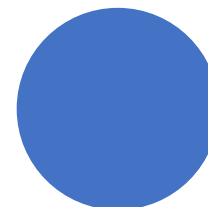



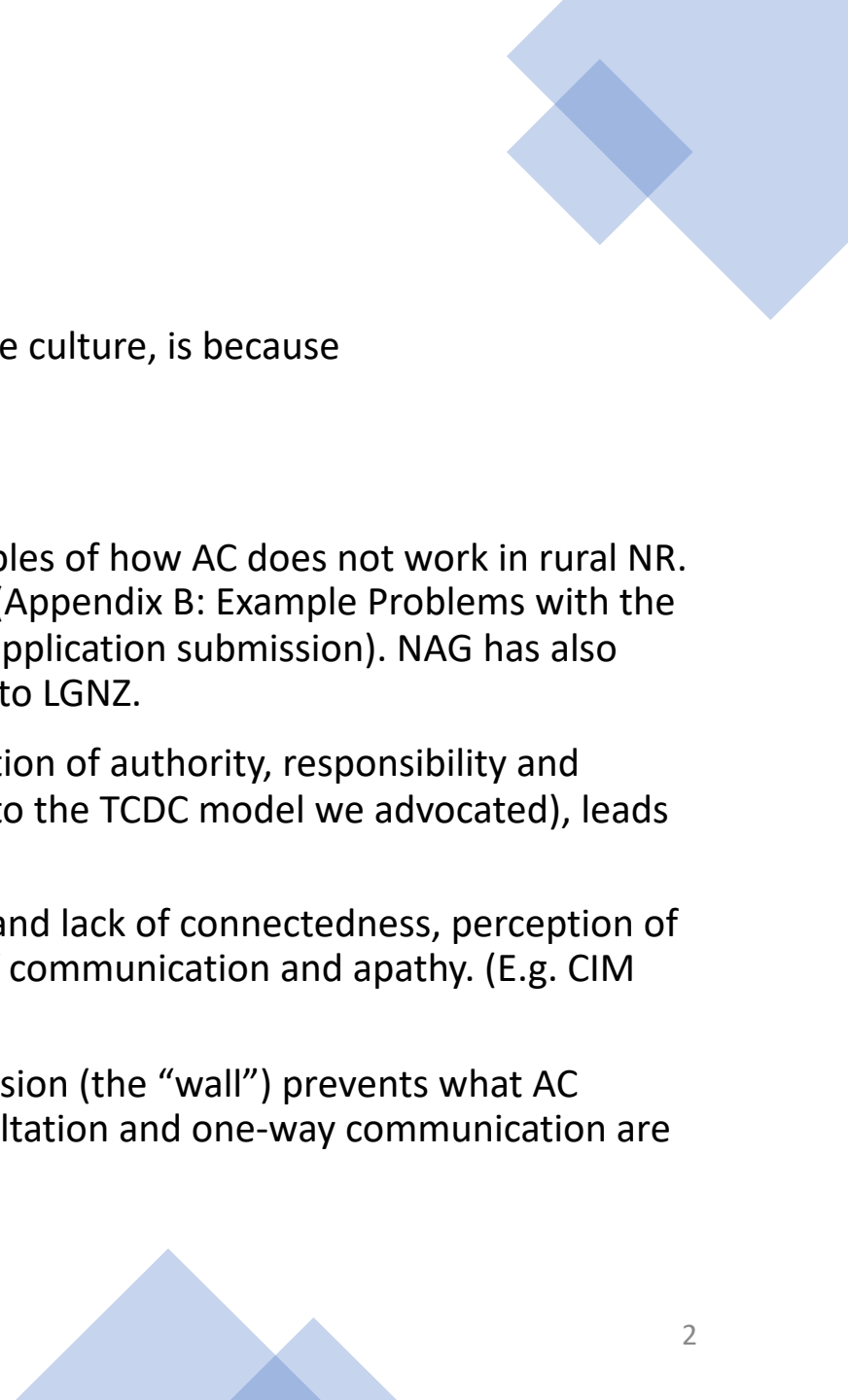
- Model, roles and responsibilities
- Accountability of CCOs; and
- CCO Culture

Auckland Council CCO Review



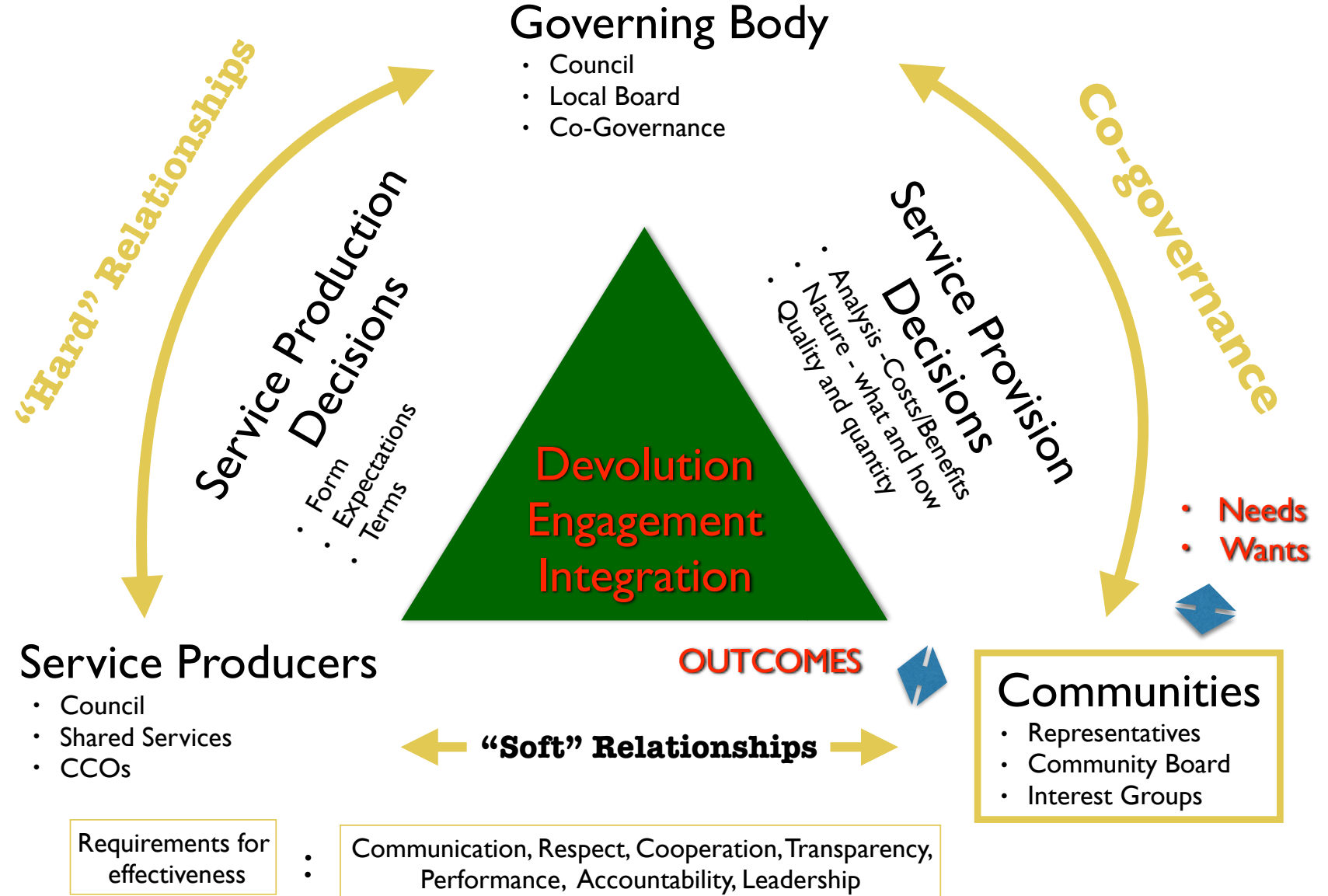


The Current Problem

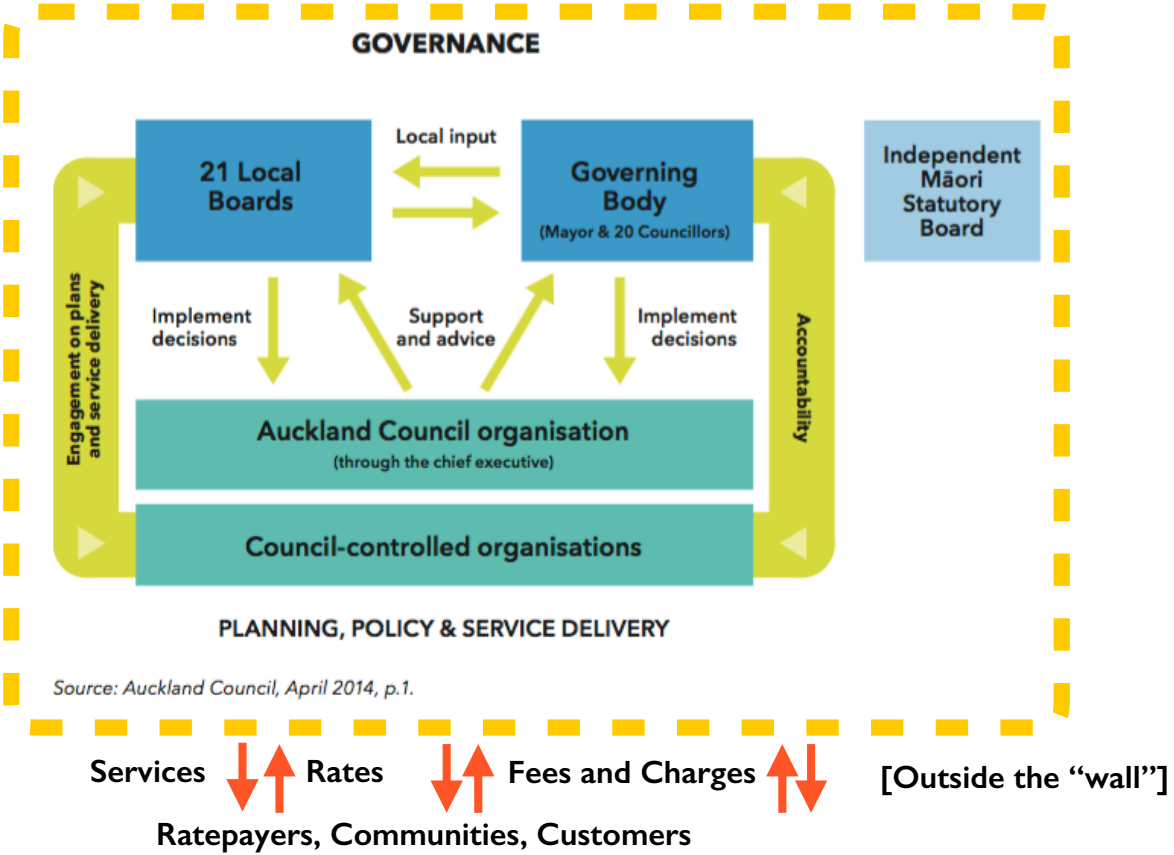
- Lack of accountability; and
 - Lack of customer or performance culture, is because
 - The model is wrong.
-
- NAG produced 5 pages of examples of how AC does not work in rural NR. Many of these related to CCOs. (Appendix B: Example Problems with the Auckland Council – Alternative application submission). NAG has also made a submission on Localism to LGNZ.
 - These show that: lack of devolution of authority, responsibility and accountability (i.e the opposite to the TCDC model we advocated), leads to
 - Remoteness, sense of isolation and lack of connectedness, perception of missing out, lack of trust, lack of communication and apathy. (E.g. CIM surveys for Rodney).
 - Central isolation of service provision (the “wall”) prevents what AC espouses – engagement. (Consultation and one-way communication are not “engagement”).
- 

Keys to Community Satisfaction: Devolution, Engagement, Integration

The "ideal"



Auckland Council: Top-down “Closed Loop” Governance



Is not achievable in such a large regional monolith....



So – the Model is flawed

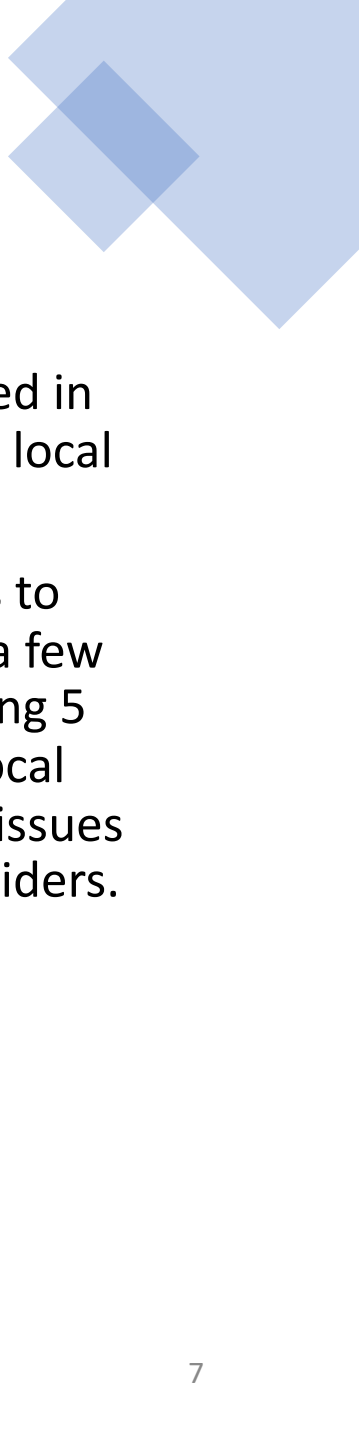
- The Governance Framework (diffusing accountability); and
- Horizontal subsidiarity (avoiding accountability); result in
- Citizen dissatisfaction (from poor performance and culture).

Principles of local government

- In his 2006 paper Peter Watt discusses the principles and theories of local government and concludes that:
 - *“the key function of local government is in the provision of local public goods matched as closely as possible to local tastes and preferences.”...*
 - *“Ideally local authorities should be established so the local residents propose, pay for and vote to decide on the local public goods they receive. Such a system provides clear local accountability and avoids the need for central control and the information problems it is likely to involve.”...*
 - *“a high dependency on central grants (.....) leads to a number of problems, including attempts at central micromanagement and excessive strain on the grant system.”*
- 2006 :Peter Watt: Principles and theories of local government: Institute of Economic Affairs; Blackwell publishing; Oxford.



Governance Framework

- Effective performance is frustrated and unbalanced in large councils if there are not tight links between local needs and local service provision.
 - The governing body has 21 Local Board areas, has to budget centrally across all of them, and has only a few functional divisions and service providers (including 5 major CCOs) servicing all local board areas, and local boards have no staff to direct to respond to local issues and no authority over CCO's or other service providers.
- 



Horizontal Subsidiarity

- Legislation and the functional silo concept (horizontal subsidiarity for specialisation) was designed for manageable sized councils (AC is 23 times the average Council size, four time bigger than ChCh, 41 times bigger than other 4 UAs).
- Large multinational (cross-area) corporates recognise the need for vertical subsidiarity (an area and customer grouping approach) and cross-functional support for customers through local account managers – this is similar to the TCDC devolved concept of community decision making on projects we advocate (local area managers responsible across all service activity provision).



Citizen dissatisfaction

- Rodney ratepayers have no connection with contractors from South Auckland who have no “skin in the game” – “its not my place”.
- Regular CIM surveys show citizens satisfaction (or lack of) with Council performance, and lack of trust in Council, most notably from the largest area, but most remote and rural and coastal community, of North Rodney.
- The high level of dissatisfaction and separate nature of the North Rodney Community was confirmed by the Commission in its own surveys conducted during the NAG proposal assessment.



CCO Accountability in action

- CCOs perform better when they work with locals on local projects – e.g. Watercare is best regarded because of local engagement on water quality and treatment plants.
- AT is badly regarded because it does not deal locally with local roading issues (a major point of complaint in NR) and manages maintenance and corrective roading and transport issues centrally. Its process is remote, lengthy and convoluted.
- ATEED has no value in rural Auckland because it is city focused, as are Panuku Development and Regional Facilities. These CCOs add no net value to AC, their independence creates more conflicts than it resolves. They would be better disbanded, and activities and their ~1000 staff devolved to be under Local Board management.

CCO design and model

- Should be closer (accountable) to the customer (person who pays);
- Only two CCOs are needed (for essential services water and transport). Both should be management focused to meet contract specified requirements in any area, and in principle not be the owners of any AC assets. (Bus companies should own busses). AC should decide what is needed and contract for service provision.
- To achieve this they should be privatized and employed by contract – not owned by AC as this gives conflicting objectives and undermines accountability. (e.g. have Council own infrastructure assets but CCOs manage them under competitive contracts. Why should Watercare not compete with Veolia? AT with Downers?)
- If possible separate contracts for activities in their area should be let by Local Boards, or across at least three groups of local Board areas (Northern, Central, Southern).
- Of course AC would retain the regional development oversight responsibility (like a holding company).