

Letter to the Editor, published, New Zealand Herald, Saturday August 16 2008.

Court Study

“ Special family violence courts fail” read the headline on a Herald article that went on to quote from a Massey University evaluation into the courts in Manukau and Waitakere.

Yet a media release issued by the university said: “ Research shows family violence court working well.” The Herald has gone out of its way to find something negative in what is an extremely heartening study.

The university said: “The evaluation so far shows the (Waitakere) court meets international best practice.”

The success in Waitakere lies in innovative intervention. Offenders are not simply marched through the doors, placed before a judge, sentenced and then let back on the streets.

There is a “wrap around” programme involving offenders, their families and community agencies such as Man Alive and Viviana, which has, in fact, seen reoffending rates drop.

PENNY HULSE, trustee, Waitakere Anti-Violence Essential Services.

AMALGAMATION

WHAT YOU LOSE

WHAT YOU GAIN

By Tom Hyde

Last December Dr Michael Bassett, Minister for Local Government, announced the government's intention to merge small local authorities into larger ones. But public opinion surveys show that an overwhelming majority of people are opposed to amalgamation. For many it means more change at a time when change is happening to them too often, too fast. Now, they fear they face the loss of their community and their sense of place in it — and there's nothing they can do about it.

PHOTOGRAPHS BY GLENN JOWITT

Tom Hyde is a *Metro* staff writer. His last story was about successful exporters.

ELLERSLIE

DRIVE DOWN Michaels Avenue from the Ellerslie Highway and you'll see a reserve and the community recreation centre on your left. The reserve was once a swamp, but the borough council turned it into a sports ground. Ellerslie has a strong community soccer club and in the summertime the ground is the home of Ellerslie's champion cricket team. Auckland reps Bill Fowler and Martin Pringle play there.

Not far away, down Aaron Street and around the corner, is the Ellerslie Domain, home of the rugby league Ellerslie Eagles. Roger Douglas grew up on Rockfield Road in Penrose but he played his rugby league in Ellerslie.

Further along Michaels Avenue, closer to Marua Road, live Isobel and Eric Thompson who came to Ellerslie from Central Otago in 1955. Back then their home was part of a new housing development; so far out, the tarseal road ended in front of their house. The rest of Michaels Avenue was gravel.

From the Thompson's driveway you can see across the street to Ellerslie's newly landscaped wildlife reserve. There, amid busy highways, industrial zones and high density housing, is one of the few remaining sections of native bush left in the borough. Hedgehogs, pukeko and even pheasants can still be seen there. Ducks paddle around merrily in the small lake.

The Thompsons haven't taken much notice of amalgamation. They're not sure what it's about and, besides, they've never been terribly interested in politics anyway. But Isobel Thompson is a long-time member of the Forest and Bird Protection Society and was thrilled when the Ellerslie council supported the development of the sanctuary across the road. It was the project of a small local authority whose time and money (about \$100,000) was guided by people who live nearby. With a larger, more distant authority, indeed, with few decision-makers living nearby at all, Mrs Thompson fears this kind of thing might not have happened. It's a question of planning and land use that would take on a different perspective from "Onehunga City".

ON THE OTHER SIDE of the wildlife sanctuary is the Rudolph Steiner school which opened in 1979. About 400 children aged from four to 18 attend the school, and Alan Wagstaff, one of the founding teachers, says there is a trend for families to move closer to the school.

Subsequently, the number of young families moving into the borough has increased in recent years.

JIM SHIELDS sits in his modest office overlooking the Ellerslie shops. His office is in a two storey building built in 1938 to house the new council of a new borough. Ellerslie celebrated its 50th birthday this year.

Jim Shields has worked for local authorities for the best part of 10 years — the Waitemata City Council and Mt Roskill before Ellerslie. He was with the police for 19 years before that. He came to Ellerslie five years ago as assistant town clerk. He's been the town clerk a year. It used to be, he says, that when you took a job with a local authority you had a sense of security; as long as you kept your nose clean you could sit back and not worry too much. No more.

An employment protection clause in the Local Authorities Act is supposed to safeguard local body employees from losing their jobs with amalgamations, but it hasn't helped people like Jim Shields feel more secure. New appointments to new posts will be made. Some jobs will be lost. For those who keep their jobs, amalgamation will mean working in new ways, with new people, in new places. Shields feels he can change easier than others more encrusted by routine, but amalgamation won't be easy, he says, on people who've been doing the same job in the same way for a long time.

Shields hands me a copy of the proposed merger of Ellerslie, One Tree Hill and Onehunga. The three boroughs have submitted a joint proposal to the Local Government Commission setting out how they would rather merge to form their own city than be absorbed into a much larger, isthmus city like the one proposed by Auckland City Council. It's an attempt to reach a compromise with the commission by saying, "Okay, we'll amalgamate, but we'd prefer to do it this way." They can only hope the commission agrees.

Representatives of the three councils meet often now to plan a new south Auckland city. Their aim is to meet the merger demands of central government with minimal disruption and anxiety. The most heated debate in organising the new city may not have anything to do with the complexities of administration at all but, simply, what to call it. Onehunga wants an "Onehunga City". Another suggestion is "Maungakiekie".

Whatever, it won't be Ellerslie. Ellerslie, at 50, will be lost.

THE ELLERSLIE War Memorial Hall, directly across the street from the council

office, was built in 1952 and it's been a focus of community affairs ever since.

This is where Nel Leicester volunteers her time every Monday from 10am to 2pm to supervise the Ellerslie branch of Communicare, a national organisation for the aged and disabled. Nel Leicester is the wife of Ellerslie mayor Leon Leicester who helps out too, driving old folks from their rest homes (Ellerslie has three) to the hall and back again.

Nel Leicester says volunteers are hard to find, but that Molly Kinred, Jeanette MacDonald and Moeroa Brown, all long-time Ellerslie residents, have been helping her faithfully ever since they started the programme 14 years ago. About 30 people attend. They make handicrafts that are sold to provide the activity with its only source of income. Nel Leicester says that for some disabled or aged Ellerslie residents, this is their only outing for the week.

If Leon Leicester isn't helping with Communicare he's often found assisting people above and beyond the call of duty. Jim Shields says the mayor is often called out to help in situations that have nothing to do with his formal duties as mayor.

Jim Shields says that if anyone had any doubts about Ellerslie's community spirit, they would have been erased during the tiny borough's 50th birthday party at the Michaels Avenue Reserve earlier this year. There were dance groups, food stalls, a pipe band played and Penrose High School groups entertained. But the main point was that far more people came than organisers expected and they *walked* to get there. Ellerslie is like that. In spite of the major roads and highways that pass by it or through it, it remains a quiet little suburb where people can still enjoy an easy walk to the shops or one of the reserves.

NORTHCOTE

OFF ONEWA ROAD is Queen Street which leads to Northcote Point. Here you can still find what's left of the old North Shore and its seaside charm residents have fought to preserve. The Northcote Tavern must be one of the finest old pubs still around, and, of course, there's the highly successful Bridgeway cinema within walking distance just up the street.

Architects Stephen Smythe and Claire Johnston have lived on "The Point" for 12 years. Opposite their home is a vacant lot where the community bonfire is lit on Guy Fawkes. Smythe and Johnston, like other Point residents, hope that amalgamation won't mean a change to town planning regulations that would spell the end of Northcote Point as it is. As another

Jim Shields, Ellerslie's town clerk, trying to compromise by merging with Onehunga and One Tree Hill.



longtime Point resident, Peter Green, put it, "We don't want any bloody tower blocks here like they've got in Ponsonby."

ABOVE ONEWA ROAD it's different. Here is the new North Shore.

Pockets of community exist here too, especially along Cadness and Tonar Street and Fraser Avenue which is the state housing area from which Northcote draws most of its multicultural character. Seventy five per cent of the students at Onepoto School are Maori and Pacific Island kids who come from that area.

Eru Pomare lives on Cadness Street. He was born in the far north, the youngest of 15 children, and has lived on the Shore for 25 years. Once settled, his family organised a youth group called the Te Awhina Society. Today, Te Awhina is more than just a family affair, it is one aspect of a Maori community in Northcote that will soon be centred around the new Awataha Marae on Akoranga Drive and the new community house adjacent to the library.

Pomare has been involved in the community house project since its inception two years ago. His initial concern was for kids in the district who had no place to go, apart from school, who wasted time hanging out on the streets. Those were the days when there were no Maoris on the local council and some councillors didn't even know where Cadness Street was.

The community house will become the focus of Onepoto Awhina, a cultural development project that was begun with the current council's support two years ago. These initiatives have had a positive impact on race relations in Northcote.

EWEN DERRICK is Northcote's community advisor. He proudly hands me a copy of the borough's first community directory, a 90-page booklet of important phone numbers, information on how council works, who's who on council, a comprehensive list of community groups, bus and ferry timetables, a map

of nature walks, a street map, and just about everything anyone would ever want to know about Northcote. Derrick is proud of the directory because they didn't bring in an outside commercial concern to do it for them; they did it all themselves.

I glance at the first section, "Northcote's Past", and learn that the area was settled by the Kawerau and Ngati Tai tribes who later joined forces with the Ngati Paoa in an effort to defend themselves against the Ngapuhi who often raided from the north.

After the European invasion, Northcote was administered by the Auckland Provincial Government. That was succeeded by several roads boards, one of which covered the Northcote and Birkenhead areas. Northcote and Birkenhead (and Glenfield by virtue of its location next door) share such a common history, that if these districts officially merge next year, it could be seen as history coming round full circle.

Like Jim Shields in Ellerslie, Ewen Derrick and Eru Pomare are anxious about what local body reorganisation will mean. Northcote's council pays half the salary of a community worker, and together with various government departments and the Roy McKenzie Foundation, about \$127,000 was raised as a development grant for the community house.

Race relations in Northcote are good because people there have worked on them. The council was there too to offer support when it was needed. Eru Pomare could call on Jean Sampson any time. He expects the new, much larger council to be less accessible, and he wonders if they will have the same priorities.

LIKE ELLERSLIE'S Leon Leicester, Jean Sampson, mayor of Northcote, also gets calls from people about anything from rubbish collection to road repairs. She likes that. She likes to know if things aren't right because she can act immediately.

But Sampson's role will change with amalgamation, and she's not interested in running for mayor of the new council, whatever it will be. For her constituency, the larger authority will erase the informal contact. If the rubbish isn't collected, they'll no longer call Jean Sampson, they'll call the Assistant Deputy Senior Inspector of Refuse.

O Kafka!

Jean Sampson walked with me on a brief tour through the shopping centre. Northcote Borough Council owns the land and collects about \$500,000 in rent each year.

We take a look inside the community



Above, Ewen Derrick (left), Northcote's community advisor, and Eru Pomare of Te Awhina: race relations in Northcote are good because people there have worked on them. Will the new, larger council care as much?

Right, Ann Hartley, mayor of Birkenhead: prefers to talk about "reorganisation".

Opposite, Jean Sampson, mayor of Northcote: the government hasn't shown why the present system is inefficient.



library. Funding for it was once a stormy issue in Northcote. The council of the day, dominated by Rotary Club old boys, raised rates to pay for it, but members of the Ratepayers' Association wanted the money to come from another source. By petitioning five per cent of the ratepayers, a fairly easy task given Northcote's relatively small size, the association forced a referendum. Eventually, funds for the library came from ground rent paid by the shops, not rates paid by the ratepayers.

Beyond the library is a state housing area. Jean Sampson says the kids who live there are good kids, not troublemakers, and that Wally, the shopping centre's caretaker, knows them all and they know him. "People know each other here," she says. As we walk back to her office, the mayor greets people — her neighbours — along the way.

I HAD WANTED to talk about Northcote alone, but the sagacious Mayor Sampson also invited Mayor Ann Hartley of Birkenhead because for some time their councils have been working together, not to fight amalgamation, but to promote it. It's as if Northcote saw the handwriting on the wall some time ago and, accepting its inevitable demise, decided to work

with Birkenhead (they now meet weekly) for the best possible option rather than defend territory that, like Ellerslie, is certain to be lost.

Jean Sampson's view on amalgamation is that she's against it, yet she's for it. She can't understand why the government is doing it in light of previous local body mergers that have been disasters.

She recalls the merger of now non-existent Waitemata County with Waitemata City, Takapuna, and Rodney County. That change suffered from a severe communication problem. A public notice appeared one week announcing the breakup of Waitemata County the next. On Friday, people were working for one local authority, on Monday they were working for another, but nobody had bothered to work out the details. It was messy.

Sampson says the government hasn't shown where inefficiencies in the present organisation of local affairs lie, as if they are more imagined than real. And just because something has been around a long time without a lot of change, that doesn't necessarily mean it's a bad thing.

Birkenhead mayor Hartley doesn't like to talk about "amalgamation", preferring "reorganisation". Ann Hartley says reor-

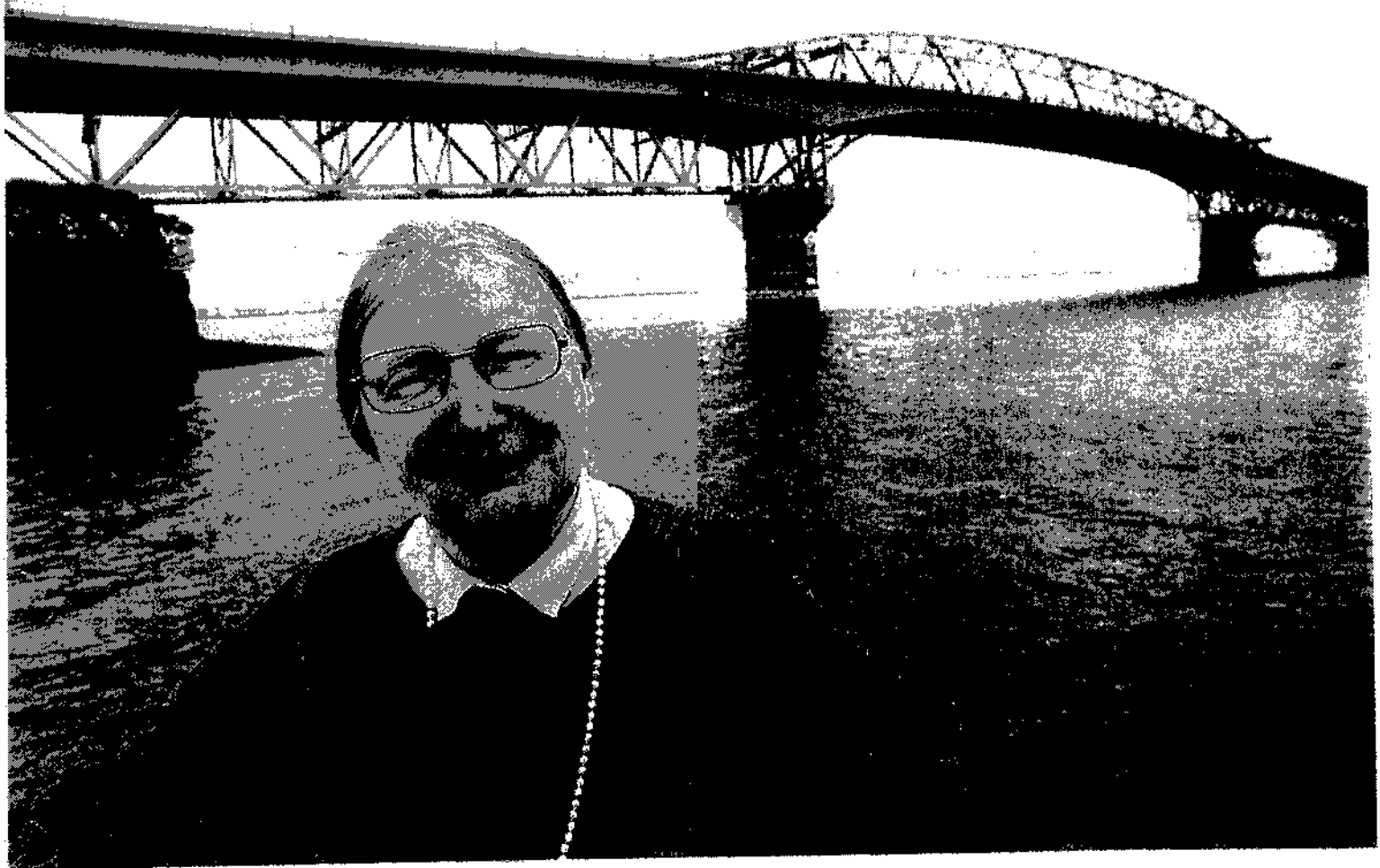
ganisation "addresses the functions served by local government... it's a more dynamic concept involving an interplay between central government, local government and the public... not simply a one-directional policy aimed at making things bigger for the sake of bigness."

Privatisation has created a new climate, she says, so new attitudes and ways of doing things are necessary.

But Northcote residents surveyed had wanted no change at all. Perhaps change had been thrust upon them so fast and with such intensity, it was as if they were saying that when it comes to changing the makeup of their community, they would rather stop teetering along on this seemingly precarious path and just sit for a while on the status quo. For them, no change is a change.

Sampson says she would like to act on their objections but there isn't time for that now. The government has the upper hand. Amalgamation is inevitable, so Northcote had best spend time planning for it rather than fighting it. "We've got a steamroller here," she says.

Sampson and Hartley would like to see a merger of Northcote, Birkenhead and Glenfield to form a western city separated from an eastern city (East Coast



Bays, Takapuna and Devonport) by the northern motorway.

One problem they face, however, is that Glenfield is currently part of Takapuna City and Takapuna City Council doesn't want to lose it. Consequently, while Northcote and Birkenhead talk, Takapuna has kept a distance from the discussions, preferring instead to push, like Auckland, for one Shore city based, of course, in Takapuna.

Ann Hartley pulls a copy of *View City News* from her handbag. It's a promotional sheet made to look like a newspaper, the front page of which has official photos of the two mayors and Birkenhead MP Jenny Kirk along with statements from all three promoting the reorganisation of Northcote, Birkenhead and Glenfield into one western city. These women want more people thinking the same way, so a copy of the sheet will go into all the mailboxes in the district.

Amalgamation is no longer strictly a fight "for" or "against" because now there's no such thing as "against". It is rather a fight to see what the new territories will look like, what they will be called, and who will be left at the top when the dust clears.

WHY IS THIS HAPPENING?

SURVEYS OF residents of small local authorities in the Auckland region have shown that more than 80 per cent of residents to be affected by local authority mergers are against them. They are quite happy the way things are.

But the government is quite headstrong about the matter, and so what people think is no longer germane. The sovereignty of people living in small places like Ellerslie (pop. 6000) and Northcote (pop. 10,000) was lost three years ago when the government amended the Local Government Act in a way that rendered Ellerslie and Northcote people powerless to protect their political domain. With the 1985 amendment, public opinion no longer mattered.

Prior to 1985, local government law allowed for the defeat of any proposed change if more than 50 per cent of the electors of the affected area said no. For example, if a proposal to amalgamate Ellerslie, One Tree Hill and Onehunga resulted in 50 per cent or more of Ellerslie residents against, it could not happen.

The 1985 amendment said that any new proposals for change would have to be defeated by 50 per cent of the *com-*

bined total of the areas affected, eg Ellerslie, One Tree Hill and Onehunga together.

One Tree Hill has a population of roughly 22,000 and Onehunga 20,000, so even if all the residents of Ellerslie voted against the merger, their objections would not amount to more than half the total vote. It was a legislative numbers game that rendered small communities powerless to act for themselves.

ONE WOULD NEVER guess from the public indifference that surrounds local body politics, that local government administration in New Zealand is a billion dollar matter. In many ways, local authorities direct our lives more than central government, yet many people would not know or care who their local councillors are or what they think.

Logically this should change because the government's intention to reorganise local authorities is not simply an expansion of geographical boundaries, it's also a major shift in responsibility that, more than ever, will determine the kind of communities we live in.

Two views come into play here. One is a ratiocinative, cost-benefit analysis of

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AUSTRALIAN RED
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RESIDENT'S
AUSTRALIAN MANAGER
WINEMAKER

public service whereby analysts try to relate economic efficiency to size in order to determine an "economy of scale".

Those who support the amalgamation of small local authorities into larger ones believe an area like Auckland, with 29 territorial local authorities, can achieve a better "economy of scale" if the boundaries are redrawn and small administrations like Ellerslie, Newmarket, Devonport and Northcote become part of much larger ones. Amalgamation, they say, makes economic sense if fixed costs, like administration, can be spread to include more people.

The other view is a personalised one that speaks more about the "quality of life" rather than the quantification of it. It's here where the more personal, face-to-face relationships between officials and the public are protected and fought for.

It's an anti-authoritarian view that values strong local democracy and community identity at the expense of economic and administrative efficiency. If the rubbish isn't collected on the day, no problem. You simply pick up the phone and call the mayor, whom you've known all your life. People opposed to the government's reorganisation cite overseas studies that say a cost-benefit "economy of scale" in community affairs is indeterminable when you weigh the visible costs of road repairs or water supply against the invisible costs of *gemeinschaft*.

The government says reorganisation of local government is necessary because local authorities will be given responsibilities that until now have been directed from Wellington. This is what's commonly called "devolution" or the transfer of power and resources from central government to lower levels of decision making.

That sounds as if amalgamation means the government is about to return decision-making powers to the community, and, in a way, that's true.

For some people, amalgamation means a more exciting, enriching future guided by less red tape and annoying delays while someone in Wellington makes a decision. But for others, amalgamation is a sleight of hand. The government is handing over power with one hand while taking it away with the other.

KEVIN WILLIAMS is an Auckland lawyer and a member of the Grafton Residents and Ratepayers Association. He also sits on the Newmarket Borough Council. Williams prepared an extensive submission on the subject of local body amalgamation that drew on the experience of similar changes in Great Britain, the

United States and Sweden.

Over a period of 22 years, Sweden reduced its number of local government units by 80 per cent. The result was a decline in participation in local elections, the number of people willing to volunteer their time for public service also dropped off, and less money was spent on "uneconomic programmes" (such as Ellerslie's wildlife reserve).

In the search for an "economy of scale" that could justify the changes we are about to see in this country, Kevin Williams found that in 1982 the United States had 82,290 local authorities of which 25 per cent had fewer than 1000 people and 39 per cent had fewer than 10,000 people. In some American communities, for example in New England, town meetings are a longstanding tradition considered fundamental to the democratic process whether they are economical or not.

Another study showed that in Britain, the response to amalgamation has been largely negative. According to one report, "amalgamation led to the transfer of power to Westminster and the politicisation of the metropolitan counties". As a result, the Greater London Council and six other metropolitan councils were abolished in 1986.

Williams noted a British sociologist who, after studying communities in Britain, concluded: "The search for a relationship between population size and most aspects of community performance has been conspicuously unsuccessful." In other words, the size of an administration and the quality of its performance are not related. Big government is not necessarily more efficient or economical.

Of course, small government can be incredibly inefficient too, especially when it becomes entangled in petty personality squabbles. People still talk about the time Northcote resident Jim Mitchell added some steps onto his house. He didn't have a building permit because he didn't think he needed one.

A couple of Northcote councillors didn't see it that way. They said he had to have a building permit. They pressed the matter and the case ended up in court.

Sympathy for Mitchell reached such a crescendo it became a local election issue. More people voted in Northcote's local body election that year than ever, and a new council, led by Jean Sampson, was elected.

The fuss over Jim Mitchell's building permit had less to do with Northcote's building regulations and more to do with personal differences between Jim and some of the old boys on council. Pettiness overruled professional judgement

and Northcote's ratepayers paid for it. Small can be ugly too.

THERE ARE 828 local bodies in New Zealand. Most (453) are special purpose authorities such as education boards, hospital boards, licensing trusts, drainage boards and electric power boards. They exist for one purpose or function only.

The others include territorial authorities (217) meaning all city, borough, town, county, and district councils. Add to the list community councils (136) and regional authorities (22).

In reality, all of these organisations are statutory bodies, but many exist to carry out functions, not to legislate them. The number of local bodies empowered to set rates and determine the kind and quality of services ratepayers receive is less than half the total.

All of these 828 organisations are now under review by the Local Government Commission; and before the end of the year details will be finalised so that all reorganisation is in place by April, in plenty of time for the next local body elections in October.

Local body amalgamation, or reorganisation, also means user-pays. Local authorities have traditionally earned revenue from commercial trading activities, local taxation in the form of rates or fees, and grants or subsidies from central government.

According to the government discussion paper, "local authorities are governed by accounting regulations which place only minimal requirements on financial reporting".

The central government not only wants a new streamlined local government system, it also wants that system to be more accountable for the decisions it makes. Part of that means that benefits derived locally will be paid for locally. To Eileen Forster of Ellerslie, amalgamation means the fear that her rates will go up. She is probably right.

Mrs Forster has lived in Ellerslie 33 years on Somerfield Street near the racecourse. The house across the street is owned by a trainer and next to that are old stables, used now only on race day. Mrs Forster walks to the shops for groceries. Often she bumps into the mayor along the way and he has time to chat. Recently he told her that it looked as though Ellerslie would become a ward of the new city formed by the merger of Ellerslie, One Tree Hill and Onehunga.

This year, Eileen Forster's rates were \$145 less than last year. She wasn't sure why that was. Later, Jim Shields explained that Ellerslie's rates are based on the annual rental value of a property, that adjustments are made every three years,

and that while Mrs Forster's rates are calculated as part of an overall average for the borough, she may have paid less but others elsewhere in Ellerslie paid more (than the previous year).

But it's not possible yet to anticipate how much Mrs Forster will pay once amalgamation is complete. Ellerslie's method of calculating rates is the same as One Tree Hill, but different from Onehunga. Those authorities will have to agree on the form of rating system they will use, and once that's happened, revaluation over the entire area will be necessary. The same will be done on the Shore. Eileen Forster's rates may not go up by much, but they are unlikely to come down any further. Mathematics aside, life just isn't like that.

IN THE FINAL analysis, no matter how large local authorities become, the quality of their service will depend upon the quality of the people who work for them. What will matter most is not how large an authority is, but whether the people who work there care.

Moreover, the degree of influence people have on their new local authority will not change. People will still have an influence if they want to have it.

The ideal vision of "community" often conjures up an image of a place where people live free from political oppression. When Devonport held their community protest against amalgamation, a swastika painted on cardboard leaned against the rostrum. The suggestion was that amalgamation was the coming of the Fourth Reich; that amalgamation was a choice between freedom and oppression.

Reality is somewhere in between.

Amalgamation will mean the loss of Ellerslie and Northcote, but the loss of those political territories will not spell the subsequent demise of Communicare, Onepoto Awhina or the Ellerslie Eagles.

Amalgamation as the reorganisation of local government administration is not itself a threat to community to the extent community is not a fixed, monolithic collection of people who respond mechanically to the system.

Community is rather a dynamic mix of groups who do their thing, whatever it is, at many different levels.

Practically speaking, local body support for some community groups will be affected by reform, but for every community lost a new one will be formed to take its place.

Community is synonymous with the human spirit. No political organisation, however benevolent, however repressive, can change that. ●

AN INTERVIEW WITH THE MINISTER OF LOCAL GOVERNMENT

Amalgamation is happening fast. What's the rush?

Dr Michael Bassett: No rush really. The urge to reform local government goes back to 1895. That was the year when the first local government reform bill was introduced. Every government since 1876 has been of the opinion that there was a need to get some better rationale in local government boundaries. They realised that a basic mistake was made when the provinces were abolished in the 1870s. There was no formal structure set into our constitution for local government. What resulted was that little ad hoc groups, municipalities and small territorial bodies appeared that were simply centred around a community. There was never any logic to it all.

Since then, there have been big efforts to reform local government: in 1895, 1912, 1932, between 1936 and 1946, and then four occasions since. The thrust of it all has been pretty much the same as is encompassed in this particular review.

And that is?

First of all, stronger units of territorial government... Particularly we're talking about ad hoc authorities and special purpose authorities, either regionalising them or encompassing their functions as it suits best a territorial body.

In 1985, soon after we came to power, I reformed the Local Government Act and appointed the new commission. All of the same commissioners, plus one, are still there.

What they announced at that time as their goal is still their goal, and all that has happened is that they've got the legislative structure now to do it within a reasonable time frame as we see it.

I see it now as the end stage of a process that certainly has three and a half years behind it, and if you want to look at it another way, one with 95 years behind it.

But still many people feel we're not simply talking about "amalgamation"; we're talking about "forced amalgamation" where the right to polls and public referenda on the issue has been denied.

Talk of "forced amalgamation" comes from people who say, "We want no change from the status quo, and if you are saying anything to us that deviates from that, then that is forced amalgamation."

We're saying, "Look, the units of territorial government are not sufficiently strong to carry local government effectively into the 21st century."

We're saying the public suffers because the benefits of larger structures are not

there. We're not threatening your community. We want people to talk with their neighbours and work out what they can in a way that safeguards their community but gets the benefits of size.

But one source notes that there have been 15 successful amalgamations over the last three years and another reports 116 local body mergers since World War II, suggesting there's a natural process of merger going on anyway. So why push it?

When you look closely at the 15 since 1985, only one has been in Auckland. That was between Mt Wellington and Otahuhu which formed Tamaki city. There has been no other urban merger of any kind anywhere in the country since 1985.

What's happened has been a good move. You've had the formation of district councils around the country where the local county council and local borough council have merged to form a district council. They work well.

But we still have 128 authorities in New Zealand under 10,000 population. The willingness of the urban-based authorities to move on their own volition is nil. Between 1978 and 1984, when it was left entirely to local governments to initiate mergers, not one took place. One of the Local Government Commission members filled in his time knitting!

Does that suggest to you that people are basically conservative, that unless they get a kick up the bum they won't move from where they're at?

Unless somebody prods them along you won't get people taking new initiatives. Because regional government in New Zealand has not been especially strong, there is no overbody at the local levels who take the initiative.

In Auckland, the formation of the regional body was largely pushed along by the territorial bodies who didn't want to change; who felt that if they buy the notion of a regional superstructure they wouldn't have to change themselves. There is nobody in New Zealand able to kick them along unless it is the commission.

The other option, which we have not taken, is simply to put it into the statutes the way the British did and the way in which a lot of countries have, where they just legislate the change by ramming it through. That actually minimises the chances for community input.

I've adopted the policy of giving the commission the powers and say to them, "I don't want you to abuse those powers.

Your responsibility is to work with the local communities. They now know that you have the power to force something if it comes to that, but the obligation is on the communities to get the best deal they can by talking with their neighbours, and the commission must accept to the greatest extent possible what can be agreed upon locally."

Okay, but what's the problem with the way things are?

Too many small local authorities. About 92 local authorities are under 5000, some are very small, and there is almost no career structure for about half of the local administrators in the country. There is no specialist function.

In many authorities you'll find the planning officer doubling as the dog registration officer. Planning with many local authorities is rudimentary at best and you've got a lot of local authorities that are financially rickety. I think we've got 15 authorities where about 10 per cent of the total rate take goes to paying the town clerk's wages. In other words, the authority is based on such a slender foundation you wonder if the authority doesn't exist just to exist.

What I'm saying is, that we've got to have units of territorial government that are sufficiently strong that they can stand on their own two feet financially and career wise without sacrificing the concept of community.

In some cases we have small local bodies who say they are quite economically self-sufficient to the extent they are not in debt or do not face paying off outstanding loans. They've run a tight ship and they want to be left alone so they can continue to manage their own affairs.

That's their story, of course. There's nothing like being judge and jury in your own cause. They will tell you they've run their ship very efficiently, but in many cases in New Zealand it's been a very laid back arrangement. At the same time, you'll find mayors who will announce the worth of their local authority as if it's close to nirvana. There are a large number of people who have gone into that and realised that there is a considerable amount of waste; that small authorities are not giving good value for the ratepayer's dollar.

I remind you that we've done all the rest of the government; all the state owned trading enterprises have been worked over, everyone has been turned around from a loss situation to a profit situation in just 12 to 18 months. We

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discovered in those cases that the fat component was as much as 50 per cent.

Meaning people who weren't contributing directly to the operation's profits?

Sometimes people, but a lot of investment in functions that weren't forwarding the statutory obligations of that authority. You can't restructure the whole of the government service and leave local government out on a limb, given the fact that they employ about 50,000-plus people and have a budget of about \$4.6 billion a year. We can't write them out of the equation and say either A) we believe you're perfect as you are or B) we're not interested in you.

The other issue that concerns people is the loss of access to local councillors, a loss of influence.

That's why, while there's a need for an economy of scale, we built into the structure the prospects for community representation. Until this year, there was no provision for this at the urban level.

The funny thing is that all of my critics, the ones who are saying, "We don't like local government reform," have been resistant to those three community concepts. This leads me to conclude that the truth is, "community" is a convenient war cry they strap around themselves and go into battle with, but it is not something that when you put them to the test they really care much about. Otherwise, the need for community councils or ward committees would have come from those critics, but it hasn't.

Will people lose jobs with amalgamation?

Probably a few, but I doubt it will be very many. Anybody with talent will be needed in a large local structure. They won't necessarily hold the same designated position, but the career structures will be good if they're done properly. There's a large number of people who are close to retirement in many local authorities in New Zealand. But where redundancies actually do take place, the legislation covering that is quite generous.

Does the Local Employment Protection Act guarantee some continuity for local authority employees?

Yes it does. It says, I think, that if you have been employed with a council for five years or more, you can expect up to two years' payment or a guarantee of employment up to two years.

That act has not been changed with the wave of recent legislation?

No. Don't forget we live in an age when some people quiver with the thought of redundancy, but other people have been pleased to take redundancy payments in order to restart their lives.

What functions will be devolved to local government?

It's too early to say, but the purpose of the project is not to devolve. Government is not doing this because it wants to off-load two thirds of the state administrative process; that's not the case.

What I have been saying to everybody is that I want the structures, particularly at the regional level, to be sufficiently strong, so that if government wants to say to the local level, "Why don't you set priorities in the housing area or an agency arrangement in terms of the distribution of social welfare functions," it can be a realistic option.

At present, government doesn't have that option because you couldn't expect the Ellerslies or the Newmarkets to be able to perform a contract arrangement for any kind of service distribution.

Some people still feel that amalgamation means higher rates with less influence in local affairs.

Hogwash. First of all they have no idea that will be the case. Nobody does at this point. I can't say rates won't go up, because all I know is that all my adult life rates have gone up under the status quo. I can't guarantee that rates won't go up, so what people should be thinking about is whether they're getting good value for money as things are.

I'd be sorry if, at the end of it all, people felt they didn't have as much a voice in local affairs as they had before. They should have.

Amalgamation is yet another reform handed down to us from the top. This suggests that government knows best. Do you believe that?

People elect governments to make decisions to do things people are unable to do themselves at the neighbourhood level.

Every party standing for central office, certainly the two major parties, have had local government reform as part of their policy. We've been elected on that policy. But it's also the one area where both parties have failed the people who elected them. I put that down to the fact that we're the only country in the world where people have said, "We want local government reform," and then they put in the statutory mechanisms to make certain it didn't take place.

Somebody said to me the other day that consulting people in the early stages of local government reform about alternatives is like consulting them about raising income tax. We don't do that. But if we did, the result would be the same. It wouldn't happen. ●

the ARC follies

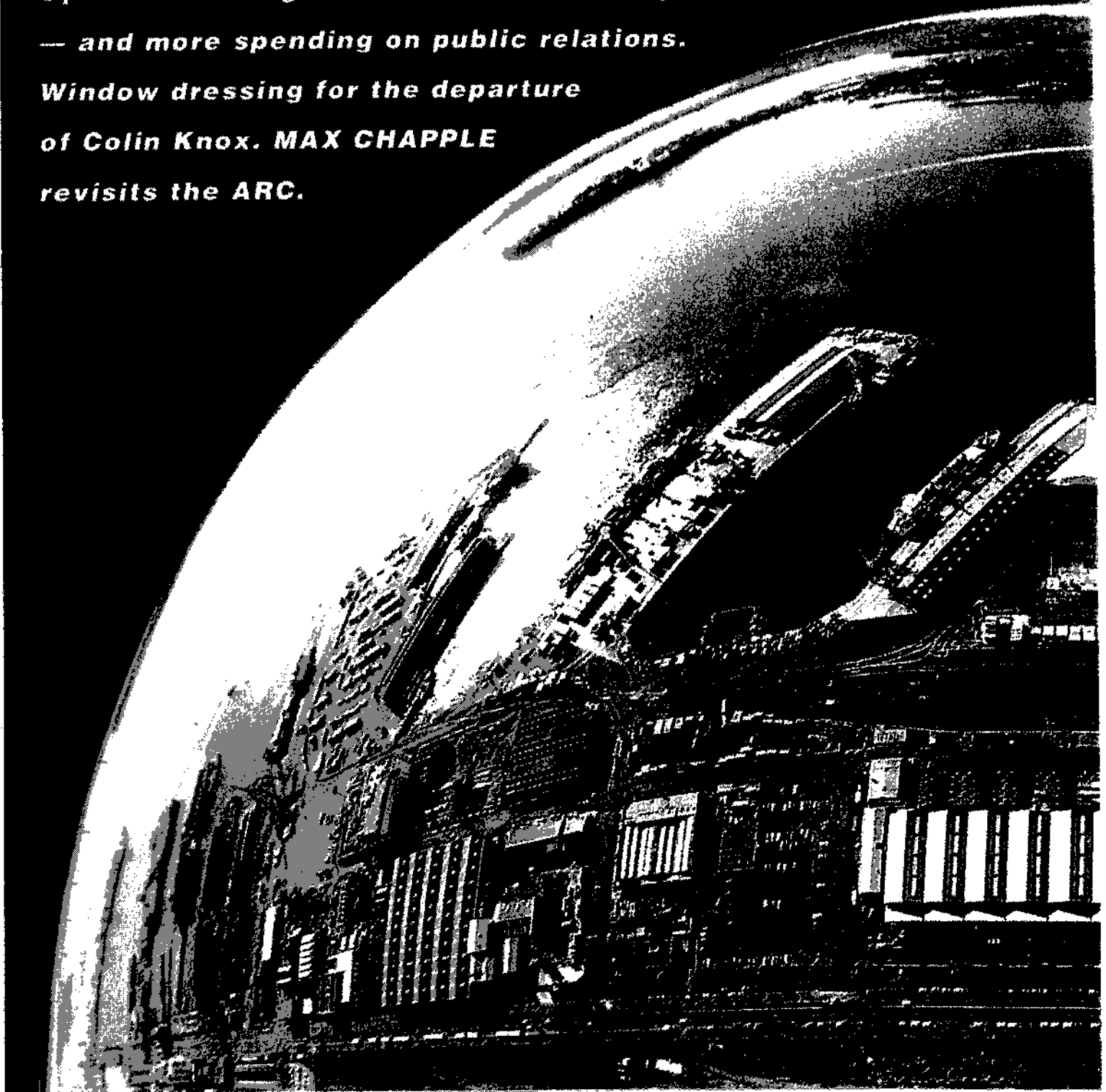
Opinion-steering in the rush to sell the ports

— and more spending on public relations.

Window dressing for the departure

of Colin Knox. MAX CHAPPLE

revisits the ARC.



(continued)



CHING WELER

M12

... the sale that never was

THE UPROAR OVER the Auckland Regional Council's plans to sell its 80 per cent shareholding in Ports of Auckland Ltd culminated in a no-sale vote which could be viewed as a victory for Radio Pacific's talk-back protestors. Their angry reaction started both regional and national politicians.

The turnaround was more surprising, however, when it is understood just how close the sale was and the lengths its promoters had gone to.

In August 1990 the Waikato Regional Council decided to sell its minority interest in the Tauranga and Auckland port companies, thus raising the question of what the ARC would do with POAL. Should it buy Waikato out or sell the shares and collect a windfall?

Selling was attractive to the cash-strapped ARC, particularly since it built its grandiose Regional House palace. In March 1990 the council was \$310 million in debt.

Former chief executive Colin Knox proposed using part of the proceeds of any sale

Maureen Brooker, David Olsen, Bill Ostick, Hiwi Tauroa, Paul Titchener and John Wynyard.

Proposals for a scoping report were invited from two companies: Cavill White Securities, sharebrokers, which had done work for POAL; and Bancorp, then acting as "treasury advisor" to the ARC. Bancorp produced an \$80,000 report which has never been made public.

Bancorp said the council was not the best owner of POAL and recommended that it be 100 per cent sold by a mix of public float and a "placement" of shares to specific customers. Bancorp made a confidential recommendation of POAL's market value (Tilsley now says the company is worth about \$200 million). It also said that the then-current legislation was sufficient to protect the public interest in the ports and added that any further concerns could be covered by special rights or a "golden" share like Telecom's Kiwi Share.

It was perhaps not surprising that Bancorp favoured a sale. Bruce Jesson, the new ARC Alliance member for Panmure, contends that "they're part of the New

decisions without seeing the Bancorp report itself. It only saw the recommendations. Tilsley says this was because Bancorp had information that the port company was concerned might be released to its competitors.

Auckland merchant banking house Fay Richwhite was appointed sales manager after the committee heard proposals from it. Bancorp and Buddle Wilson (CS First Boston asked to be considered, but later pulled out). On December 17, ARC chairman Kay and the then-council general secretary George Tyler signed a contract which backdated payment for work on the sale to October 8.

The contract was signed after approval by the full council (June Hieatt and Norma Lewis recorded votes against it), but most councillors weren't allowed to read it. Says Keith Hay: "We didn't even know what was in the agreement, and yet we were debating the subject." The reason access was restricted was that sales committee members signed confidentiality agreements covering port sale papers. The contract hiring Fay Richwhite is covered by the agreements.

Ultimately Fay Richwhite would clip the ticket

to set up a fund to stimulate economic and employment growth in the region. Keith Hay, ARC member for Roskill, says this was the first time he heard anything about selling port shares. Chairman Colin Kay says, "I think Colin Knox was pushing the sale."

The new National government was making it clear it wanted regional councils to sell port shares. The party's 1990 transport policy had said it would pursue privatisation of ports. After the election, Warren Cooper started preparing the Local Government Reform Bill (No 2), the draft of which said the regional services trust, due to take over service delivery functions from the ARC, had to sell these activities "as soon as prudently possible".

Gary Taylor, ARC member for west Auckland, says most ARC members never wanted to sell, but adds: "The council decided that if the government was going to mandate it and force it on us, then the least we ought to do... was organise a sale on a basis that suited Auckland."

The ARC set up a subcommittee to look at its POAL shareholding, with the member for Maramarua and Regional Ratepayers team heavyweight Bob Tilsley as chairman and membership consisting of

Right agenda. Since the sharemarket crash, privatisation has been a big earner and has kept those companies afloat." But Bob Tilsley insists that Bancorp was open-minded.

The subcommittee took Bancorp's recommendations to the full ARC which voted to "begin the process of divestment of its shares in POAL as soon as possible, consistent with maximising the price received and optimising public accountability." It decided that if this objective was prejudiced, the matter be referred back to the council.

The original subcommittee was at this point replaced by a joint sales committee, also headed by Tilsley, "for the purpose of negotiating the sale of 100 per cent of the POAL shares". Members were Brooker, Titchener, Wynyard and Waikato Regional Council deputy chairman Neil Clarke (the WRC still holds its 20 per cent shareholding).

THESE DECISIONS, made on September 23 1991, were crucial. They were supported by the majority of councillors (because they were made in private, there is no public record of who voted which way).

Significantly, the council made the

Metro has a copy of the contract. It set out the amount of money Fay Richwhite would get.

For phase one, the sale of the strategic stake in POAL:

- A transaction fee increasing with the total sale price achieved. This went from half a per cent if the ports sold for \$150 million or less, to 1.35 per cent if they sold for more than \$200 million. If they sold for \$200 million, the value placed on them, Fay Richwhite would get 0.845 per cent or \$1,690,000.

- \$2000 per man day for all work involved, up to \$300,000 to be rebated against the transaction fee.

- Expenses incurred by Fay Richwhite and fees for any third party advisers "including legal and public relations".

For phase two, the initial public offering:

- Underwriting commission of up to two per cent.

- Brokerage fees of up to two per cent.

- Expenses incurred by Fay, Richwhite and fees for any third party advisers "including legal and public relations".

The shareholders could terminate the contract if they thought POAL wouldn't sell within six months of stopping the sale process, or by December 1992, whichever came first.

At the time of writing the contract was, according to ARC legal consultant Keith Familton of Bell Gully, "in limbo".

The contract named Colin Knox and Fay Richwhite executive director Leigh Davis as the points of contact for the administration of the agreement.

IN NOVEMBER the ARC joint sales committee "produced" an 80-page book *A Time To Sell* "in the interests of informed discussion" on the port sale issue. It was, in fact, written mainly by Fay Richwhite. Described as "a consultative document", it promoted the sale, giving the following rationale:

- Privatisation is necessary so the port can be competitive and develop.
- There are inherent difficulties with councils owning a "private sector" transport business.
- Ratepayers shouldn't shoulder the risks of running a complex commercial operation.
- Privatisation will not weaken, and may enhance, the public interest.
- Ports are being privatised around the world.

• Selling shares will raise money for councils with which to pay off debt or invest, reducing regional rates.

• The government and the port company support the sale.

Auckland Regional Chamber of Commerce and Industry chief executive Michael Barnett, whose organisation represented port users in submissions to the ARC, says *A Time To Sell* "didn't include the views of the community, so it wasn't a consultative document." Of Fay Richwhite he adds: "Ultimately they were going to clip the ticket, so I guess it was in their best interests to have people believe it was a time to sell. But it wasn't. It was a time to gather information, inform people, have informed debate and then it was going to be time to make a decision. Auckland didn't get a chance to share in that."

On the other hand, Allan Brewster, anti-sale councillor and former AHB deputy chairman, doesn't begrudge Fay Richwhite who, he says, "saw an enormous commercial opportunity and grabbed it firmly with both hands, and I don't blame them at all for that. The people and agencies this council have had

dealings with over the years take this council and its members for a pack of suckers."

Tilsley maintains *A Time To Sell* was produced neither as a list of pros and cons nor propaganda: "It was meant to be the conclusions of the sales committee and the reasons why they'd come to those conclusions."

Leigh Davis of Fay Richwhite insists that the document was "primarily... of explanation... it sought to put together the relevant arguments adopted by the council for its position and to draw on the public policy literature..."

However, opponents of the sale insist that the ports belong to the community and that the ARC can't sell what it doesn't own. They say the public should get port profits and retain control over POAL, and they fear a sale would open a strategically important facility to private opportunism. Some resent the possibility of foreign ownership.

Opponents are worried about the future of public recreational and environmental assets of POAL like Pollen Island, Teal Park at Mechanics Bay, the Western Viaduct

... it was in their interests to convince people to sell.



ARC port sale subcommittee chairman Bob Tilsley... "If there was any failing, too few members had most of the information."

development lands and Westhaven and other marinas. They question the effectiveness of a golden share concept aimed at safeguarding the public interest; just look at Telecom's pursuit of loopholes in the "Kiwi Share" to increase charges, they say.

Fay Richwhite arranged for what it called a "professional assessment of public attitudes to the proposed sale" and hired market researchers AGB McNair. Three hundred people were asked in November, among other things, this leading question: "If it could be demonstrated that this sale would have the effect of reducing property rates by around 10 per cent, would you be in favour of the sale?"

Just under two thirds of respondents said "yes".

AFTER DECIDING to hire sales managers, the council advertised for public submissions on its intention to sell. The last submission was heard on January 29. This was nearly four months after Fay Richwhite had started work.

This apparent haste prompted Auckland City mayor Les Mills to write to transport minister

place inside the ARC over at least two years: "... I felt comfortable that when Fay Richwhite were awarded the mandate for sale that the council had taken the appropriate constitutional steps and reached what seemed to be reasonably well considered commercial decisions. They instructed us accordingly."

Bob Tilsley defends the sales agents. "They were commissioned and were consulting with the business community as to how best to progress the sale, not whether to sell or not."

But Michael Barnett counters, "... if selling was the only answer, it must have been a bloody stupid question." He is critical that the council employed "the best brains in the city" but failed to articulate the information leading to their conclusions. "The ARC invested Auckland's money and then failed to give Auckland a return on that investment... They gathered the information, they promised consultation; they didn't share the information, they didn't allow for informed debate."

Tilsley responds: "I think there are informed business people and environmental people who possibly could have

anti-privatisation platform) and ex-harbour board members Bob Carr, Richard Holden, Harry Julian and Alan Brewster. On March 9 about 500 people and five Auckland mayors attended an anti-sale meeting in Mt Eden.

Gary Taylor says, "I think there's an element of duplicity in the attitude of the region's mayors who got themselves on to the Radio Pacific bandwagon of public concern — in an election year for local government, remember — and organised that meeting while at the same time they were covertly planning the sale of the airport."

Perceptions of Radio Pacific's impact depend on where you stand. New ARC member for Auckland Central Mike Lee (Alliance) credits the station and his party: "The Pacific campaign was critical... people were being outflanked politically and made to look bad if they voted against us." Papakura member David Hawkins: "If Pacific hadn't taken the issue on so strongly I'm sure the port would have been sold."

From the other side of the argument, Bob Tilsley claims the campaign was based on misinformation: the impression was given that "the harbour", Lynfield,

It was discovered later that the consultants'

Rob Storey. "Councillors are extremely concerned," complained Mills, "that the substantial landholdings held by the port company are being prepared for sale behind closed doors, without any consultation with the people of Auckland who have a vital interest in the future of this land."

Bruce Goldsworthy of the Auckland Manufacturers' Association, part of the port users' group, was another who was disappointed at the lack of consultation by the ARC. "They'd appointed sales managers to work towards selling... and then they called for submissions. It seemed to me to be around the wrong way." He says of the sales process generally: "It was amazingly badly handled."

Fay Richwhite representatives came to the AMA's council meeting in December, an occasion of which Goldsworthy says, "I don't know what their terms of reference were, but we were presented with a fait accompli: The decision's been made. We're going to sell. Our instructions are put it into a package and sell it to the highest bidder."

Fay Richwhite's Leigh Davis acknowledges that these comments are "understandable" but says they don't recognise the process of internal inquiry that took

benefited from more information, but I'm certain that had they had the information, they would have come to the same conclusion as the sales committee."

SEVENTY-NINE submissions came in and, according to Titirangi member Paul Walbran (Green/Alliance), whose job it was to summarise them, they were "overwhelmingly" against sale. The results were to be reported to the council at its February 25 meeting.

At the same meeting the port sale consultants were to meet the council to update them and answer questions. But somehow the meeting was organised so that the consultants got in first, and it was confirmed by a vote that the sale process should continue.

This angered Walbran who says, "Because of the order of the agenda the recommendations of the submission committee had been usurped, made redundant." Tilsley says council staff drew up the agenda, not him.

The official process may not have been working for opponents of the sale, but luckily for them the media was. Opposition to the sale was mounting, helped along by Radio Pacific, ARC's Alliance members (who stood for election on an

and all the land between Fort Street and Quay Street was up for sale (he says none is). Fellow sales committee member John Wynyard is more cynical: "Pam Corkery may have had her heart in it, but... [Radio Pacific] wanted to get its ratings up and here was a good excuse."

IN EARLY MARCH came the news that the government would remove the clause requiring port shares to be sold "as soon as prudently possible".

The easing of government pressure was great news for anti-sale people and conversely took force from the privatisation argument. Says Wynyard, "The government ran away from us at the end of the day."

With less pressure from Wellington to sell, and more from the Auckland public not to, politicians changed camps. Bob Tilsley, like Lee, cites political expediency: "Some members certainly voted under pressure of the ballot box." On March 16 the sale was called off.

As a member of the sales committee, ARC member for North Shore Paul Titchener encountered raised eyebrows when he voted against the sale. He says his mind was changed by doubts that it was in Auckland's best interests and by public opposition which started before Radio Pacific became

involved. "In my 10 years as a local government politician I've never experienced such public reaction," he says. "Not one person I spoke to, out of literally hundreds, wanted the port company sold."

Michael Barnett: "The people of Auckland, instead of being apathetic and sitting back as we have in the past... said, 'No, stop. We want it clearly demonstrated in advance that this is going to be better for us. We don't want this rather paternalistic approach that this is best for Auckland.'"

When the sale was stopped, Fay Richwhite had nearly finished a prospectus for the share float. Leigh Davis says the company's previous involvement meant it was not surprised by the final decision. "Dismayed, perhaps," he adds.

ONLY ON THE night of the big decision came the fuller story about the activities of some of the consultants involved. It was later discovered that their fees totalled \$1,228,257. Hawkins also unearthed an advice memo to the committee from Phoenix Public Relations prepared in the middle of the Radio Pacific campaign and recommending "immediate

communications actions" to "stabilise the situation". It said "the secrecy impression" of events had "provided a public platform for opposing interests to exploit", central government's advocacy for the sale was "softening" and MPs were expected to be pressured (presumably by anti-sale factions).

Phoenix recommended that the ARC committee neutralise the secrecy impressions with an "issues-based information campaign", lobby Auckland MPs in both parties, put ads in newspapers and "ensure [that the] ARC defuses opposing publicity stunts, eg the delivery of the Pacific letter campaign." It further said that core issues should be refined: "To the greatest extent possible, these should focus on the future, on economic opportunities and lifestyle enhancement possibilities in a revamped port ownership structure."

Hawkins was furious, labelling the paper "taxpayer-funded propaganda". "Who could have so much cheek to spend that amount of money to try and give a glossy picture and try to totally fool the ratepayers of Auckland using the ratepayers money?" he thundered.

Even Gary Taylor, a rival of Hawkins,

wasn't happy about the PR advice. "It stinks a bit, that a consultant uses your money to manipulate public opinion to a particular view."

Bob Tilsley stresses that Phoenix was acting for Fay Richwhite, not the council, but insists nonetheless that its work was legitimate: "It's normal for a sales agent to have PR advice. And they said, 'Our advice is that you correct this misinformation programme or your sales process is in jeopardy.' That's their function. We chose not to take their advice."

However, confidential minutes of the sale committee show that it *did* act on the Phoenix memo, deciding on March 5 to:

- Draw up a letter and press release to send to Auckland MPs.
- Circulate an "information pamphlet" to ARC members.
- Delay a decision on the "draft advertisement text".
- Authorise Tilsley to attend a briefing session with appropriate MPs in Wellington in conjunction with Fay Richwhite and legal consultants Bell Gully.

Tilsley's explanation that Phoenix was acting for Fay Richwhite doesn't wash

fees for the "sale" of the port came to \$1,228,257.



ARC chairman Colin Kay... defended Colin Knox — then voted for him to go.

with David Hawkins who says: "There appears to have been a lack of control, a lack of anyone who can take responsibility for it. The only thing consistent with what usually happens at the council is that a huge amount of money was spent."

At Fay Richwhite Leigh Davis argues that public relations is part of doing business, the ARC approved its recommendation to retain PR people with a proper brief, and that his company was given consent to employ Phoenix after a "pretty objective" selection process. "Their role wasn't manipulation. It was explanation and management of the task of communicating to the city the issues at stake."

FAY RICHWHITE billed the ARC \$791,759.68 and Bell Gully charged \$436,497.46 for legal advice. The sale agent's charges included those for its own legal advisers, Chapman Tripp Sheffield Young, of \$116,290.91, and Phoenix of \$174,977.81. As 80 per cent shareholder in POAL, the ARC pays four fifths of the bills (the money is due to come from dividends, but as June Hieatt says, "It's still public money").

The process cost \$1330 in councillors' expenses and travel and about \$8000 in ARC secretarial time. Committee members were paid an extra \$6080 for their time (Brooker and Wynyard got \$1600 each, Tilsley and Titchener \$1440 each).

Fay Richwhite's bills included 205 man days at \$2000 each: 78 for Davis (\$156,000), 73 for Andrew Body \$146,000 and 54 for Richard Thomson (\$108,000). That's \$410,000 in labour, not including an extra \$51,250 in GST. Then came disbursements. From January 16 to 28, Davis went to London on an airfare costing \$8449. His meals and taxis cost \$1541.97 and his hotel bills totalled \$8037.69. The trip cost \$18,144.66 all up. POAL chief executive Robert Cooper went with Davis and had his bills paid by his employer.

Davis defends the journey, saying it was particularly useful to gain an understanding of public policy issues, the detail of sale processes chosen and transaction values in order to be more competent advisers: "The United Kingdom is the laboratory of ports privatisation in the world."

Fay Richwhite's Andrew Body ran up \$8177.84 in accommodation bills at the Pan Pacific, Centra and Park Royal. Body normally works from the company's Wellington office.

In May, after negotiations between Fay Richwhite and the ARC, \$50,000 was sliced off the bill.

Answering Hawkins and Hieatt's questions, acting ARC general secretary Ewen

Hutchinson wrote that the majority of information passing from Phoenix to the committee was verbal. "The only written report was the one... dated 5 March 1992." Keith Hay laments: "Two and a quarter pages for \$174,000."

WHAT FRUSTRATES backbench councillors most is the fact that they were excluded from most of the process. They didn't see many important documents or know what the consultants were costing.

Hawkins says councillors asked at several meetings about costs, but to no avail: "The only time we were aware of the actual and full costs of the process was in reply to our [written] questions." Hay: "I'm concerned that democratically elected representatives will agree to a secret document [the contract with Fay Richwhite] and hold it from their co-councillors."

Tilsley concedes, "If there was any failing, too few members had most of the information. That was caused by the port company insisting on confidentiality agreements. The port was, and is, under extreme competition... they didn't want their plans and objectives to meet that threat made public."

Auckland has traditionally been a strong container port, while Tauranga is big on exports of logs, kiwifruit, meat and dairy products. But this year, Tauranga finished a development which includes two gantry container cranes and 27 hectares of paved storage area. Tauranga has a deep port and fewer limitations on the dumping of dredgings, all advantages over Auckland. In April the Port of Tauranga Ltd offered for sale Waikato Regional Council's 23 per cent holding and 20 million new \$1 shares. The offering was heavily oversubscribed.

AT THE MARCH ARC meeting over the port sale, Bruce Jesson and Mike Lee tabled a notice of motion worded to stop the sale, recommend a referendum on the issue if central government forced the ARC's hand, and leave POAL as it was. In the event it was superseded by an amendment put by Bob Tilsley which would have put off any sale decision but kept the process going. This amendment was lost by 9 votes to 17.

A further amendment by Gary Taylor halted the sale process and its costs but canned the referendum and resolved to look at splitting off the port company's "non-core assets" — recreational, environmental and downtown development lands. The amendment also recommended that further consultation should

continue with all interested parties "on all these issues". It was passed by one vote.

Alliance members, however, are worried that Taylor's amendment will make the company more attractive to buyers by stripping away its peripheral activities. Lee says, "It makes it a hell of a lot easier because they [non-core assets] are encumbrances [to a sale]. Mangroves don't bring in much of a return." He claims the clause about further consultation means the central issue of a port sale is still up for negotiation.

David Hawkins shares Lee's trepidation that the amendment allows the sale process to continue. He says it will only aid the new regional services trust when it starts in October. "Gary [Taylor] is shrewd enough to know that... the trust will have every bit of information it needs to sell the asset contrary to the wishes of the people of Auckland. That's why we vigorously opposed the Taylor amendment, because it was, 'Sell the port company but tell the ratepayers you're not going to.'"

All Auckland members of the port sale committee, except Paul Titchener, voted for the amendment. Anti-salers voted against it.

Taylor insists that the consultation clause relates to the status of "non-core assets", not the sale itself. He saw a "window of opportunity" to separate the assets and permanently protect them before the trust takes over. "You don't put your mother between you and the firing squad to try to persuade them they shouldn't fire... If [POAL] is sold, I want it to be sold without those key public assets."

When Paul Walbran said in the *Western Leader* the amendment was "carefully and subtly worded leaving the ports open to be sold at a later date," Taylor threatened the newspaper with legal action.

NOW AUCKLAND faces a \$1 million bill for a sale that never happened and people like David Hawkins ask what ratepayers got for their money. "Bob Tilsley says that... through the sales process we know significantly more about the company. But the problem is that his committee has a secrecy agreement with Fay Richwhite, so how can any of the information be passed on? The ratepayers get nothing."

Tilsley disagrees, saying the information, though kept at POAL, is available to the ARC as owner. About 80 per cent of it, he claims, is not wasted: "It is certainly not wasted if at a later date the sale proceeded in a different form, which I honestly believe will happen."

Aucklanders asked on talkback radio

and at the Mt Eden protest meeting what might happen if the port was sold. Fay Richwhite's Leigh Davis asserts that competitive realities will now force them to ask what will happen if it isn't. "The present position is unsustainable," he says. "The current shareholder doesn't understand the port and will always struggle to understand a fast-moving transport business. [The ARC] would have difficulty finding development funds for the port, understanding the company's strategic plans. And the port is fighting for its life."

POAL profits for the nine months to June 1991 totalled \$6.7 million compared to \$13.4 million for the previous full year. Anti-sale campaigners, of course, say if the company can be run better, ratepayers should collect the profits.

As this article was being prepared, some ARC members were concerned that the regional services trust would have to sell the port shares in order to operate: they fear it will have lots of assets but little cash. Written questions on this issue put to Warren Cooper, who was being lobbied by the ARC to trash the trust on the ground it was unviable, were not answered.

Whichever body next raises the issue of a port sale — and another debate is inevitable — it would do well to learn from the blunders made in round one. Bob Tilsley insists that "we're elected to govern", but Michael Barnett argues that councillors are elected to consult. "They should be a reflection of the wants and needs of the people of Auckland. And they haven't done that." ●

II... the "vanishing" of colin knox

ON THE NIGHT of Friday February 14, after an Auckland Regional Council meeting, chairman Colin Kay and chief executive Colin Knox issued a press release. It read: "With the completion of the restructuring of the council into autonomous companies reporting to their own boards of directors, the job Mr Knox was appointed to has vanished. Mr Knox had pointed out to the council in May of last year the inevitable consequences of the changes which the ARC had adopted, and at its meeting last December the council appointed a special committee to negotiate with Mr Knox the early termination of his contract. Mr Knox is expected to leave the ARC on 13 March."

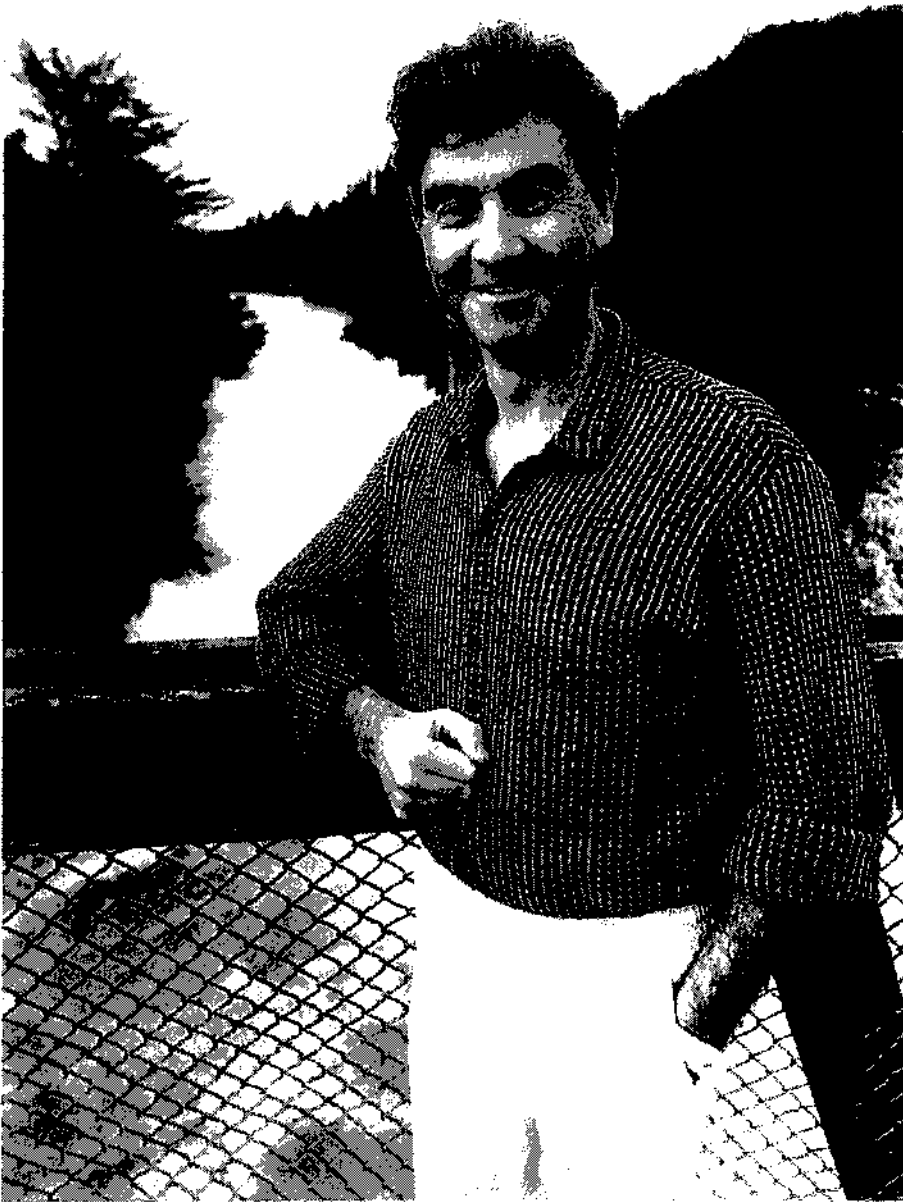
The release quoted both Kay and Knox. Kay said: "Negotiations have been entirely amicable throughout. The council and Mr Knox have put in tremendous effort over the past three years to make the ARC simpler and more efficient."

Knox praised his staff for the way restructuring had been approached: "We were told by experts that what we were trying to achieve would take five years, and we've done it in three."

Auckland's newspapers unquestioningly accepted the story. The *Herald* and the *Sunday Star* reported Knox and the council had "parted company". The *Star's* Toni McRae wrote cheerfully of how a "relaxed" Knox planned to set up a consultancy business.

His departure was surprisingly low-key considering that Knox was the country's most controversial local government manager. He drew much flak from councillors and staff for spending big on public relations and signing an expensive redundancy agreement as the council shed workers (it has been criticised by the Audit Office, which estimated in April it had cost \$16.6 million). His training sessions for senior managers at luxury resorts and his apparent attempts to keep information from councillors also attracted attention. So did his \$194,483 personal salary package and the way he fired valued staff.

NEW ZEALAND HERALD



Former ARC chief executive Colin Knox... his job "vanished."

His career at the ARC led to *Metro's* December cover story, after which the committee was set up to consider the continuance or termination of his five-year contract (to September 1993). Knox said he would sue this magazine for defamation.

Despite the claim that Knox's job had "vanished", ARC deputy chairman Dr Lindo Ferguson didn't think so and promptly resigned after writing to local government minister Warren Cooper, "The ARC political situation is untenable without the presence of a competent, strong chief executive." Long-serving general secretary George Tyler was made acting chief executive.

The council's mild press release didn't say what really happened.

A REPORT WAS presented at the February meeting by a special committee made up of ARC members Bob Tilsley (chairperson), Maureen Brooker and Colin Kay.

The committee had spent a great deal of time negotiating with Knox. There were five meetings and numerous letters and phone talks between the parties and their lawyers (Rod Hansen, on instruc-

tions from Phillips Nicholson, advised Knox, and Harry Waalkens of Bell Gully Buddle Weir assisted the council).

Four options were identified.

- Keep Knox.
- Appoint him to the regional services trust or divestment unit (planned under the Local Government Law Reform Bill No.2).
- Terminate his contract amicably.
- Or sack him.

The committee wanted Knox out because of the breakdown in confidence between him and the members as well as between Knox and some staff of ARC. The committee believed there was an urgent need for action.

The *Metro* story was not mentioned.

Tilsley's committee indicated early on that it preferred amicable termination, but gave Knox notice of grounds for termination for cause (sacking) just in case. These included:

- "Criticism over the redundancy agreement negotiations
- Matters concerning the refinancing of the National Provident Fund/Regional House debenture [the mortgage the ARC had missed out on refinancing]

• Criticism as to the absence or lack of keeping of records

- PR expenditure — corporate services
- Corporate services department — its formation and subsequent abolition
- Failure to manage the council:
 - i. Lack of management control as to council business
 - ii. Lack of control regarding key staff (eg Murray Upton [ex corporate services director])
 - iii. Poor staff relations
 - iv. Inadequate financial controls
 - v. Lack of adequate furnishing of information to members of the council and failure to provide the information requested
- Annual plan deficiencies
- POAL [Ports of Auckland Ltd] director replacements
- Appointment of corporate services director (showing poor selection/judgment)
- Acceptance of outside directorships.

KNOX DISPUTED THAT there were grounds for termination. He wanted to stay on until being given executive directorship of the divestment unit and a place on the boards of any council com-

some questions for colin kay

If Knox's job 'vanished', why is George Tyler still acting as chief executive?

The original job Colin Knox was appointed to has just about vanished. Once the local authority trading enterprises have been set up and transferred to the regional services trust, all that's left is the resource management side, and that's not the job Colin Knox was appointed to do.

However, I think the council will probably appoint a new CEO because it will always favour having a CEO rather than a group of top officers. George Tyler, who's is just filling in on an acting basis, is doing an excellent job and may well be interested in the permanent position.

You defended Knox when he was being criticised. Why then did you vote for him to go?

I didn't vote for his appointment, but, yes, I did publicly defend him in many areas. The chairman and the chief executive have got to work together and I never believed that an officer should be criticised by an elected member, and certainly not by me.

At one stage Colin Knox had about five members constantly opposing him for their own reasons — some of the reasons were probably fair enough, some of them may not have been — and the numbers started to grow. It was getting to the stage where it was difficult for him to be able to run the show. I called the meeting to discuss Colin Knox's future.

I voted for him to go because I thought it was in the best interests of the council, and in the best interests of Mr Knox, too, to be quite honest.

Why was it in his best interests?

I think it would have been a totally impossible task for him with the numbers against him.

Was Colin Knox a mistake?

I wouldn't go as far as to say he was a mistake. He had a lot of ability, but he lost the council. He lost a lot of the staff. How can you be what is really the managing director unless you've got your staff and the majority of your members with you?

The sharemarket crash was in October 1987, but the big decisions over Regional House were made the following year. Why did you build when you knew the recession had started?

The council decided by a substantial margin to go for it after we'd had the best advice we could get from accountants, lawyers, property developers. We'd been told by the then-government that they were going to devolve further responsibilities to regional government. They talked about health, police, education. These matters weren't finalised but it was said publicly that regional government was going to be bigger. And it was a rat-house at the old headquarters anyhow. Our advisers also said buying new accommodation would be, medium to long term, cheaper than leasing it.

We got what we believed was a very good deal with Regional House. We had a \$20.28 million deal that Aurora would sell the old building, and a contract that said they would lease the extra floors in the new building. Aurora's balance sheet was extremely strong, but when Equiticorp took over Aurora and then collapsed, we lost on both agreements. We got \$5 million

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panies transferred to it. He wanted the council to pay all his legal costs and redundancy pay for the rest of his contract period if he chose to leave after November 9. As an alternative, he would take the rest of his contract pay and damages [unquantified] for distress and humiliation for the early termination of employment.

The committee said a divestment unit appointment would be premature — the legislation hadn't been finalised — and offered Knox \$200,000 to leave.

Knox came back wanting about \$565,000, including \$36,000 back-pay, \$26,000 holiday pay, damages, legal costs and \$350,000 for the balance of his contract. The committee rejected this. Negotiations appeared to reach a stalemate by February 5 and a meeting planned for Waitangi Day was abandoned.

On February 13, Knox made another offer: that his contract terminate on March 31, he be paid \$200,000 plus back-pay and legal fees, and continue to be a paid director of the four council companies. He also wanted the ARC to hire him as a consultant for three months,

earning \$150 an hour for at least 10 hours a week. The committee declined his offer.

Talks continued on the day of the final meeting and at last Knox accepted a deal. It included \$110,000 pay in lieu of notice and \$115,000 redundancy. Knox got approximately \$150,000 after tax.

The parties also agreed to the joint statement: the press release fed to the media. He also kept the right to sue council members for defamation over their statements in December's *Metro*.

On top of this, Knox was given a respectable time to depart. The committee was of the view that the implementation of the termination should be forthwith and that Knox should not remain at the council for any additional length of time. The committee was, however, prepared to accept a window dressing situation where Knox would be regarded as in employment until another month's time but that, in fact, he not be at the ARC premises.

A DRAFT AUDIT OFFICE report released in May criticised the use of some consultants during Knox's tenure. It found some PR consultancy work "unwarranted

and could have been carried out in-house", and said, "the costs of some of the services appear to be rather high."

In the year to June 30 1991 the council spent \$9.5 million on consultants.

The report further said that there were inconsistencies in the degree and quality of control by the ARC over consultants, that the justification for some services was questionable and the expected benefits were not always realised. Some spending, like \$122,728 to train executives, was badly timed and its benefits "may not have been realised".

The auditors found no unauthorised spending on outside consultants "from our limited view", but said "respective managements considered it impractical to seek approval" for changes in costs.

Knox has been made a director of Ubix Business Machines and the Maori Development Corporation, part-owner of Ubix. He has been asked to help the Marlborough District Council handle the abolition of the Nelson-Marlborough Regional Council.

In May the ARC's finance committee recommended the council employ a new CEO.

out of the deal for the old building because there was a bond.

Are you prepared to admit you made a mistake supporting the building of Regional House?

I will never, ever admit that this building was a mistake, because it'll come right. Property values will come up again. The decision was made with the correct facts at the time. We'd be one of dozens of buildings around the city that this has happened to. I am sure that this building will be one of the major buildings in this city but it may take five or 10 years.

Why didn't the ARC ask the people of Auckland what they thought of selling the port company before it set in motion the process of selling it?
Good question. It was something I raised actually, because I was getting messages. I raised it with Bob Tilsley and Colin Knox in particular. Colin Knox was inclined to not listen to the public.

I think I was the first to take the message to the chief executive and say, "Look, we have to get public participation on this." Whether the public participation was temporarily overlooked, I'm not sure. But it certainly came after the process had started.

Who was pushing the sale?

I think Colin Knox was pushing the sale. I think Bob Tilsley would have been more pro-sale than against, but he was taking the line, as chairperson, of trying to get all the facts together. The government was also making it pretty plain they wanted this council to get on with it, and a lot of the elected people

were worried that the government would make it mandatory.

Are you happy about \$1.2 million dollars charged by consultants for a port sale that never happened?

Unfortunately, that's politics. Not all of it's down the drain, but quite frankly I think some of the costs were far too high. Some of the legal costs were horrific and I was astounded at the total PR costs.

Whose fault is that?

I wouldn't like to apportion blame. I guess the committee talked these things through and made their decision. They did have delegated authority.

Some council members say what the ARC needs is a strong leader and that you aren't one. Are they right?

I've kept this show on the road in very difficult times. It's been tough going but I'm still here.

Do you think the ARC's problems could be partly your fault?

When you're in the chair you've got to take responsibility for the council. You can't always do anything about it, but you're landed with it anyhow. I guess Jim Bolger has the same problem.

I think we got a bad reputation on a lot of trivia. Finally I've got to have broad shoulders, I guess.

Are you standing for re-election in October?

I won't answer that at this stage.

Eco Solutions

July 19, 2008 -- Updated 0517 GMT (1317 HKT)

Fighting the tide of plastic bags in a world awash with waste

STORY HIGHLIGHTS

- 13 billion plastic bags are
- On average each bag is
- Backlash against bags h

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READ

VIDEO

By Matt Ford
For CNN

NEXT STORY

(CNN) -- "You can't leave the ocean to take care of itself," says a surfer interviewed in the remarkable film "Hawaii: Message in the Waves".



Towns and cities across the world are banning plastic bags to try and reduce waste.

"One of the saddest signs of the times for me is seeing what the dolphins are playing with."

The toys that she is talking about are the detritus of our consumer society; the plastic bags, briefly used, thrown away and now clogging up our oceans.

Across the world more than 13 billion bags are issued every year to shoppers -- that's about 220 per person. On average they are used for 12 minutes before being discarded, but then they remain in the environment for thousands of years.

In Hawaii, due to the action of tides and currents, the bags congregate in the coastal waters, and "Message in the Waves" shows the horrendous consequences of our throwaway culture for the wildlife -- the turtles, sea birds, whales and

dolphins tangled up and choking on the trash we throw away.

The world awash with plastic bags

Environment California estimate that plastic bags kill up to one million sea creatures every year, and the British Antarctic Survey have found them floating far north of the Arctic Circle, and as far south as the Falkland Islands.

in June 2006 a United Nations Environmental Program report estimated that there is an average of 46,000 pieces of plastic debris in every square mile of ocean.

There is an area of the Pacific the size of Texas known as the "trash vortex" or "plastic soup" where gyrating currents hold an estimated six kilos of plastic for every kilo of plankton, according to Greenpeace.

In April 2002 a dead minke whale was washed up on the coast of Normandy, France, with nearly a kilogram of plastic bags in her stomach that she had mistaken for food. The plastic also acts as a chemical sponge absorbing some of the worst pollutants in the sea and increasing its toxicity when swallowed.

For "Message in the Waves" filmmaker Rebecca Hosking, seeing the damage the bags cause was a life-

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changing experience. "What really brought it home for me was one day filming a turtle," she says.

"It had a plastic bag in its mouth and was slowly dying, there was nothing we could do... I turned the camera off and just broke down crying."

She was compelled to take action. Once back home in Modbury, South Devon, Hosking set about ridding her town of the bags, determined that it would no longer contribute to the crisis.

Wherever she went, people immediately committed to changing their ways. Through a campaign of talks and film screenings she persuaded all of the 34 shops in the town to substitute plastic bags with reusable cloth bags.

Across Britain her initiative has struck a chord, and now over 80 other towns have followed her lead and introduced their own schemes to cut down on plastic bags.

A normally conservative British newspaper, The Daily Mail, launched its own Ban the Bag campaign against what it called "the plastic poison", offering readers free reusable bags as well as resources and wall charts for their children's schools. Suddenly, bags were being seen as antisocial.

A survey by London councils revealed that over 90 percent of Londoners wanted a ban, or would support a 30 cents charge on every bag.

But it isn't just people in the UK who are getting involved in the backlash against plastic bags -- all around the globe people power has started to make real change.

Now towns in Canada, Australia, the U.S. and Europe are considering bans or other measures. In Ireland plastic bags have been taxed since 2002, a scheme that is estimated to have cut consumption by 90 percent.

In France, reusable bags now account for half of the market, and San Francisco has become the first U.S. city to adopt a ban on disposable bags. Los Angeles has pledged to phase in a ban by 2012.

Oil prices putting the squeeze on bags

But in many ways it is the developing world that has been leading the way.

Don't Miss

- All about: Recycling plastics
- Eco Solutions
- Special report: Oil prices

It was Dhaka, in Bangladesh, that was the first city to ban the bags in 2002 after so many were discarded that they began clogging up drains and causing floods during the Monsoon.

There are also campaigns in Rwanda, Taiwan, Singapore, Israel, western India, Botswana, Kenya, Tanzania, and South Africa.

On July 1 China banned the thinnest 0.025mm bags, threatening retailers with a fine of up to 10,000 Yuan (\$1460) if they broke the rules.

Of course, the Chinese authorities are worried about the effect the 1.6 billion bags discarded each year are having on the environment -- but there is also another worry: oil.

Even where environmental issues fail to convince retailers and legislators, it seems that price may soon persuade them to abandon free plastic bags.

Just as the hike in the price of crude is already making people around the world drive less, it may soon also make it simply unaffordable to give away bags.

Plastic is made from oil and its price rises in tandem. The USA's biggest plastic manufacturer, Dow Chemical, announced price rises of up to 20 per cent in May this year, and many other companies around the world have followed, some complaining that the cost of raw materials has more than doubled.

Much has been made of alternatives to plastic, but bags made from corn starch come with their own environmental issues. Although they are biodegradable, it may take many years for them to fully rot.

They are also often made from GM corn, particularly in the U.S., and there is also the issue of using valuable agricultural land to grow materials to make a product, which is typically only briefly used, at a time of rocketing food prices.

In the end complex solutions may be missing the point. The best solution -- both for the environment and our wallets -- may actually be the simplest: to rely on our rucksacks, cloth bags and reusable plastic carriers to take our purchases home.

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