



Long Term Plan

Submission to
Auckland Council
22 March 2021

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Background

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 77,000 members. We are a democratic organisation representing members in the public service, the wider state sector (the district health boards, crown research institutes, and other crown entities), state-owned enterprises, local government, tertiary education institutions, and non-governmental organisations working in the health, social services, and community sectors.

We are an organisation that is committed to the principles of the Treaty of Waitangi.

The PSA has been advocating for strong, innovative, and effective public and community services since our establishment in 1913. People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered.

The PSA in Auckland

The PSA represents approximately 22,500 members who live and work in the Auckland region, 3,700 of whom work for the Auckland Council and its agencies.

All of our members have a strong interest, as residents of Auckland, in the 10 Year Budget and its aspirations and intentions. Those members employed by Auckland Council and its agencies have an additional interest in how the Budget will affect their jobs and working conditions.

This submission has been prepared by local PSA members who work for Auckland Council.

We wish to speak to this submission, and the contact person is

Jo Taylor – PSA Organiser jo.taylor@psa.org.nz

PSA vision for Local Government

Local democracy is a cornerstone value for the PSA as vibrant communities are underpinned by strong democratic institutions that aim to support and maximise citizen participation in local decisions. We support public ownership and control of services and facilities.

The PSA believes that the constitutional independence of local government must be supported and strengthened.

Key recommendations on the draft long term plan

Key issue 1: Proposed investment Package - Councils financial response

Our recommendations on the proposed investment package – Councils financial response include the following:

Living Wage

- ***We seek a commitment that Council become an accredited Living Wage Employer and extend the payment of a living wage to all contracted staff including those contracted to Council Controlled Organisations.***
 - *We support the work that Auckland Council has undertaken recently to pay all directly employed council staff a living wage.*
 - *We support the work that Auckland Council has undertaken recently to pay contracted cleaning staff a living wage*

Pay equity

- **We strongly urge Auckland Council to set aside budget for pay equity settlements**
 - PSA has lodged an equal pay claim with Auckland council relating to Library assistants. This will need to be funded once resolved,
 - Increasing salaries across professions affected by pay equity claims to avoid wage compression

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Rating proposal and debt limits

- **PSA support the proposed 5% rating increase**
- **PSA support increased debt to fund infrastructure and services.**

Climate change

- **PSA support the council's proposed climate change initiatives**
- **PSA strongly urge Auckland Council to work closely with central government so that efforts to address climate change can be coordinated and a shared funding model agreed to.**

Provision of Council services

- **PSA consider services and assets should, in principle, be retained in-house rather than be outsourced.**
- **PSA is against the privatisation of public services.**
- **Asset sales: PSA strongly supports the retention of publicly owned assets in public ownership and control.**
 - We oppose the sale of assets that are large-scale, strategically important to the economic, environmental, cultural and social well-being of the community, and the sale of which will disadvantage future generations.
- **PSA strongly oppose any cuts to Council services, particularly where these will impact on the services available to residents.**

Staff retention

- **PSA strongly urge Auckland council to prioritise the retention of staff in this budget and any actions arising from it.**
 - Council staff are Aucklanders as well as employees. 3700 staff employed by the Auckland Council group are PSA members
 - Council staffing, spending, and delivery of services has a significant impact on the wider Auckland economy. Any job losses due to decisions in this budget have the potential to impact regional employment levels.
 - Existing staff bring huge value to council in terms of their institutional knowledge and their dedication to serving Auckland.
 - The arbitrary staffing cap that has been imposed by the governing body is having an unintended consequence of increasing the reliance on precarious workers being employed / contracted by Council
 - PSA members are willing to work with Council on initiatives to improve productivity, but this will not be possible in an environment of job insecurity.

Further information in support of our key recommendations:

Living Wage

PSA acknowledge and thank Council for the work done thus far to pay the living wage to directly employed staff and contacted cleaning staff. We seek a commitment that Council become an accredited Living Wage Employer and extend the payment of a living wage to all contracted staff including those contracted to Council Controlled Organisations.

PSA urge Council to make it a requirement of all procurement for services by Council and CCO's making it a requirement of the contract that wages be pegged (as a minimum) to the living wage set each year by Living Wage Aotearoa.

PSA urge Auckland Council group to become a leader in the community and become accredited living wage employers, as is the case for local government in Wellington and Dunedin.

The Living Wage emerged as a response to growing poverty and inequality that continues to hold back so many Kiwi workers, their families, and our economy. The Living Wage concept is very simple, yet such a powerful alternative – it's the hourly wage a worker needs to pay for the necessities of life and participate as an active citizen in the community. It reflects the basic expenses of workers and their families such as food, transportation, housing and childcare, and is calculated independently each year by the New Zealand Family Centre Social Policy Unit.

The Living Wage is 73 percent of median disposable household income in New Zealand and 61 percent of the mean disposable income for households with two adults and two children respectively.

The Living Wage rate is voluntary and is currently \$22.10 per hour, however accredited Living Wage Employers must implement it by September 1, 2020. If Auckland Council were to follow the lead of other large Councils and become an accredited employer, then this would be the mechanism to make the adjustments annually. It should also be noted that the current adult minimum wage will be rising to \$20.00 per hour from 1 April 2021.

Pay Equity

In 2019, PSA raised a pay equity claim under the Equal Pay Act 1972 on behalf of Library Assistants (or similar work) with 6 Councils - Auckland, Tauranga, Hamilton, Wellington, Christchurch and Dunedin. The Councils have accepted that the claim is arguable, and we have commenced a joint assessment process of the library assistant (or similar) work to establish the level of undervaluation.

This quantum will not be known until that work is completed, which is scheduled to take a further year with a view to reaching a settlement in 2021.

Whilst the PSA initially raised this claim on behalf of their members, the amendments to the Equal Pay Act in 2020, now means that this claim will cover all staff in these positions, approximately 1000 people across the 6 councils, Auckland is the largest group with 500 staff covered.

The PSA conducted a pay survey of members in 2019, this data used the average FTE salary to give us a gender pay gap of approximately 16.70% for Auckland Council. The overall Local Government sector has a gender pay gap of approximately 14.86%. We have requested full data from Auckland Council and were awaiting this information at the time of writing this submission, we can provide further information when this becomes available.

The gender pay gap for the overall NZ economy is 10% as at November 2020.

Central government agencies have made progress on reducing the gender pay gap as follows:

- Progress in decreasing our gender pay gap in the last year, from 14.4% (June 2019) to 8.7% (June 2020).
- the gender balanced leadership in tiers 2 and 3 in Senior Leadership roles as at June 2020 is 67% women

One of the potential features of pay equity settlements is that they are designed to disrupt relativities in existing pay systems, and this can lead to the need to consider whether or not

other occupations are similarly currently or historically undervalued because they are female dominated occupations. Further claims and remedial action may need to be planned and budgeted for.

Rating proposal and debt limits

PSA submitted on the 2020 Emergency Budget that Council should increase its borrowing to invest in infrastructure, community services and jobs. We were disappointed that this did not happen.

PSA are pleased to see the proposed short-term increase in Council borrowing.

PSA believe that any financial decisions should be taken in the context of the Council's overall financial situation and its strategic objectives, rather than just responding to an immediate and short-term loss of revenue.

This position is founded upon a number of factors:

- The cost of borrowing has never been cheaper and borrowing to invest is prudent
- The significant achievements made in the first decade of Auckland Council are in danger of being undermined by the possibility of the budget reductions being considered.
- Given the scope and scale of Auckland Council's activities and to take decisions based on short term time frames is, at best, narrow minded. The longer-term timeframe must be central to any strategic decisions taken around expenditure which have implications well beyond the current financial year.

Climate change

PSA support the proposed climate change initiatives.

Further to this PSA recommend that Auckland Council:

- aligns itself to the carbon neutral timeframes in line with central government.
- adhere to the CEMARS measuring tools

- advances the electrification of transport
- infrastructure for recharging vehicles
- partnering with central government for subsidies for electric vehicles
- seeks adequate funding from central government for climate change initiatives, e.g.: funding for infrastructure.
- advocates for resource recovery of the electric battery recycling.
- requiring public transport provision in new development
- seeks more central government funding that allows for subsidising public transport to encourage uptake so that there is no impact back on staff.

Provision of Council services

The PSA's view is that services (and assets) should, in principle, be retained in-house rather than be outsourced or removed to a CCO. A key issue for PSA members is ensuring that CCOs and other contracted service providers remain fully accountable to the Council and to the service users. Additionally, we want assurance that Council will require that contractors follow 'responsible contractor' policies, including best practice employment requirements, health and safety best practice, a commitment to workforce and career development and job security.

We are opposed to reductions in service levels because these adversely impact upon the more vulnerable sections of our community and do not correlate with the policies objectives and desired outcomes associated with pursuing the four well-beings: promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

There are concerns around the health and safety of Auckland Council facilities associated with budget reductions – both for those employed in facilities and service users.

Over and above these identified issues, we believe that the reputational damage to both Auckland Council and Auckland itself would be considerable should services be reduced, or services outsourced.

Staff retention

PSA strongly advocate that the loyalty of the workforce to be central to the budgetary decision taken by Auckland Council – including a clear commitment to retain staff. The loyalty of Auckland Council employees is in danger of being eroded.

Employee turnover within Auckland council is much lower than the New Zealand average – under 13% (Auckland Council Workforce Analytics Dashboard March/April 2020) compared to over 20% nationally (The New Zealand National Staff Turnover Survey, 2019). This reflects a relatively stable workforce with employee commitment and loyalty to Auckland Council and its objectives and obligations to improve the well-being of all Aucklanders. A low turnover provides benefits – both in terms of economic savings, as well as continuing institutional knowledge/business improvement.

There is a deep concern that combined organisational and budgetary review is focussed on a general headcount reduction amongst permanent staff. A reliance on external contractors who lack institutional knowledge, or the organisational loyalty noted above create risks as well as the wider attendant issues and costs associated with the casualisation of work. The trend to outsource functions further accelerate the ‘hollowing out’ of the Auckland Council’s ability to fulfil its statutory responsibilities and undermines the connection between citizens and Auckland Council. We have seen elsewhere that externalisation of roles also undermines the idea of public service motivation. There simply is no longer institutional loyalty and the attendant advantages which Auckland Council currently benefits from.

Reduction in staffing levels and increase in workload and stress will prevent staff from delivering services to the high level that Aucklanders expect, and place Auckland Council at risk in terms of its obligations under the Health and Safety at Work Act 2015. The Auckland Council Group is only as good as the people it employs, who are its biggest asset. This is a sentiment which is strongly articulated from feedback collated from our members employed by Auckland Council.

For further information, please contact:

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