



20 March 2020

Independent Panel
Council-Controlled Organisations Review
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SUBMISSION TO INDEPENDENT PANEL ON THE COUNCIL-CONTROLLED ORGANISATIONS REVIEW

INTRODUCTION

The Parnell Business Association is one of the 48 BIDs in Auckland. We currently represent over 1,300 businesses in the Parnell area and over \$1,8 billion in property value.

The Independent Panel is seeking feedback about Auckland Council's five council-controlled organisations (CCOs): Auckland Transport (AT); Auckland Tourism, Events and Economic Development Limited (ATEED); Panuku Development Auckland (Panuku); Regional Facilities Auckland (RFA); and Watercare Services Limited (Watercare). The Independent Panel are interested in opinions about the issues, what is working, what is not and what could be improved.

In this document, we have reflected the views of several BIDs collaborating together, but have also inserted some commentary from Parnell Business Members in order to represent an overall picture (with particular reference to Auckland Transport).

BACKGROUND TO CCO REVIEW

Established as part of the 2010 reorganisation of Auckland's local government (but also changed in 2015), the Auckland Council CCOs account for 55 percent of council's operational budget.



The Independent Panel has noted that over the last ten years the context within which the CCOs operate has changed. They say that as a region Auckland has, and continues to face, unprecedented growth and social change. “Our diverse population has created a wealth of cultural values and lifestyles as well as differing expectations and demands for housing, transport, local amenities, services, civic engagement and democracy. In addition, the need to protect our natural environment and respond to climate change will continue to put pressure on resources, impacting council’s decisions on what to prioritise and invest in.” At a central government level, legislative changes and the establishment of new agencies may also affect the decision-making processes of Auckland Council and CCOs. To meet these challenges, the council is exploring new ways of working, hence this review.

The objectives of the Review are to ensure: • an effective and efficient model of service delivery for Auckland Council and Aucklanders, and; • a sufficient level of political oversight, public transparency and accountability of the CCOs in their decision-making. More particularly, Auckland Council has asked the Independent Panel to examine the following three areas.¹

- The CCO model, roles and responsibilities: The key question that the Independent Panel are investigating is whether the CCO model delivers council services with the maximum of efficiency and transparency.
- CCO accountability and responsibility to Auckland Council and Aucklanders: Here, the key issue the Independent Panel will be examining is whether the Council’s current approach to holding CCOs to account on behalf of Aucklanders (through appointing CCO directors, setting CCO strategy and monitoring CCO performance) could be improved.
- CCO culture: This issue is whether CCOs need to improve how they consult, engage with and respond to the wider community and council.

Although no mention has been made in the Terms of Reference of this being a review of delivery of services under section 17A of the Local Government Act 2002, we suggest the relevant key findings of these Value for Money reviews undertaken of Council services be considered by the Independent Panel.

¹ <https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/Documents/cco-review-terms-of-reference.pdf>



The Independent Panel have been asked to deliver a draft report on the key issues, including feedback from the community and stakeholders, to the council in May 2020. The Independent Panel will then provide its final report with recommendations by July 2020.

PARNELL FEEDBACK - SUMMARY

(1) Overall, how well do you think each of the CCOs is providing services?

	Poor				Excellent	Don't know
Auckland Transport	Business score 1		PBA Score 3			
Auckland Tourism, Events and Economic Development			3			
Panuku Development Auckland						X
Regional Facilities Auckland				4		
Watercare Services			3			

AUCKLAND TRANSPORT

What are the main issues or areas for improvement

As noted in the introduction, I have inserted views of local business to represent an overall viewpoint. Certain BIDs at this point feel that after several years of effort there is some improvement with regards to Auckland Transport, but this has a long way to go in terms of the experience of business and the public at large. Extreme agitation by business at all the cones around the city is at an all-time high. The uncoordinated efforts between Panuku, AT, Auckland Council Design Office and Watercare and an inability to influence outcomes or scheduling are creating acute frustration on part of businesses who find they cannot get across the city to service clients, meetings or deliveries.

Over the past year a large amount of effort was focussed by a group of BIDs to address the relationship with CCO's, in particular Auckland Transport, yet even over



that period we have needed the support of Councillors such as Desley Simpson to step in and call them to account.

The 'AT Local Board Engagement Plan' document for 2018, mentioned BIDs and local community organisations in the very final paragraph. This has since been reworded to include us in 'site meetings' where appropriate, but is still not satisfactory in my view and does not meet the full criteria we have recommended.

Parnell is particularly concerned with the potential outcome along The Strand and what is planned for SH16. This limited corridor has an overwhelming demand for truck traffic from Ports of Auckland, and yet the closing of Quay Street and resulting impact moved forward. The mistrust from PBA and the businesses along that stretch continues as we wait for the next set of plans as certain businesses along the stretch depend on loading and customer parking to survive.

"Traffic flow in Auckland five years ago was acceptable. Campbell-Reid came along and worked totally under the radar producing the plan that has now brought Auckland to a grinding halt driving every Aucklander that wants to work hard and develop their business and those requiring to move product or people in and out of the CBD for meetings, deliveries almost to the point of insanity and rage at the congestion he has created. He did it all by stealth and little by little with his cohorts Auckland Transport, not letting the majority of Aucklanders know what he was up to and then gloating about it in various conference interviews. He claims that Aucklanders would not notice small changes if each small change was done separately. Under his flawed strategy to get rid of cars and trucks in Auckland without any consultation with business or Aucklanders he quietly removed free left turns with red arrows, he removed hundreds of car parking spaces, he started narrowing roads, removing right hand turn lanes, changing traffic light phasing to drive motorists nuts, adding cycle and bus lanes where they were not required but would be certain to frustrate motorists. And where was the accountability and transparency to the community - nowhere! No transparency from the Council and no transparency from Auckland Transport"

Parnell Business Member



Our recommendations are as follows (as per Stephen Rainbow Report)

- (1) treat BIDs as key stakeholders; (going via the Local Board is not a substitute)
- (2) take a structured approach to the engagement of BIDs;
- (3) address the lack of geographic focus and planning;
- (4) break down functional silos within Auckland Transport and reorient management with a place-based focus;
- (5) recognise the significance of parking to BIDs;
- (6) establish a dedicated line of contact for operational issues;
- (7) involve BIDs early in the design and development of projects;
- (8) place an emphasis on Development Response;
- (9) ensure AT staff are upskilled about the needs of 'business'

What are they doing well

We are grateful that the executive of Auckland Transport has recognised the importance of the interface with BID's and look forward to the implementation and filtration through the culture of their organisation.

AUCKLAND TOURISM, EVENTS AND ECONOMIC DEVELOPMENT

What are the main issues or areas for improvement

We have found the economic development offer of ATEED completely intangible for our businesses. We have often attempted to tap into this with little success, and other than several projects in South Auckland, have a limited grasp of what is on offer.

From a tourism point of view, their digital interface could certainly be improved so that our precincts and businesses could get involved. Currently it highlights tourism operators and adventures and the profile of town centres and business precincts has much room for improvement. We rely on their interface with the international community as our budgets cannot accommodate that kind of marketing and improved digital assets could assist a lot.

What are they doing well

ATEED offer an incredible service to promote Auckland as a venue from a tourism perspective and I am very grateful they exist in this role.

We have had a lots of interaction with ATEED regarding events. Several years ago we complained that ATEED did not facilitate options for BIDs to be involved in major



campaigns, but last year ATEED really reached out for participation in ElementalAKL, and they are certainly reaching out for America's Cup.

They also facilitated the development of a web App for the city Fringe.

PANUKU DEVELOPMENT AUCKLAND

What are the main issues or areas for improvement

I don't have any recommendations in this regard as we do not have any direct contact with Panuku in Parnell.

REGIONAL FACILITIES AUCKLAND

What are the main issues or areas for improvement

I don't have any recommendations in this regard as we do not have any direct contact with a Regional Facility in Parnell. We do however have a lot of contact with Auckland Museum and are embarking on several collaborative efforts.

What are they doing well

I do believe that the Regional Facility venues together with Auckland Live are an active contributor to the vibrancy and creativity of Tāmaki Makaurau Auckland.

The live arts performances and events they present at a number of prominent venues across Auckland; support the arts and creative sector; and provide opportunities for people of all ages to engage with the arts.

WATERCARE SERVICES

What are the main issues or areas for improvement

We have very little direct contact with Watercare. They seldom warn us of any intervention or excavation in our area and the first thing we see are the cones and

BUSINESS IMPROVEMENT DISTRICTS (BIDs) AND CCOS

Business Improvement Districts

As business improvement districts, our activities naturally focus geographically within our precinct boundaries.



Through our common constitution template, we each have similar objectives including: to assist the advancement of businesses through communications, marketing and economic development programmes; to promote the welfare of the business community, especially through networking of members and the sharing of information; to improve the environment; to establish an identity for the precinct; and to advocate for the improvement of amenity, streetscapes, utilities, transport, services or other infrastructure in the precinct.²

Nonetheless, our activities within these overall objectives do differ as each BID's local interests and circumstances dictate. This is especially the case as between smaller mainstreet BIDs, town centre BIDs, metropolitan centre BIDs and industrial/commercial BIDs.

Although our members comprise businesses and we largely respond to their needs, the geographic boundaries within which we operate also mean we have a strong sense of local place and local community that goes beyond just a focus on business. A number of us have been involved developing geographically focused precinct plans (alongside Auckland Council and the CCOs), which demonstrate this sense of place.³ Although containing many well-considered actions, we have generally been disappointed at the slow pace of implementation of these precinct plans.

Within that context we interact with all the CCOs (though some more than others, such as Auckland Transport, ATEED and Panuku) and Auckland Council. Further, most BIDs existed before amalgamation and have experienced the 'before and after' changes that amalgamation brought to our activities (or the two differing models of local government in Auckland).

Council-Controlled Organisations

Council-Controlled Organisations have been a common feature in Auckland's local government environment since the Local Government Act 2002. Put simply, we understand that they are usually established to create some distance between the council that owns them and the trading operations or services provided by the CCO.⁴

² See BID Programme Constitution Template. <https://bid.aucklandcouncil.govt.nz/core-documents>

³ Business precinct plans provide the guiding framework to support business and employment growth within key business areas and aim to assist in the delivery of the economic objectives set within the Auckland Plan and Auckland's Economic Development Strategy. See, for example, the East Tamaki Business Precinct Plan (July 2013), Rosebank 2030 Business Precinct Plan, and the Business North Harbour 'Bridge to the Future' Discussion Document (October 2019).

⁴ The Policy Observatory (AUT), *The Governance of Auckland: 5 years on* (2016), p 25.



Prior to amalgamation over 40 CCOs existed in the Auckland region. Some of these were local Economic Development Agencies (such as Enterprising Manukau, Enterprise North Shore and Enterprising Waitakere). The Royal Commission on Auckland Governance recommended a transfer of the existing CCOs to the new council, where they would be rationalised, and for the CCO model to continue to be used for ‘major commercial, trading and infrastructure activities’ ... ‘which may benefit from operating autonomy’ and so that the new council could ‘access the best commercial and engineering expertise and resources’.⁵

The CCOs were a contentious part of the amalgamation design, with those making submissions divided. A number of BIDs held concerns that the local focus of the Economic Development Agencies would be ‘regionalised’ under a single economic development agency and therefore lose their local or sub-regional focus. Many who supported the use of CCOs wanted ‘robust governance frameworks’ to ensure transparency and accountability. Opponents expressed concern that the CCO model would remove major assets and services from direct council control, reducing local accountability. Others were concerned that large, powerful, commercially focused CCOs would not be well placed to meet broader economic and social goals.

Although the Auckland Transition Agency (‘ATA’) was tasked with establishing the CCO model for Auckland Council, central government specified the model for Auckland Transport and Watercare Services through legislation. Consequently, the statute governing these two CCOs limits the ability of Auckland Council to redesign them itself without Parliamentary approval. By contrast, the lack of any legislative barriers allowed Auckland Council to bring together Auckland Council Property Ltd and Waterfront Auckland to create Panuku Development Auckland following a review of all CCOs in 2014-15.⁶

By comparison with CCOs established by other councils in New Zealand, both Auckland Transport and Watercare are also unusual CCO models in that they combine both policy and regulatory functions along with ‘trading/operational’ functions (although Watercare to a lesser extent). Auckland Transport is not a CCO in the usual sense, but instead a ‘regional transport agency’.

As a consequence, the Auckland CCO model does highlight a dilemma for the governance framework of local government functions. Although there is a tendency for some to regard governance in the public and private sectors as synonymous, there are important distinctions to be made. In local government, governance needs

⁵ *Royal Commission on Auckland Governance*, pp. 13 and 457.

⁶ The Policy Observatory (AUT), *The Governance of Auckland: 5 years on (2016)*, p 25.



to enable democratic local decision-making within the context of statutory responsibilities. Ultimately, local government exists in make collective/democratic decisions on behalf of diverse community interests. CCOs must by statute operate within that overall framework.

This dilemma is most evident in the governance arrangements for transport in Auckland which were a major consideration in the amalgamation. The Minister of Transport at the time illustrated this with his comment that a having a regional transport CCO would ‘provide a level of focus on transport issues and continuity of decision-making that could not be provided by the full Auckland Council with its multiplicity of responsibilities’.⁷ As a result, as noted above, Auckland Transport is not so much a CCO in the usual sense, but instead a regional transport agency (with AT having all the transport functions and powers usually held by a local authority). While the goal of a single regional agency focused on transport has been achieved, this has made balanced integration with the multiplicity of other place-making local government responsibilities more difficult to achieve and for Auckland Transport to operate efficiently and effectively at a local level. As BIDS, we can point to numerous examples where transport goals have tended to be put ahead of community and economic development objectives, especially at a local level. In addition, as one agency, Auckland Transport must at the same time make decisions on whether to paint no parking ‘Broken Yellow Lines’ on a local road and also deliver significant transport projects, such as AMETI.

Recently, in light of these concerns raised by BIDs, Dr Stephen Rainbow was commissioned to prepare a report for the Auckland Transport Executive Team.⁸ His recommendations to Auckland Transport have been to: (1) treat BIDs as key stakeholders; (2) take a structured approach to the engagement of BIDs (as there are too many entry points within Auckland Transport); (3) address the lack of geographic focus and planning; (4) break down the functional silos that exist within Auckland Transport and reorient the management structure with a place-based focus; (5) recognise the significance of parking to BIDs (acknowledging that the AT Parking Team is over-stretched, but also that a review of the Parking Strategy is underway); (6) establish a dedicated line of contact for operational issues within AT; (7) involve BIDs early in the design and development of projects; (8) place an emphasis on Development Response and take a consistent approach across all projects in terms of Development Response; and (9) ensure AT staff are upskilled

⁷ Joyce, S. (2009) *Auckland Governance: Regional Transport Authority*, Wellington, Office of the Minister of Transport, CAB (09)476. See also, The Policy Observatory (AUT), *The Governance of Auckland: 5 years on* (2016), p 26.

⁸ The key findings were presented to a BID Manager’s meeting on 17 February 2020.



about the needs of ‘business’ generally and/or the impacts of transport projects on ‘business’ (especially for new graduates). Although the Report naturally had a focus on Auckland Transport, we believe many of the recommendations could equally be applied to the other CCOs.

In this regard, we would like to acknowledge that transformation in the way some CCOs approach and interact with BIDs is underway. We look forward to swift implementation of the recommendations made by Stephen Rainbow and to further engagement, to improve the way CCO’s engage with BIDs in order to better support our member businesses.

(3) Our Feedback in relation to your Specific Questions

CCO MODEL, ROLES AND RESPONSIBILITIES

Your Consultation Document says that the essential question here is whether the CCO model delivers council services with the maximum of operational efficiency, transparency and accountability, or whether there are better ways to deliver such services. In particular you have asked: • Are there any problems, real or perceived, with the current model, including the risk of duplication with in-house council activities? • Is the purpose of each CCO clear and current, and is the council giving each adequate direction? • Are the roles and responsibilities of CCOs and the council towards one another clearly defined and well understood? • Are there viable alternatives and what are their advantages and disadvantages?⁹

Local authorities tend to organise activities in CCOs to: • improve commercial focus; • ring-fence financial risk; • empower local communities to manage facilities; • achieve tax-effectiveness; • create independence from political direction; • streamline bureaucracy; • achieve economies of scale; and • enable recruitment and retention of high-quality board members and staff. As we noted earlier, Auckland Transport in particular was not established entirely with these reasons in mind, but was instead created as a ‘regional agency of scale’ alongside Auckland Council.¹⁰ As a consequence, we suggest it should be treated differently in your review.

Generally speaking, the disadvantages we have experienced of Auckland Transport and the other CCOs include: • the lack of democratic accountability to the

⁹ Auckland CCO Review Independent Panel, *Independent review of council-controlled organisations: list of issues*, <https://www.aucklandcouncil.govt.nz/have-your-say/topics-you-can-have-your-say-on/review-council-controlled-organisations/Documents/cco-review-list-of-issues.pdf>

¹⁰ Auditor-General, *Governance and accountability of council-controlled organisations* (2015), paras 3.6 to 3.9.



community for the services the CCO delivers (both at Governing Body and Local Board levels); • tensions between the objectives of pursuing commercial efficiency and delivering community outcomes (for example, with Panuku); • additional ongoing costs (for example, the costs of separate governance and management for each CCO as well as the transaction costs incurred by Auckland Council in monitoring the performance of each CCO, and the CCO's own costs in demonstrating performance);¹¹ and • the reduced ability of the Governing Body and Local Board elected members to manage CCO activities and risk.¹²

“And then we look at the Quay Street debacle and the cycleway that will be built twice. In 2016 a new Cycleway was opened to great celebrations by John Key, MP’s and Councillors at a cost to the rate-payer of \$2.85 million. Now just 3 years later this new cycleway was ripped up and is being replaced by the current “enhancement” program. This enhancement program has created the largest traffic snarl up for cross town traffic in Auckland’s history. Not only has Auckland Transport cut the major east west corridor to snail pace but at the same time decided to rip up Victoria Street and Karangahape Road just to aggravate us all even more. Where is the co-ordination and where is the planning? Again nowhere to be seen”
Parnell Business Member.

Operational efficiency is simply appalling. The number of times we see roads being pulled up and destroyed that were pulled up a year before and a year before that makes us all cry over the utter wastefulness and total lack of foresight and planning that our council and its CCO’s. In our experience we do not think there is adequate foresight and planning from the Council to CCO’s and communication between CCO’s on major infrastructure projects is lacking. Examples of incompetence are everywhere to be seen: The millions spent on the Quay Street cycle way and beautification only to be completely destroyed a couple of years later by another flawed plan and the money being spent on the Albert Street train extension is so unbelievably out of proportion in relation to the future economic benefits to the majority of Aucklanders, let alone the incompetence of the original budgeting for this project.

¹¹ Although setting up the Auckland CCOs to manage services may have resulted in cost efficiencies, there were additional overhead costs associated with establishing them and continuing to oversee them. The CCOs also have their own overhead costs with governance, management and administration structures separate from Auckland Council. They incur costs in preparing statements of intent and in reporting against them, as well as audit fees. Some have additional accountability requirements under legislation, such as the Companies Act 1993.

¹² Auditor-General, *Governance and accountability of council-controlled organisations* (2015), paras 3.6 to 3.9.



Yes there are viable alternatives to mitigate these inefficiencies and incompetency's and the first and foremost of these are to engage with competent and respected business operators to advise on infrastructure projects and secondly to develop these projects not for minority groups but for hard working Aucklanders and Auckland businesses that provide the lifeblood to any City. This council and its CCO's have an appalling record in their attitudes to the outrageous increases in cost to Businesses both small and large resulting from their infrastructure projects that benefit only a small minority of Aucklanders. Whether it be the positioning of a cycle lane outside a small dairy operator and putting him out of business, disrupting Albert Street medium sized businesses for a decade or so, stifling cross town traffic to such an extent that company interactions and deliveries have quadrupled in cost, to re-routing cross town traffic and blocking roads everywhere in Auckland adding hours to virtually every face to face business transaction. These businesses are the reason that Auckland survives and flourishes as an exciting city. By continuing to kill the businesses who operate in central Auckland will eventually lead to killing the city.

Parnell Business Member

"In our experience CCO's seem very effective in delivering services to the Council but in no way, shape or form do they deliver services that the majority of Aucklanders want or desire. They seem only interested in delivering flawed

policies from a one-eyed council that has no interest in the relatively silent majority. They appear to listen only to minority groups with nothing positive or productive to offer, being hell bent on promoting inefficient and wasteful programs which have destroyed the basic infrastructure of our beautiful city and are destroying the businesses and hard-working individuals that form the backbone of the Auckland economy. The CCO's then act on these flawed ideas of minority groups thus missing what Aucklanders really want"

Parnell Business Member

With regard to purpose, as the Independent Panel will be aware, the purpose of Auckland Transport is set out in section 39 of the Local Government (Auckland Council) Act 2009 ('LGACA').¹³ Although the LGACA does not set out the purpose of Watercare (and perhaps it should be amended to do so), the purpose of

¹³ See section 39, LGACA: "The purpose of Auckland Transport is to contribute to an effective, efficient, and safe Auckland land transport system in the public interest".



Watercare can nonetheless be gleaned from the water supply and wastewater provisions of LGACA. The purpose of Panuku is set out in its company Constitution.¹⁴ The purposes of ATEED and RFA are set out in clauses 8 and 9 of the Local Government (Tamaki Makaurau Reorganisation) Establishment of Council-controlled Organisations Order 2010.¹⁵ We suggest that the purposes of each CCO should be refreshed to ensure they are clear and current. In addition, as the purpose of Auckland Council (or local government) itself has been amended by statute over time, consideration should be given to whether the purposes of the Auckland Council and its CCOs are aligned appropriately.¹⁶

On the question whether the roles and responsibilities of CCOs and the council towards one another are clearly defined and well understood, an example BIDs have been affected by is town centre cleaning. Here, after amalgamation, Auckland Transport had responsibilities for cleaning the roads in town centres, while Waste Solutions (Auckland Council) had responsibilities for cleaning other areas in town centres. The roles and responsibilities of Auckland Transport and Auckland Council towards one another were not clearly defined and disputes arose which resulted in a long period where town centres were not adequately cleaned. This has hopefully recently been resolved through 'Project Streetscape' where streetscape services have been transferred from Auckland Transport and Waste Solutions to the Community Facilities' Full Facilities suppliers.

In terms of viable alternatives, we note our earlier overriding concerns that the current model for local government in Auckland replaced geographic silos with functional silos and localism with regionalism. In addition, Our experience over the last decade is that this needs to be re-balanced and, indeed, we suggest both the

¹⁴ Panuku will: contribute to the implementation of the Auckland Plan and encourage economic development by facilitating urban redevelopment that optimises and integrates good public transport outcomes, efficient and sustainable infrastructure and quality public services and amenities; manage councils non-service property portfolio and provide strategic advice on council's other property portfolios; recycle or redevelop sub-optimal or under-utilised council assets and aim to achieve an overall balance of commercial and strategic outcomes; undertake, assist or advise on any other property-related development, management or transformation activities specified by Auckland Council. <https://app.companiesoffice.govt.nz/companies/app/service/services/documents/9491345E85D61B8306F21DE7D4BAB684>

¹⁵ The objectives of ATEED are: to lift Auckland's economic well-being; and to support and enhance Auckland's performance as a key contributor to the New Zealand economy; and to support and enhance Auckland's ability to compete internationally as a desirable place to visit, live, work, invest and do business. The purpose of Regional Facilities Auckland is to support the vision of Auckland as a vibrant city that attracts world-class events and promotes the social, economic, environmental, and cultural well-being of its communities, by engaging those communities (and visitors to Auckland) daily in arts, culture, heritage, leisure, sport and entertainment activities; and to continue to develop, applying a regional perspective, a range of world class arts, cultural, heritage, leisure, sport, and entertainment venues that are attractive both to residents of and visitors to Auckland. <http://www.legislation.govt.nz/regulation/public/2010/0253/11.0/DLM3174949.html>

¹⁶ The purpose of local government was changed in 2012 to focus on the needs of the local authority's own district or region for local infrastructure, local public services, and regulatory functions. The purpose of local government has now reverted to promoting the social, cultural, economic, and environmental well-being of communities, in the present and in the future. See Local Government (Community Well-being) Amendment Act 2019.



Council and some CCOs have already recognised this and are beginning to respond. The outcomes of the Stephen Rainbow work for Auckland Transport echo this. The outcomes of the review of town centre cleaning contracts echo this. The urban regeneration work of Panuku, now focused largely on town centres echo's this. **We suggest that an important aspect of your Review will be to make recommendations for how to further re-balance the work of the CCOs and Council so the best outcomes can be achieved.**

Without going into detail, we note in this regard the work of the Royal Commission on Auckland Governance and the balance it struck in its recommendations between localism with regionalism. We expect it will be worthwhile revisiting their work.

CCO ACCOUNTABILITY

Your Consultation Document says that the key question here is whether the council has adequate mechanisms to hold CCOs to account and is using them appropriately, and whether improvements, including new mechanisms (such as those provided for through the Local Government Act 2002 Amendment Act 2019), are needed. In particular:

- Do current accountability mechanisms, monitor CCOs' performance effectively and ensure CCOs respond appropriately to the concerns of the council, local boards and the public?*
- Do CCOs understand the need to act in a way that reflects their accountability to the community, as well as the council's accountability to the community for CCO performance?*
- Are there adequate mechanisms to ensure CCO board members and senior management meet the legislative requirements towards Maori, and that CCOs have developed sufficient capability to achieve this?*
- Do CCOs have adequate guidance about when to act in their best commercial interests and when to act in the best interests of the public?*
- Are council policies that are applicable to all CCOs (group policies) adequate, or should they be extended to other areas, such as remuneration?*
- Is the process for appointing CCO board members, including the skills criteria used in the selection process, appropriate?*¹⁷

In terms of accountability, we note that beyond the usual accountability requirements for CCOs set out the Local Government Act 2002, there are a number of additional accountability requirements that apply to Auckland's CCOs.

These include, for example, a specific accountability policy for Auckland's substantive CCOs¹⁸ and a requirement that the CCOs must give effect to the

¹⁷ Auckland CCO Review Independent Panel, *Independent review of council-controlled organisations: list of issues*, <https://www.aucklandcouncil.govt.nz/have-your-say/topics-you-can-have-your-say-on/review-council-controlled-organisations/Documents/cco-review-list-of-issues.pdf>

¹⁸ This policy must set out how the Council expects the CCOs to contribute to the priorities of the Council and the Government. The Council may require the CCOs to say how they will do this in their statements of intent.



Council's long-term plan and act consistently with other plans (including local board plans) and strategies as the Council directs them to do so.

We understand that Auckland Council has also imposed additional accountability requirements, including:

- specific additional planning and reporting requirements;
- requirements for managing strategic assets;
- requirements for quarterly reporting;
- and
- requirements to adopt 10-year plans covering asset management, service levels, how the CCO will respond to population growth and environmental factors, and how the CCO will give effect to the Council's plans and priorities (other than Auckland Transport).

"Any suggestions we as the public make fall completely on deaf ears and AT just continue with their plans and NEVER listen to any public submissions. Their attitude is one of dictatorship and accountability is zero"
Parnell Business Member

"In our experience it lacks totally in transparency and accountability. In particular, CCO's such as Auckland Transport and Panuku are happy to send delegations of PR spin doctors to meet with Auckland business and concerned community groups in the guise of asking for feedback, submissions, concerns and suggestions but in our experience the decisions are already made and the feedback is totally ignored leaving us all realizing that the work that ordinary hard working Aucklanders put in to these submissions are a complete waste of time"
Parnell Business Member

Our sense is that although consideration should be given by the Independent Panel about whether all these accountability mechanisms are effective and efficient, perhaps the nub of the concern is that there is inadequate guidance about when a CCO should act in its best commercial interests and when it should act in the best interests of the community. Although even that is somewhat counterintuitive because the CCO model, in and of itself, requires a CCO to act first in its best commercial interests (or to act in the most efficient way in delivering a service). If an activity requires decisions about how to achieve an outcome in the best interests of the community, that is usually not a decision a CCO should be making. It is a decision the elected members of the Auckland Council should be making.

In that regard, another ongoing issue of concern to us is that the accountability mechanisms presume the elected councillors to whom the CCOs are ultimately accountable have the capacity, skills and experience to oversee such large entities



with such complex functions. In its Report, the Royal Commission on Auckland Governance suggested that the councillors would need to have support and extra capacity to oversee and monitor the CCOs effectively. The Commission made a number of recommendations in this regard (including developing a capacity building toolkit to assist councillors monitor the performance of large infrastructure CCOs).¹⁹ We also note that Local Boards and their members have a role in the accountability of CCOs and our concerns regarding councillors can equally be applied to the members of local boards (if not more so). **The range of skills in local boards is highly variable, which can often manifest in inadequate judgement and assessment of the impact of certain proposals on the local community. .**

Although we understand that there is an in-house monitoring unit within Auckland Council for the CCOs, we have concerns about how this currently works to ensure robust accounting of CCO activities. Indeed in this regard, the Royal Commission went as far as suggesting an independent Auckland Services Performance Auditor to provide assurance to the council and the public that the CCOs would be providing high-quality services in a cost-effective manner, including reviewing the adequacy and relevance of CCO targets and the accuracy of performance reported against those targets.²⁰ We suggest the Independent Panel revisit this recommendation of the Royal Commission.

Finally, we note that there is also a requirement for the Boards of all Auckland Council's CCOs to hold two meetings in public each year. At one meeting, the Board of the CCO considers feedback from the public on its draft statement of intent for the forthcoming financial year and at the other, the Board of the CCO considers feedback on its performance in the previous financial year. We understand that the value of these meetings in terms of opportunities for the public to address the Board of each CCO is under-utilised. We suggest that the Boards of the CCOs make more of the opportunities that arise with the requirement for these meetings for direct engagement with the community, including BIDs.

CCO CULTURE

Your Consultation Document says the central issue here is whether CCOs need to improve how they consult, engage with and respond to the community and council. In particular: • Are the working relationships between the various levels of council (political, executive and staff) and CCOs (and between CCOs themselves) based on mutual trust, respect and

¹⁹ Royal Commission on Auckland Governance, p. 470.

²⁰ Royal Commission on Auckland Governance, p. 469-470.



confidence? • Do recruitment processes and job descriptions sufficiently address the need for CCO chief executives and senior managers to respond to council directions and work effectively with senior council managers? • Do CCO boards, executives and staff demonstrate accountability to Aucklanders, including by consulting sufficiently with Aucklanders and responding sufficiently to their concerns, or could their performance be improved? • Are CCOs giving adequate public acknowledgement (such as through branding) to council-funded activities? • Do CCOs give the council quality advice?²¹

The BIDs have worked together over the past year to raise their concerns and seek changes in the way CCOs engage with BIDs, with an initial focus on Auckland Transport. We feel that a measure of headway has been attained and know that CEO Shane Ellison is attempting to change the culture of AT, but there is a long way to go as is evidenced from some of the comments below. From our point of view, the BID's need to be regarded as key stakeholders along with the Local Boards and Local Boards as a conduit to CCO's (especially Auckland Transport) is not sufficient.

“AT's decisions are all about getting rid of cars and trucks with no consultation with Business or the silent Majority. They listen to radicals on the council and have no idea what the public at large have to offer in opinions or suggestions. The craziness of the Quay Street concept has now spilled over to every east west cross-town route and the worst hit has been The Strand and Grafton Gully in Parnell. Once again we have tried at length to get our voices heard but they fall on deaf ears”

Parnell Business Member

In terms of culture, we would like to refer back again to the recommendations of Dr Stephen Rainbow for the Auckland Transport Executive Team.²² In particular, we take from his observations the need for CCOs generally to better identify and work with key local stakeholders, to involve these stakeholders early in the design and development of projects, to place an emphasis on responding to local needs and business needs consistently (such as during Development Response); and ensure management (especially new graduates) are upskilled about the needs of 'business' generally and/or the impacts of projects on 'business'. We suggest you ask for and consider the complete report written by Stephen Rainbow.

²¹ Auckland CCO Review Independent Panel, *Independent review of council-controlled organisations: list of issues*, <https://www.aucklandcouncil.govt.nz/have-your-say/topics-you-can-have-your-say-on/review-council-controlled-organisations/Documents/cco-review-list-of-issues.pdf>

²² The key findings were presented to a BID Manager's meeting on 17 February 2020.



However, the engagement of Dr Stephen Rainbow also demonstrates that Auckland Transport is now responding to the concerns of BIDs. This builds on the Auckland Transport Local Board Engagement Plan, which includes requirements for site meetings with business groups as appropriate.²³ **This is a start, but certainly does not yet elevate BIDs as key stakeholders.** We are looking forward to his recommendations being adopted and the implemented.

We would also like to note that the Auditor-General recently added the following principle to its 'Principles of good governance for CCOs', that "The local authority and subsidiary must establish an effective working relationship based on mutual respect and trust."²⁴ Our experience immediately following amalgamation was that private sector or commercial models of management in the CCOs and council were emphasised over public sector models and this, along with the new relationships that had to be built, resulted in some degree of mistrust, including between BIDs, the CCOs and Council. That has naturally improved over time, but we suggest further emphasis needs to be placed on building and maintaining trust. **We can also point to examples of mistrust that persist between ourselves and Auckland Transport over parking, cycleways, project management and development response. Similarly with other CCO's.**

ATEED is an interesting CCO in that it was established 'to help lift the Auckland region's economic wellbeing, and to support and enhance the ability of the region to compete internationally'. The framing of economic development within a CCO that also has responsibility for tourism and events has shifted the focus of economic development to regional branding and promotion. This shift in the mandate and direction of economic development aligns with those wanting to advance a regional strategy for the economy with a focus on the hosting of major events and the promotion of tourism, but it is a top-down strategy that has moved away from its local foundations and particularly its connections with local business and skills training as well as local employment opportunities (that was the model emphasised through the previous Economic Development Agencies). As noted by the AUT Policy Observatory: "Clearly Auckland was in need of a regional strategy to advance its development as a regional economy - but in the process it has neglected significant forms of local development that respond to the economic and social

²³ [https://at.govt.nz/media/imported/3890/AT-Agenda-item-10-\(i\)-Open-Session-Local-Board-Engagement-Plan-Attachment-1.pdf](https://at.govt.nz/media/imported/3890/AT-Agenda-item-10-(i)-Open-Session-Local-Board-Engagement-Plan-Attachment-1.pdf)

²⁴ In its 2001 report, *Local Authority Governance of Subsidiary Entities*, the Auditor General proposed five principles for good governance practice for subsidiary entities: The subsidiary entity should have a clearly defined purpose; The subsidiary entity's governing body should be effective; The parties involved should be assigned clear roles and responsibilities; The local authority should be able to hold the subsidiary entity to account; Mechanisms for accountability to the community must be in place. See Auditor-General, *Governance and accountability of council-controlled organisations* (2015), paras 2.3 and 2.4.



conditions of different neighbourhoods across Auckland.”²⁵ Our observation here is that ATEED is now looking to restore its local foundations, connections with BIDS and local business as well as local employment opportunities. The sub-regional geographic focus of The Southern Initiative and The Western Initiative align with this. We suggest opportunities be advanced for ATEED and the BIDs to understand each other’s mandate on local economic development, perhaps through more regular meetings between a BID collective and ATEED’s local economic development team. Greater clarity will also be sought with other CCOs to better support the role and function of BIDs.

A further difficulty with the scale of the CCOs and Auckland Council is the culture that comes with large public sector organisations. We have observed, compared with the smaller organisations that existed prior to amalgamation, that the larger scale has placed limitations on innovation and responsiveness.

CONCLUSIONS

Although the restructuring of Auckland’s governance in 2010 removed geographic silos, we are concerned it created instead – especially with the CCO model – functional silos, and has also unnecessarily advanced ‘regionalism’ (where services tend to be delivered with a predominantly regional perspective) at the expense of localism (where multiple services should be delivered with a sense of local place and integration).²⁶

We have raised our concerns and frustrations in this regard over the past few years.

We acknowledge that there have been some advances to address these matters over the past 18 months (such as the work by Dr Stephen Rainbow and Auckland Transport) and we look forward to more constructive engagement between the CCOs and BIDs through the implementation of these advances as well as the ongoing improvements we hope to see from this Review.

“We hope that this Independent Panel will be able to change this culture and bring about a more consultative regime that will listen to the Business Community at large and to average Aucklanders who do not want our city destroyed by radical minority movements who are out to destroy Auckland City”
Parnell Business Member

²⁵ The Policy Observatory (AUT), *The Governance of Auckland: 5 years on* (2016), pp 27-28.

²⁶ See also, the Policy Observatory (AUT), *The Governance of Auckland: 5 years on* (2016), p 26.



“We hope and trust that this Independent panel (Miriam Dean, Doug Martin and Leigh Auton) will take our submissions seriously enough this time to create a total shake up of this wasteful and incompetent council and its henchmen – the CCO’s”.

Parnell Business Member

Yours sincerely
Cheryl Adamson
General Manager
Parnell Business Association