political and transition risk.
- Potentially high transaction costs in decision-making over who does what and how it is funded.
- No clear basis for the ongoing central government/Auckland Council relationship – except for a social forum with no explicit decision-making powers.

# Auckland Scenarios

- The jury is still out on the most probable scenario for the future of Auckland's governance.
- The pessimistic take on the complexity of the structures, and the perverse incentives embedded in them, is gridlock in Auckland decision-making.
- The optimistic take is that a combination of local determination to make things work, and the dramatic changes affecting the public sector since the Auckland decisions will provide the incentive to make Auckland work.

# Pessimism

- The Auckland Council table becomes the new battleground for parochialism.
- Elected members reflect ward-based interests rather than regional vision.
- Conflicts between local boards, and the Auckland Council, over who is responsible for what and over funding undermine effective governance.

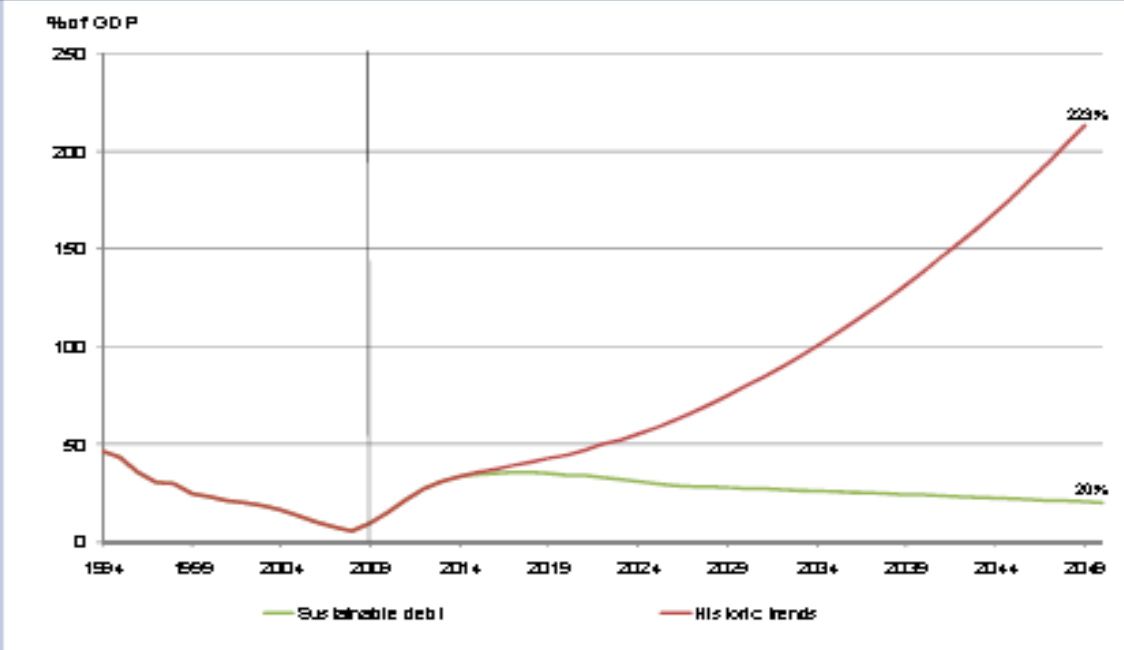
# Optimism

- Auckland is headed by a visionary Mayor who is able to build an effective council.
- Local boards understand the importance of working collaboratively. Rather than fighting each other, they create an Auckland equivalent of London Councils.
- Central government commits to working on a partnership basis and is able to address its own silo problems

# In Favour of Optimism

- Central government's dramatically changed long-term fiscal situation.
- Changing recognition of the critical role of the region/locality in the effective targeting and delivery of social services.
- The potential for business to accept that economic development means working in partnership with local government

## Sustainable debt scenario



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# The Fiscal Outlook: Implications

- The need to do more with less – especially the \$30 billion annual spend on delivering goods and services in communities across New Zealand.
- Will require much greater local knowledge, networks, connections and commitment to co-management than central government can achieve on its own.
- Partnership working between central government, and local government as advocate for an agent on behalf of its communities seems now and essential tool of fiscal management.

# Managing the 'Wicked Issues'

- In parallel with the fiscal crisis is a gradual loss of confidence in the potential of centrally designed top-down interventions to achieve their desired outcomes.
- The missing element is local knowledge, engagement and control (subsidiarity matters).
- Current work on the effectiveness of central government interventions acknowledges the need for greater local participation in decision-making and delivery.

# North East England: IPPR Recommendations

- That the public sector in the North East is granted greater freedom, within a framework of stronger user accountability, to improve its own performance with more of a focus on longer-term outcomes than short-term targets.
- That the public sector in the North East has greater freedom over public finances to address local needs and priorities and to strengthen and develop local accountability.

# Economic Development

- Changing perceptions of what economic development is – from primarily SME support to economic transformation.
- Requires strong engagement by and commitment from the business sector.
- Business and local government become critical partners each playing to their own comparative strengths.
- For the first time, the Auckland council may allow the strategic regional focus in this area.

# Implications for the Wellington Region

- Who controls the agenda for change is crucial in determining outcomes.
- Auckland's restructuring has run to a central government agenda – it has changed as government has changed.
- The influence of MMP has been a critical and potentially distorting factor.

# Understand the Role of Governance

- The unarticulated driver behind change in Auckland is the emergence of regional governance as a critical gap in New Zealand's governance.
- Effective governance now requires the ability to take and implement decisions regionally and locally and much more including economic development.
- Understanding this is the critical element in any super city or other regional initiative.

# Legal Structural Issues and Options Lessons from Auckland

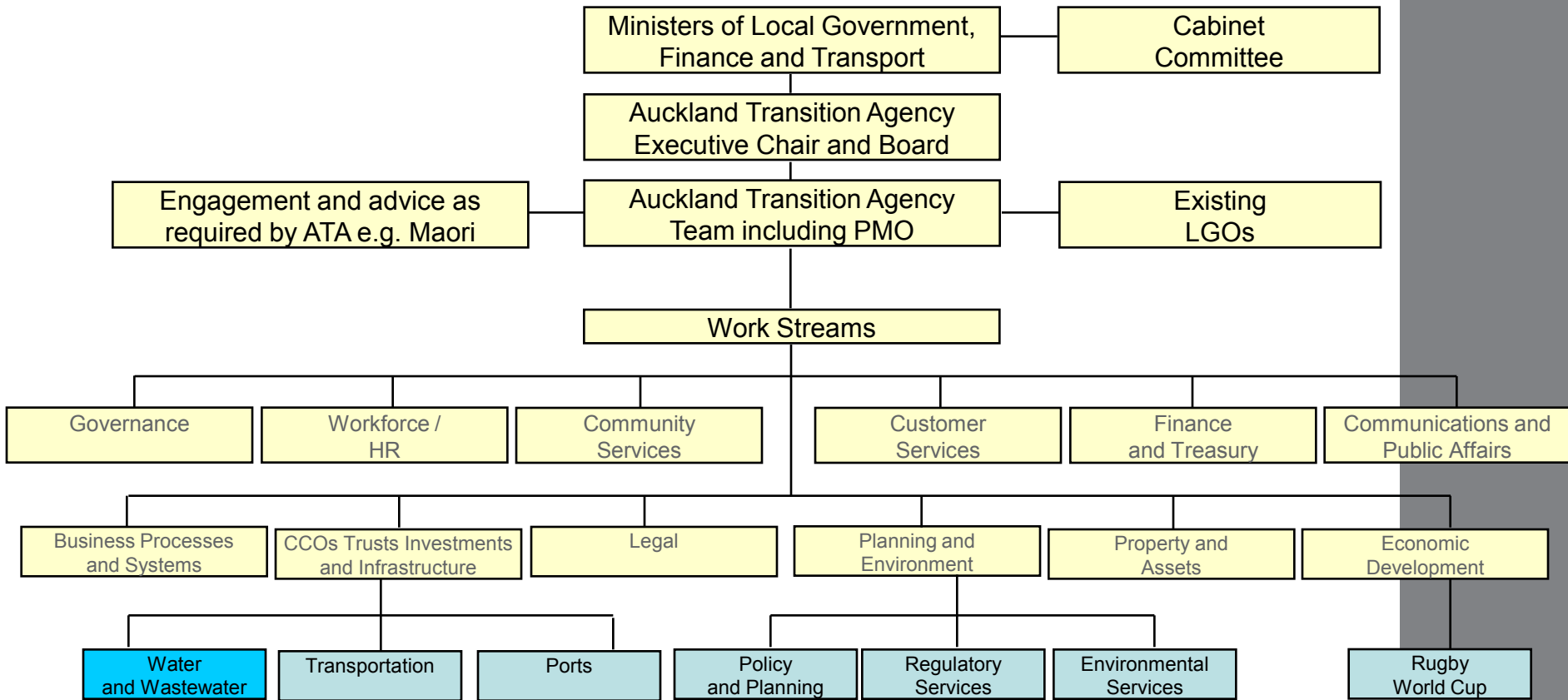
Grant Hewison – Kensington Swan

# Introduction

- A unique approach has been taken to both the transition process and the structure of the new Auckland Council
- The most significant constitutional change this Government will make - perhaps a return to provincial government over time
- One of the largest local authorities and globally unique
- Legal structural issues and options – lessons for Wellington

# Local Government (Tamaki Makaurau Reorganisation) Act 2009

- Established the Auckland Transition Agency (“ATA”)
- Massive comprehensive ‘shared services’ project
- 12 project management workstreams and 65 outcomes
- 3 staged approach:
  - High level discovery
  - Strategy and design
  - Delivery phase 1



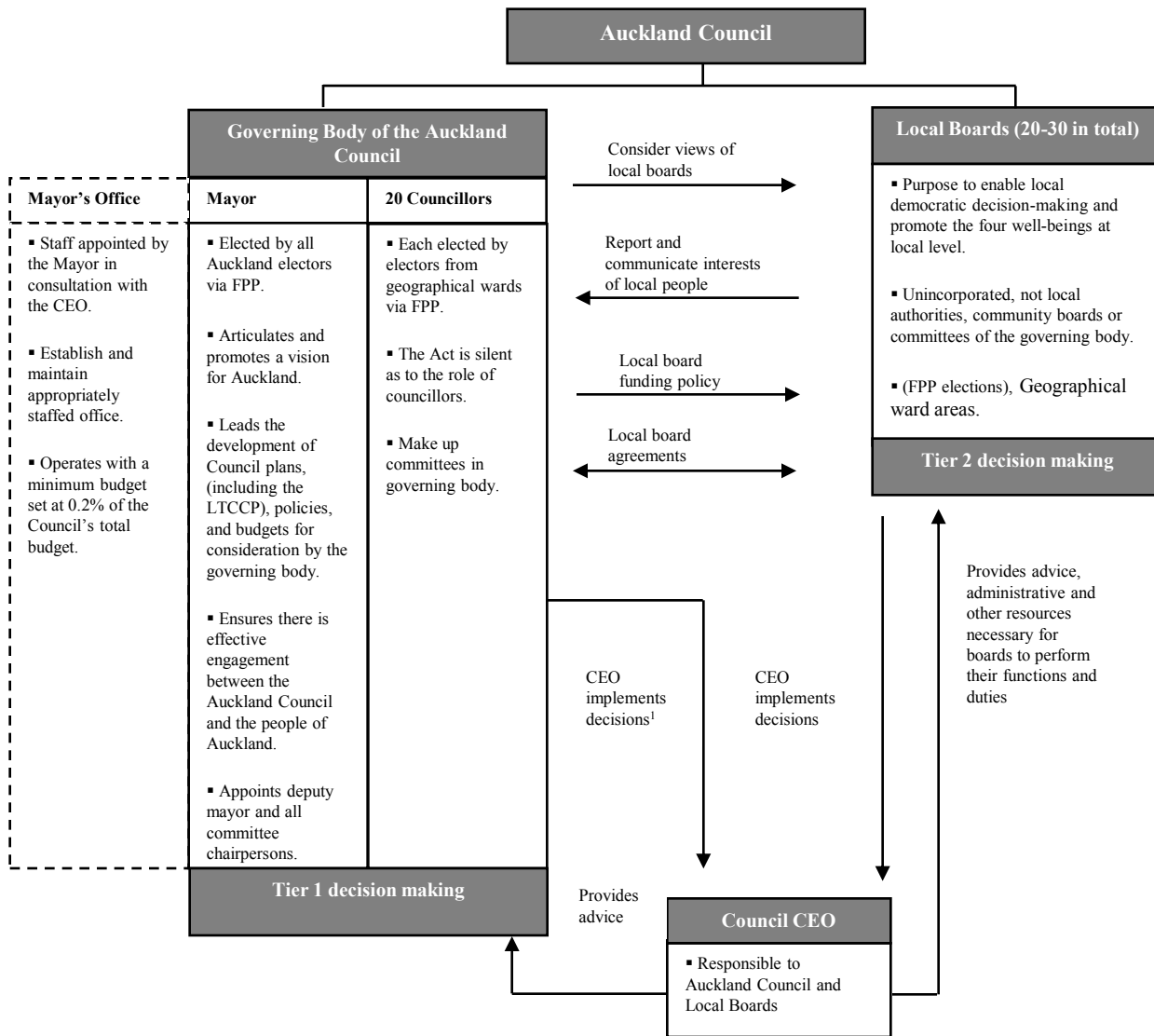
# Auckland Transition Agency

- Secondment powers
- Organisational structure and change management plan
- Ensure key projects not hindered (e.g. Rugby World Cup)
- Oversight of existing council decisions, with power to review and confirmation
- Efficiencies through increased buying power and rationalising suppliers

# Local Government (Auckland Council) Act 2009

- Establishes the Auckland Council as a unitary authority
- Provides for a two-tier governance structure – a governing body and 20 – 30 local boards
- Giving direction and powers to Local Government Commission to determine boundaries

**Auckland Council Governance  
Local Government (Auckland Council) Act 2009**



# Governing body of Auckland Council

- Mayor and 20 councillors (FPP, single or multi-member wards)
- Governing body responsible for:
  - > Regulatory functions
  - > Financial and asset management
  - > Staff and resources
  - > Services and facilities
  - > Implementing the Local Board Agreement
  - > Decisions on subsidiarity

# Mayor of Auckland

- Vision for Auckland
- Leadership for achieving the vision
- Development of plans, policies, and budgets
- Effective engagement
- Powers, appointments and Mayoral Office
- ‘Weak Mayor model’

# Local Boards

- The governing body and the local boards will sit alongside each other and have distinct roles, rather than operate in a hierarchical relationship
- Purpose of local boards
  - > Democratic decision-making by and on behalf of local communities
  - > Promotion of local social, economic, environmental and cultural well-being

## Local Boards (cont)

- Undertake non-regulatory functions under principle of subsidiarity
  - Local board plan
  - Local board funding policy and formula
  - Local board agreement
- 
- CEO responsible for advice to both the governing body and the local boards

# Boundaries

- Local Government Commission to determine the boundaries
- Franklin District Council resolution on unitary authority status

# Conclusions

- Auckland's governance structure is a unique experiment – so “watch this space”
- Can the objectives for Wellington be achieved within the framework of the current Local Government Act 2002 and other statutes (e.g. shared services)
- If changes necessary, consider a Local bill

# Employment Issues

Susan Hornsby-Geluk – Kensington Swan

# Auckland Integration Issues

- Radical change
  - 6000 staff
  - 8 existing employers
  - Multiple employment agreements
- OBJECTIVES include to reduce duplication of tasks, standardise systems, harmonise terms and conditions
- State of uncertainty for staff

ONE ENTITY



# Auckland Integration Issues

- Local Government (Tamaki Makaurau Reorganisation) Bill originally provided:
  - “every person who was an employee of an existing Council on 31 October 2010 would become an employee of the Auckland Council on 1 November 2010 on the same terms and conditions...”
- That provision was left out of the Act, which is now silent on employment arrangements
- Up until 2 November, very little guidance on employment transition process
  - ATA to develop organisational structure/change management plan

# ATA Discussion Document

## Part I – DRAFT ORGANISATIONAL STRUCTURE

- PRINCIPLES include
  - Not to replicate existing practices/ structures
  - Clear linkages and management accountabilities to community outcomes and customer service
  - Support effective strategic planning across governing body/local boards/CCOs
  - Minimise number of management tiers
  - Small core executive team
  - Will allow progressive integration of systems and processes over time

- Affects 1<sup>st</sup> – 4<sup>th</sup> tier
- Structure based on three organisational groupings:
  - Operations
    - > Including delivery of community and customer services
  - Strategy and planning
    - > Covering all aspects of Council regional planning
  - Finance
    - > Including support functions

- OCE (HR, Communications, Risk and Emergency Management)
- Interim CE role now being advertised – fixed term until mid-2012



## PART II – DRAFT SCOPE OF WORKFORCE CHANGE

- OBJECT to provide clarity to employees BUT too early to give definite view
- ASSUMPTIONS
  - Corporate services reorganised to align with new governance and operational structures
  - Where no systems constraints, reorganisation completed before 1 November 2010
  - Where are systems constraints, changes dependent on timeframe for consolidating systems (eg payroll, IT, finance)

- No review of roles in community facilities/  
operational work in community services/  
infrastructure services
- Customer facing roles to remain at current location
- Where centralisation occurs, all staff will be  
transferred with redeployment/redundancy only if  
duplication of functions
  - > Most likely management/admin support roles  
affected

## PART III – DRAFT PROTOCOLS AND PROCESSES FOR STAFF TRANSITION

- Transition Timeline
  - **26 Nov:** consultation on Discussion Document closes
  - **Dec/Jan:** release of revised organisational structure/recruitment of Executive Group commences
  - **Jan/Feb:** map all existing employees to new structure
  - **Feb to Nov and beyond:** workforce change proposals developed within work streams

- Commitment to communication and engagement
- Transfer principles:
  - Transfer of position where roles same/substantially similar to be on same terms and conditions
  - Appointment to new/different roles will be on new terms and conditions (but existing service to be recognised)
  - Significant change in location will result in employee having option of redundancy

- Where fewer positions than people, selection will be based on:
  - > Assessment of merit against specific criteria
  - > Service (last on, first off)
  - > Skills, competencies, qualifications, experience
- Further legislation required to deal with technical redundancy issues
  - Expected to be introduced in December
- Programme of harmonisation of terms and conditions will occur ‘through agreement by the parties to collective and individual agreements’

- Developing new culture/integrity of remuneration system will take years, if it is even possible...



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