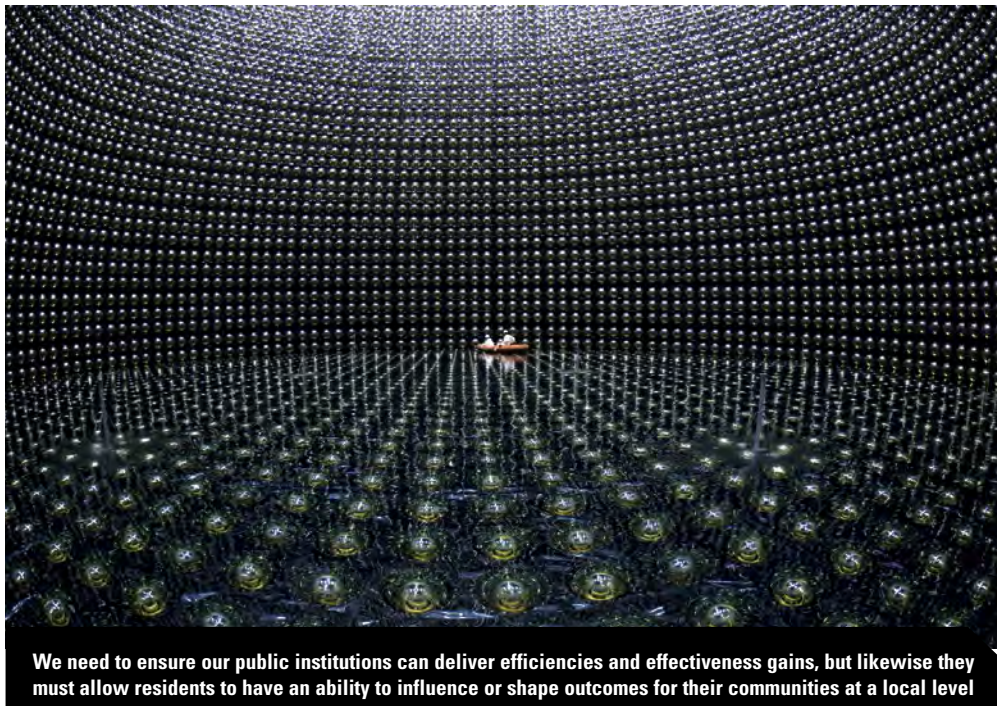




Does **size** really matter

Forgive me for 'banging on' about reform of public entities, especially local government, but I do worry about the strategy behind the reform of some of our public institutions



We need to ensure our public institutions can deliver efficiencies and effectiveness gains, but likewise they must allow residents to have an ability to influence or shape outcomes for their communities at a local level

As readers may have gathered from my previous articles, I am not opposed to reform of entities, especially where the outcomes are explicit and compelling. I currently chair a board in the mental health and disability sector, which has agreed to merge with a similar-sized entity to create a national organisation with over 1000 employees and a balance sheet of circa \$60 million. Both organisations are clear that size does matter in this industry, my board having determined several years ago that we needed scale if the organisation was to deliver better services to its client base.

In the case of government, I assume the agglomeration of departments that came together to make up MBIE was based around shared synergies, greater back-office capacity and delivering better outcomes for the taxpayers and residents. I haven't any feeling or evidence that this may or may not have occurred. Indeed my limited contact with MBIE has been positive.

My key concern, and this relates to how services are provided on the ground, is how such large-scale entities stay in touch with their customer base, especially those outside the main population centres. The issue is, as I see it, that larger public entities tend to become more centralised, policy development is

less informed by areas away from Wellington and Auckland, and the potential for enhanced bureaucracy and/or distance from customers is greatly increased.

Which brings me to local government reform. As I have previously written, I don't see what the government strategy is for local government reform. With no criticism of the Local Government Commission intended at all, I am unsure as to the framework for reform that they have been commissioned to advance.

Unlike the 1989 reform of local government, there doesn't appear to be a basis of principle on which the current reforms are intended to operate. Maybe I am wrong, but much of the reform seems to be ad hoc, and dependent on initiatives not necessarily agreed in regions, to advance amalgamation. To date, these reform efforts look problematic as to likely outcome.

From my experience, the government should be tackling the reform of local government functions rather than the size and scale of local government units. There is a case for the latter, in some areas, but in my opinion this would fall out of a reform of critical functions.

In the case of local government functions, such as transport and roading, the three waters and planning frameworks, size does

matter. Regionalisation or greater of these functions, with appropriate changes to governance arrangements and principal retention of local government ownership, would greatly improve transport outcomes, most certainly the delivery of water services, and provide greater synergies of planning policy framework across regions. The opportunity for greater iwi engagement, such as in water, would potentially be a good outcome of such reform.

Auckland action

The outcomes from the reform of these functions in Auckland, are in my opinion, evident. Strategic transport issues are finally being addressed, a vertically integrated Watercare is delivering on efficiencies and effectiveness in water and wastewater, and the single Unitary Plan for Auckland will ultimately be a boon for the city.

These reforms can be delivered in the rest of New Zealand without wholesale amalgamation. Many regions are addressing this through strategic collaboration and shared services, with degrees of success. Others are not.

My view is that the central government should mandate the Local Government Commission to more specifically place pressure on the reform of functions, without necessarily looking to amalgamate

councils per se. If we had such reform, I have little doubt that New Zealand would gain huge economic efficiency and effectiveness gains.

Such reforms, without forcing local government reform directly, would take away some of the angst of communities that they would lose their 'local' from local government. I personally think they have a point.

While Auckland is a work in progress, the amalgamation of councils and the creation of 21 local boards has been a mixed blessing. There is no doubt in my mind that the council is more distant from the many communities of Auckland.

Local boards are by and large doing a good job, but hampered by a lack of delegation and support. Policy making is being centralised with personnel being withdrawn from places such as Pukekohe and Orewa.

My question is, will the policy makers based in the CBD understand communities such as Franklin and Rodney? And finally, the Auckland Council is very big, some 10,000 personnel. Can an organisation of this size be flexible, nimble and be able to reach out and reflect the many places of this large region? It can be done, as a matter of organisational culture, but much harder than doing so in the smaller councils that are found in the rest of New Zealand.

In my opinion, size of organisations intended to reflect the political dynamics and aspirations of local communities does matter. Too big, or institutional arrangements such as local boards with insufficient powers and resources, limits the ability of such institutions to shape their 'place'. And that ability, to be able to determine the outcomes desired by local government, lies at the core of local government.

So size, big or small, does matter in my opinion. We need to ensure our public institutions can deliver efficiencies and effectiveness gains, but likewise they must allow the resident, ratepayer or taxpayer to have an ability to influence or shape outcomes for their communities at a local level. Therein lies the challenge.

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