



**Submission to the Wellington City Council Draft
Annual Plan by the New Zealand Public Service
Association: Te Pūkenga Here Tikanga Mahi**



For a better working life

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi

For further information, please contact:

Nick Kelly
PSA Organiser
NZ Public Service Association
P O Box 3817
Wellington 6140

T: 0276750440
E: nick.kelly@psa.org.nz

Wellington City Council Draft Annual Plan 2013 - 14

Submission to the Wellington City Council by the New Zealand Public Service Association: Te Pūkenga Here Tikanga Mahi

1. *Introduction*

- 1.1 The New Zealand Public Service Association : Te Pūkenga Here Tikanga Mahi (the PSA) represents over 58,000 public sector workers, who work in the public service, state sector, DHBs and community public services as well as local government, where we are the largest union representing local government workers. The PSA represents approximately 8000 members who live and work in Wellington City, over 300 of whom work for the council or its agencies. We welcome the opportunity to make a submission on the Wellington City Council (WCC) draft annual plan and to discuss issues facing our members who work for the council and our members who live in the city.
- 1.2 The PSA has recently made a number of statements in the media and presented at council meetings regarding restructuring and outsourcing of council services. The PSA is concerned about the direction this council has taken over the last 12 months and fears the change process has resulted in many valued staff members leaving the organization, either voluntarily or through redundancy. However we are committed to building a constructive engagement with the council to help build a better working life for WCC staff and an effective and highly productive council that serves the Wellington public.

2 *Executive Summary*

- The constant restructuring and reorganisation in WCC in recent years has led to significant job losses, and to a culture of constant change and uncertainty for the remaining staff, who have to manage high and difficult workloads. It is unclear what benefit, if any, this restructuring has brought the council.
- The PSA has recommended a moratorium on further restructuring pending a review of the impact these restructures have had on council.
- We are particularly concerned about cuts to the library budget (\$2 million since 2010), which have led to service reductions and job losses. Libraries make a major contribution to all the well-being of the community, and we believe that cuts in this area are short-sighted in light of the ambitions in 'Towards Wellington 2040: Smart Capital Vision'.
- The PSA urges WCC to withdraw the proposed library budget cuts and to reinstate the cuts made in previous years.
- Several council services have been outsourced to the private sector in recent years and the PSA does not believe there has been any benefit to the Wellington public as a result. The PSA strongly opposes outsourcing where a compelling business case does not exist, and recommends that the council should review its approach and practice on outsourcing.

- There should be greater investment in the Museums Trust to enable the museums to better contribute to the economic, educational and cultural well-being of the community.
- The PSA urges the council to adopt the Living Wage for its employees, both in Council and in CCOs. As part of this it should also look to adopting responsible contracting practices.
- The PSA is committed to building a positive and constructive working relationship with Wellington City Council. Council employees often have many good ideas for how to improve efficiencies, reduce costs and deliver better council services.

3 Changes to Local Government Legislation

- 3.1 The PSA believe that changes to the Local Government Act were flawed and the removal of the four social well beings will have a detrimental impact on the service local government provides to New Zealand communities. We are very pleased that after reviewing council activities WCC had decided not to cut any of its current activities:

The review found that Council does undertake some activities that fall outside our current understanding of the terms 'local infrastructure', a 'local public service' and a 'regulatory function'. However in all cases, we were able to determine that the community had given us a mandate to, or there was a clear need for our Council to, provide for the activity'

- 3.2 The overwhelming majority of submissions at select committee were opposed to the government's changes to the Local Government Act. The PSA is committed to campaigning to restore the four well beings and repealing the changes to the Local Government Act. The union agrees that the activities currently provided by WCC have a community mandate, more so than the government's changes to local government legislation.

4 Towards Wellington 2040: Smart Capital Vision

- 4.1 Much is made of the 2040 vision in this and other official WCC documents. For our members this 'vision' is often used as justification for change proposals where WCC employees are forced to reapply for their jobs and proposals about council business units are made without staff or public input. The PSA has no issue with the 2040 vision, but in the name of this plan council job losses through restructuring and outsourcing have occurred and this has led to some cynicism and lack of commitment to the vision.
- 4.2 The PSA believes that having a highly engaged and highly productive work place is central to achieving the 2040 vision. One of WCC's visions is to be a 'place where talent wants to live'. Sadly the amount of change and low level of engagement that has happened in the last 12 months at WCC holds the council back from achieving its full potential. Rather than being a place 'where talent wants to live', WCC has lost many experienced employees and has earned a reputation as an employer to avoid in the region. The PSA is happy to work with WCC to help change the current culture and improve productivity within the organisation.

5 Change within Wellington City Council

- 5.1 WCC has gone through a significant amount of change management in the last 24 months; there has

been significantly more restructuring and change here than in any other council in the Wellington region. The feedback from members is that there has been a culture of constant change and uncertainty within this council for a number of years. One member told us she has been through 14 restructures in the last 20 years. Other employees talk of feeling insecure in their employment at WCC.

- 5.2 The PSA is not opposed to change, in fact, we promote changes that we think need to be made to management styles, the quality of jobs, how work is done and how services are delivered. A key issue for us is that change management processes engage fully with staff and their union, and that the voice of staff is heard – and listened to.
- 5.3 The PSA recently made a request under the Local Government Official Information and Meetings Act 1987, seeking information about redundancies and resignations in the last two financial years. WCC's response to this OIA is included as Appendix 1 of this submission. This OIA revealed that 462ⁱⁱ staff members have resigned from WCC between 1 July 2011 and 30 March 2013. In that same time period 94ⁱⁱⁱ staff members were made redundant. Since that date there have been further redundancies and resignations from WCC. This is of a total of 1349 permanent employees at WCC. These figures demonstrate – and the chief executive has acknowledged - that staff turnover at WCC is higher than at other councils in the region or generally in the sector. Whilst not all the resignations were due to restructuring we know anecdotally that for many of these employees it was a major factor. The level of restructuring is also one of the main variables when comparing to other councils.
- 5.4 Through restructuring, 235 positions have been disestablished between 1 July 2011 and 30 March 2013 and 155 have been created, with the net result that there are 80 fewer permanent positions at WCC. Further positions have been disestablished and established since then, but the trend continues to be one of a reduction in staff numbers.
- 5.5 In the past 12 months the following WCC Business units have gone through restructuring:
- Building Compliance and Consents
 - Consultation and Engagement Team
 - Project Management
 - City Communities
 - People and Capacity
 - Tier 2 & 3 management
 - Libraries
 - City Housing
 - Urban Development Team
 - Research, Development and Strategy Unit
 - Property Services
 - Finance

In some cases these restructures were done in phases, rather than as one restructure. Whilst WCC followed the minimum legal requirements, often the timeframe for consultation was very short meaning that affected employees had little time to process the proposals before having to give feedback through submissions. In most cases the post-consultation decision documents were little different to the original proposal despite considerable numbers of submissions identifying

shortcomings in the proposals. We noted above the degree of cynicism about the restructuring – this is a major reason for it.

- 5.6 In a number of cases, newly created positions remain vacant months after the restructure or employees who were redeployed or reconfirmed have decided to leave employment. Remaining employees across the organisation continue to complain of being overworked due to their unit being short staffed. It is unclear what benefit, if any, this restructuring has brought the council, and the PSA has recommended a moratorium on further restructuring pending a review of the impact these restructures have had on council.
- 5.7 Parks and Recreation are still to have their restructure but the PSA understands this process will start soon. When the PSA asked the previous CEO Garry Poole for a rough timeframe for when all restructuring would be finished we were told the Executive Leadership Team couldn't say how long it would take. This is an unacceptable situation for our members and indicates a lack of adequate planning.

6 Budget cuts to Libraries

- 6.1 There has been significant public debate about the proposal to reduce library hours at the Brooklyn, Cummings Park, Ngaio, Wadestown, Island Bay and Khandallah Libraries^{iv}. The PSA does not support a reduction in opening hours, as the savings will make little difference to WCC's overall bottom line, but will have a negative impact for library users in these suburbs. However the PSA believes the bigger issue is the overall cuts to the library budget since the last triennial Council elections in 2010.
- 6.2 The libraries were one of the WCC units to go through significant restructuring/downsizing as a result of budget cuts in the last year. In the 2012/13 WCC budget \$800,000 was cut from the library budget. As the result of this, libraries lost 20 full time equivalent (FTE) staff members in mid-2012. Libraries in the Northern and Western Wards were most adversely affected by these cuts with many of the staff in these libraries having to take significant cuts to their hours or in some cases being made redundant. Staff numbers were reduced across the WCC libraries but in the Central Library and those in the Southern and Eastern Ward these cuts were achieved through natural attrition or only employing staff on a fixed term basis.
- 6.3 Smaller but still significant cuts to the library budget were also made in the 2011/12 WCC budget, which resulted in cuts to the services the libraries provided. The following is a list of reductions to the library service from 2011 to present:
- Stock rotation ceased in 2011 - the result being smaller library branches having a reduced selection to choose from as their collections are no longer regularly refreshed, and the library needs to buy more copies of individual titles to compensate.
 - There has been a reduction of professional level staff in the libraries. Prior to 2011 WCC employed more qualified librarians in specialist positions.
 - Children's book clubs have been cancelled and replaced with an on-line version. Whilst this suits some library users, many have now stopped using this service.

- Holiday programmes run for children have been reduced. Not all library branches now run holiday programmes, whereas in the past all did.
- Weekly preschool story times have been reduced significantly
- No reference magazines are now held at the central library - previously the most recent copy was reference only, meaning current copies were available at the central library. This has resulted in negative feedback from library users
- There have been changes to housebound loan periods from 4 to 6 weeks
- WCC libraries now employ fewer customer service staff
- Customer service desks at the central library have been reduced, especially at night. At the end of 2009 there were 9 points of contact for customers (fiction enquiries, issues, information, returns, membership, children's enquiries, 2nd floor enquiries, science and humanities enquiries, arts music and literature enquiries); now there are 7 during the day and only 5 at night. The closing off of the returns area in 2010 had a negative impact and library users continue to complain about it.
- Reduction of customer service points of contact at Karori library.

- 6.4 Elected councillors have claimed in the past that cuts to the library budget were minor and would have little impact on the service. This year's Annual Plan states that WCC is "planning to maintain the existing Library network"^v. As the cuts have happened gradually, the overall impact has not been noticeable to the public, however the above list demonstrates that services provided by WCC Libraries has reduced significantly due to budget cuts over the last couple of years.
- 6.5 If the proposed WCC budget for 2013/14 is approved, the libraries will face further budget cuts. The proposed cut of around \$400,000 in this financial year will result in library staff numbers being reduced by a further 12.05 FTE's (20 staff). Recently Karori Library employees have been informed that a staff position that is about to become vacant is not going to be replaced. The PSA understands library management has employed a number of fixed term employees across the library network, anticipating that they will need to reduce staff numbers once the 2013/14 WCC budget has been passed.
- 6.6 Frontline staffing levels in the Libraries are reportedly getting to breaking point. If the planned budget cuts to the Library are approved, library users are likely to notice the impact much more than they have in previous years. Whilst the proposal to purchase more self-issuing machines may go some way to alleviating this, it will take time for this new technology to get installed and for library users to get used to using it. It should be noted that not all issuing can be done through self-issuing machines, and nor is it the preferred way to issue books for some library users.
- 6.7 When added to budget cuts in the 2011/12 and 2012/13 WCC budgets, the 2013/14 budget cuts would mean just under \$2 million has been cut from the WCC library budget since the last Triennial council elections in 2010. WCC has not been open about these cuts and the reduction in the library service. While library employees are increasingly getting complaints from library users about reduced services or long lines at issues desks, it is only recently that the public has become aware that this is the result of a political decision by WCC to cut the library budget.
- 6.8 We would like to draw Councillors' attention to the September 2012 report from Queensland on 'The Library Dividend'^{vi}. This report shows that the socio-economic return to Queensland is \$230 for

every \$100 invested in public libraries. Their cost-benefit analysis showed that the quantified benefits included: literacy initiatives, improved education and career outcomes, services such as computer classes for seniors, social interaction and a sense of place, and environmental savings. There are no comparable figures for a library dividend for Wellington, but we would hope that the return is similar – or better. We also observe that Auckland Council, in its analysis of the government’s Better Public Services 10 Result Areas, states that its library services contribute to educational and social outcomes (for example, through after school homework support, pre-school story-telling, computer access for secondary students) that government seeks for New Zealanders. Wellington deserves a public library service that enables its residents to reach their potential.

- 6.9 Library services are consistently rated as the services most valued by New Zealanders, as measured in the State Service Commission’s Kiwis Count survey^{vii}. Wellingtonians value their libraries, which are a vital community, educational and social asset. The budget cut is relatively insignificant in terms of the overall WCC budget but will have a significant impact on the library service and its dividend to the people of Wellington. The PSA urges WCC to withdraw the proposed budget cuts and to reinstate the cuts made in previous years.

7 Outsourcing

- 7.1 As highlighted at the Extraordinary Council meeting on April 4th of this year, WCC has in recent years outsourced council work in the past done by Citi Operations. WCC’s response to our information request (see Appendix 1) shows the following services have been outsourced since 1 July 2010:

- Kerbside Recycling
- Drainage Maintenance (excludes CCTV drainage Team)
- Election Processing
- Southern Landfill Operations

Since then the suburban street cleaning team has also been outsourced as voted on at the April 4th council meeting.

- 7.2 The PSA does not believe there has been any benefit to the Wellington public as a result of these services being outsourced. The Mayor and other elected councillors have been quick to state that outsourcing is different from selling assets or privatisation. The PSA has been told that outsourcing is done as a way of getting specialist work done more efficiently than WCC can do it by running the service in house. There is no evidence that we have seen that any of the services listed above are being delivered more efficiently or cost effectively since they have been outsourced. Much of the WCC management’s justification for outsourcing is based on an assumption that the private sector can deliver better services to the rate payer than an in house council business unit can. The PSA believes this argument is based on ideology rather than fact. There is no intrinsic reason why WCC cannot run these services efficiently itself.
- 7.3 The PSA is not saying there is no place for the private sector in delivering some council services. We understand that there will be occasions when private contractors need to be used by council to deliver services. An example of this is private construction companies used to build the new Kilbirnie Recreation Centre or security companies engaged by WCC during the 2011 Rugby World Cup.

However core council services such as rubbish collection and landfills have been run in-house by WCC for a great many years and we see no justification for these services being outsourced. We note that a resolution passed at a 2001 council meeting specifically stated that Citi Operations work should not be privatised. It is not clear why the current Council has decided to reverse this previous position.

- 7.4 Citi Operations still employs people to run the tip toll booth, to run the tip store and to do various other tasks at the Southern Landfill. The council voted to review what should happen to the remainder of City Operations in the Extra-Ordinary Council meeting on April 4th. The PSA represents employees who remain in the Citi Operations team. In the absence of a compelling business case for outsourcing, there is no rationale for these jobs to be outsourced and the PSA is strongly opposed to such moves.

8 *CCTV Drainage Team*

- 8.1 Appendices 2 and 3 of this submission are, respectively, the proposal to outsource the CCTV Drainage Team (received by the PSA in December 2012); and the combined union submission written by the PSA in January 2013. Despite PSA and affected employees unanimous opposition to the outsourcing proposal, WCC management decided to proceed with this proposal to outsource CCTV Drainage. However this process came to a halt after the Extra-Ordinary Council meeting. The CCTV Drainage employees are unclear what will happen to them after this review, and have advised us that certain managers have indicated to them that outsourcing of their unit will proceed regardless. There is a lack of transparency about the review process. The PSA has been told by the chief executive that any outsourcing will occur where it is shown that this is the best and most efficient way to deliver services to Wellington residents. It is our view that the process involving the CCTV unit falls well short of this and no rational case has been made for outsourcing this service. The PSA therefore believes that the CCTV drainage team should remain in-house, and WCC take steps to bring back the rest of the drainage maintenance service.

9 *Cost cutting versus Service delivery*

- 9.1 The PSA understands the financial pressure WCC is under as a result of leaky homes payouts and a desire to keep rate rises to a minimum. We also realise the constraints that central government have put on local government, particularly as a result of changes to the Local Government Act in 2012. However the need to balance the council's books needs to be balanced with the needs of the Wellington public for quality public services from WCC.
- 9.2 Under the governance section under 'Our Work' in the draft annual Plan it talks about online engagement projects such as *Our Capital Voice*^{viii} where the public can participate in online engagement panels. However recent restructuring in the Consultation and Engagement team has resulted in reduced staffing numbers – potentially compromising projects like this in the future.
- 9.3 Under the section 'Efficiencies and Savings' it talks about WCC facing "significant financial Challenges in terms of earthquake mitigation for Council buildings and weather-tight buildings"^{ix}. However the recent restructure of the Building Compliance and Consents team which is responsible for

preventing future leaky buildings has been downsized by 3 FTE's. Hopefully this experienced team will retain as many of their current staff as possible. However the Executive Leadership Team's decision to radically restructure this unit, with the resulting loss of capacity and capability could cause problems later on.

10 Capital E and the Museums Trust

- 10.1 The PSA represents members in the Wellington Museums Trust. These museums have to struggle with limited funding to run the world class museum facilities that they do. We note with pride the recent naming of Wellington Museum of City and Sea as one of the world's top museums. The workers in these museums generally are on low wages. Whilst understanding the financial constraints that WCC faces, it is important that the council notes the important contribution these excellent museums make to the capital's tourism sector and cultural life and recognises that these assets are worthy of greater investment.
- 10.2 With regard to Capital E, it is concerning that this facility faces an uncertain future due to the current building in which it is housed in being earthquake prone. This is an important facility and the PSA urges WCC to find alternative accommodation for this in the future.

11 The CCO model

- 11.1 The PSA questions the purpose of the Museums Trust being run as a separate Council Controlled Company (CCO) rather than running these services directly. The validity of the CCO model is questionable, as it adds cost into the overall system through transactions between CCOs and other factors such as directors' fees. In addition, there is a weakening of accountability and control by Council. The PSA recommends an external review be commissioned of the CCO model, including the opportunity for public submissions.

12 The Living Wage and economic development

- 12.1 The PSA is a member of the Living wage coalition and support its goals and objectives. At a members' meeting in March, PSA members voted unanimously to endorse the Living Wage Campaign. We support the decision by Council to investigate Wellington becoming a Living Wage City and commend the leadership shown by Council.
- 12.2 For WCC the majority of its 1349 employees are earning above the \$18.40^x per hour that the Living Wage coalition has calculated to be a living wage in New Zealand in 2013. The PSA believes council should increase the wages of those earning below that amount. Accurate information on the number of people earning below a living wage is not available to the PSA, but it would not be expected to be a significant financial burden overall to adjust these low wages. The major impact for WCC would be the wages of employees working for contracted services such as the cleaning staff or the services recently contracted like the street cleaning workers. There would also be an impact on the wages of workers employed by council CCO's. We understand that WCC will need to work through the implications of becoming a Living Wage City. The Council needs to lead the way by ensuring its staff and those working in contracted organisations are paid a living wage. We also understand that if WCC does decide to support this campaign there may be a need to a gradual phase in similar to what the Warehouse have announced they are doing. However it is important that

all employees of WCC and its agencies are getting paid a living wage.

- 12.3 However this is not just a campaign about workers employed either directly or indirectly by local government in the city. The objective of the campaign is to generally lift the wages of the poorest New Zealanders and stop the ever growing gap between rich and poor in this country. Living Wage Aotearoa is based on successful Living Wage campaigns internationally that have been supported by politicians from across the political spectrum as well as many business leaders. By endorsing this campaign, Wellington City Council can lead by example and encourage other employers in the city to pay a Living Wage. The council should also look to adopting responsible contracting practices.
- 12.4 The PSA believes this campaign aligns with the economic development objectives of WCC. In the draft annual plan it states that a key target of the council is to “create 10,000 new jobs across the economy by 2015.”^{xi} By increasing the wages of the lowest paid workers in the city, it will increase the people’s overall disposable income. People spending more money in the city will help create more jobs and stimulate economic growth.
- 12.5 The PSA supports the goal of creating at least 10,000 jobs across the Wellington economy by 2015. However these jobs need to be secure roles where workers received decent wages and conditions. Creating more casual/precarious employment situations will do nothing to improve the Wellington economy or working people’s lives. The increasingly precarious employment practices particularly impacts on younger workers and the more vulnerable sections of our society.

13 A Dying City?

- 13.1 Recently Prime Minister John Key described Wellington as a dying city. The PSA does not agree with this statement; however we do recognise that the capital city is going through a period of transition and change. The current government policy to downsize the public service has harmed the Wellington economy in recent years. Recent public opposition to downsizing of the Department of Conservation shows that public opinion is turning against these cuts and has forced the government to partially back down. However the damage done to the public sector by the cuts since 2008 will take years to recover from and this will continue to impact negatively on Wellington. The Council’s leadership in promoting economic development, including strong jobs growth, is vital.

14 Engagement and Productivity

- 14.1 The PSA is committed to building a positive and constructive working relationship with Wellington City Council. We believe that by having strong engagement between council employees, management and elected representatives we can work together to make WCC an employer of choice and improve the productivity and service delivery of the organisation. Council employees often have many good ideas for how to improve efficiencies, reduce costs and deliver better council services.

15 Conclusion

- 15.1 The last 2-3 years have been a difficult time to WCC employees. The organisation has gone through considerable restructuring and budget cuts, often taking a toll on WCC employees. There is a feeling currently that decisions to restructure or outsource council services are not made after genuine consultation and engagement with the council staff who deliver the service. The result has been high

staff turnover and a significant loss of institutional knowledge in many parts of council. The PSA recognises the challenging political and economic environment that the council is operating in but fear that many of the recent changes have not been properly thought through. The PSA is committed to building a constructive working relationship between union members and the council leadership, and hope to start making some progress in this over the coming year.

ⁱ Wellington City Council Draft Annual Plan, *New Purpose of Local Government* Page 10

ⁱⁱ Wellington City Council response to PSA Information Request 14 May 2013

ⁱⁱⁱ Ibid

^{iv} Wellington City Council Draft Annual Plan, *Key Changes to Planned Services and Capital Spending in the LTP*, Page 17

^v Ibid

^{vi} 'The Library Dividend' a guide to the socio-economic value of Queensland's public libraries. September 2012.

www.slq.qld.gov.au

^{vii} <http://www.ssc.govt.nz/sites/all/files/kiwis-count-quarterly-update-dec2012.pdf> p 26

^{viii} Wellington City Council Draft Annual Plan, *Our Work*, Page 12

^{ix} Wellington City Council Draft Annual Plan, *Efficiencies and Savings*, Page 23

^x <http://www.livingwagez.org.nz/files/embargo%20file/Living%20Wage%20Fact%20Sheet.pdf>

^{xi} Wellington City Council Draft Annual Plan, *Economic Development*, Page 45

Appendices (attached as separate documents):

1. WCC response to PSA LGOIMA request
2. WCC proposal to outsource CCTV
3. PSA submission on CCTV outsourcing