

PART SIX: MAKING THE CHANGES

31. Statutory Reform

31.1 The implementation of the proposed reforms to the governance of the Auckland region will require some form of statutory intervention. This is because the existing local authorities are constituted pursuant to the Local Government Act 2002 – the creation of the Auckland Council and the dissolution of the existing local authorities will involve substantial amendment to the existing regime.

31.2 The Commission has considered whether the changes to the constitution of local authorities in order to establish the Auckland Council and make the other changes proposed in this Report could best be achieved by

- amendments to the Local Government Act 2002
- a reorganisation proposal pursuant to section 24 of the Local Government Act 2002 and consequently by an Order in Council giving effect to that proposal; or
- a specific Act of Parliament.

31.3 Amending the Local Government Act 2002 in order to give effect to the recommendations in this Report would involve piecemeal amendments to a large number of provisions in that Act. This would make the Act more cumbersome and unwieldy, and would make the administration of the new Auckland governance structures less transparent, especially to those unfamiliar with the legislation. The Commission rejects this option accordingly.

31.4 Nor does the Commission consider that a reorganisation proposal would be an appropriate mechanism for implementing the proposed reforms, despite the superficial attraction of using an existing statutory mechanism.¹ The reorganisation process requires the review of any reorganisation proposal by the Local Government Commission, followed by consultation with stakeholders, the notification of a draft proposal, and public submissions. It also requires a poll of electors which, by simple majority, determines whether or not the proposal will proceed. Plainly, the complex and wide-ranging recommendations in this Report are not suited to this process; nor would it be an efficient use of time and resources to go through a further consultation and submission process, which would in large part duplicate the consultation and submission process carried out by the Commission.

31.5 Perhaps even more significantly, however, there are a number of provisions in existing legislation such as the Local Government Act 2002 and the Local Electoral Act

¹ The relevant statutory provisions are in Schedule 3 to the Local Government Act 2002, and in particular sub-part 4 which deals with the union, constitution and abolition of districts and regions and the creation of unitary authorities.

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2001 that conflict with the Commission's proposals in this Report, and a reorganisation proposal would not address this. For example, the current provisions of the Local Government Act 2002 relating to the constitution and structure of subordinate entities, such as committees of a council and community boards, would not allow for the form of local councils proposed by the Commission.

31.6 Similarly, the Commission's proposals include giving more specific powers, functions and duties to the Mayor of Auckland, whereas the Local Government Act 2002 establishes a mayor as the chairperson of a territorial authority but otherwise gives mayors few specific powers or functions.²

31.7 The Commission's preferred option, therefore, is special-purpose legislation encompassing all of the provisions required to implement the new governance structures. Specific, stand-alone legislation would be much more accessible and transparent, and would avoid issues of jurisdiction or conflict with other laws; the scope of any proposed reform would not be hindered by any existing legislation, rule of law, or convention.

31.8 The new Act should

- establish the new Auckland Council and dissolve the existing local authorities and their districts
- define the new Auckland Region and the various areas within Auckland based on, but not replicating, the existing territorial districts
- provide for the membership of the Auckland Council including both members at large representing the whole city and representatives from wards. Provision will also need to be made for two elected Māori councillors and a third councillor appointed by the Mana Whenua Forum.
- create the local councils, which although part of the Auckland Council will be distinct entities. There will need to be specific legislative provisions providing for their constitution, role and relationship with the Auckland Council, including the extent to which functions of the Auckland Council may be delegated to them. Each local council will also be required by legislation to prepare a community action plan in order to enhance local consultation and planning.
- give the Mayor of the Auckland Council specific powers of appointment of the deputy mayor and the chairpersons of committees, and clear powers to initiate policy through the preparation of the long-term council community plan and the annual plan.

² The provisions in Schedule 7 to the Local Government Act 2002 which stand in the way of the suggested reforms to mayoral powers include

- clause 17 – election of deputy mayor by the council
- clause 18 – removal of deputy mayor by the council
- clause 25 – process for election of deputy mayor and chairs of committees
- clause 30 – power to appoint committees; and
- clause 31 – membership of committees.

- increase the accountability of the mayor by requiring the mayor to hold at least four public meetings each year, to present the Annual Report of the council, to meet with local council chairs monthly, and to convene regular plenary meetings involving both local and central government representatives.
- amend the Resource Management Act 1991 to remove the right of appeal against decisions on submissions in relation to regional policies in the Auckland Regional Policy Statement (similar to provisions relating to national policies in national policy statements) and to impose a moratorium on applications for private plan changes until the new district plan is operative as set out in Chapter 24, “Planning for Auckland”.
- provide for the position of Auckland Services Performance Auditor (see Chapter 32, “Achieving a High-Performance Auckland Council”).
- provide for Watercare Services Ltd to assume responsibility for all water and wastewater services in Auckland. This will include replacing the provisions in the Local Government Act 1974 that have remained in force notwithstanding the passage of the Local Government Act 2002, continuing the operation of the Auckland Metropolitan Drainage Act 1960, and transferring to Watercare the role of the North Shore Drainage Board under the North Shore Drainage Act 1963. Other than enabling Watercare to provide all water and wastewater services in Auckland, it is not recommended at this stage that the new Act add further powers such as those that other utility providers (of electricity, gas and telecommunications) have in respect of rights of entry for maintenance and emergencies and constructing works under roads. If necessary, Watercare will need to rely on the Auckland Council to use its powers under Part 8 of the Local Government Act 2002. In due course it will be desirable for these provisions to be reviewed and updated, but in the meantime the important objective is to bring the essential water and wastewater functions within a single entity for the whole district.
- provide for the making of regulations to facilitate the establishment process and the orderly transition from the existing regime to the new one.
- provide for transitional provisions, based largely on those already set out in the Local Government Act 2002 for reorganisation orders, to ensure that existing powers and duties, property rights and obligations, bylaws, rating and valuation rolls and civil defence arrangements are carried over at least until the new Auckland Council has had the opportunity to review them. These provisions should also make clear that the rights or interests of creditors will not be affected by the reform process.

31.9 While a number of these matters could be achieved through existing legislation, including them in a special Act of Parliament should establish them with a greater degree of permanence, and so provide greater certainty for both the Auckland Council and the citizens of Auckland as to the basis for the governance of the region.

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31.10 In order to identify the degree to which the Commission's recommendations will require changes to existing legislation, a draft set of statutory provisions which could be used as the basis for a special-purpose "Auckland Act" are set out at the end of this chapter.

31.11 It may be necessary for some parts of the proposed legislation to be enacted in advance of the balance to ensure for example, that the Establishment Board has the powers it needs to define the boundaries of the new Auckland Council and its wards and the new local councils. This may be necessary to ensure that the electoral processes can be undertaken in time. The Establishment Board may also need powers in relation to the appointment of an interim Chief Executive, and this might need to be provided for in advance of the main body of legislation.

31.12 The Commission also recommends in Chapter 25, "Transport" a number of changes to legislation relating to the governance of transport matters in Auckland. These changes will require amendments to the Local Government (Auckland) Amendment Act 2004 to abolish the Auckland Regional Transport Authority and to create the new Regional Transport Authority, as well as consequential changes to the Land Transport Management Act 2003. These matters will require a specific review of that legislation which is better undertaken by the New Zealand Transport Agency and the Ministry of Transport, and are therefore not included in the draft provisions set out at the end of this Chapter.

31.13 Finally, the Commission notes that the special-purpose Auckland Act will modify the Local Government Act 2002 and other legislation only to the extent that it conflicts with those Acts. There are, for example, many provisions of the Local Government Act 2002 which will continue to apply, and which will ensure that the procedural provisions of local government apply to the Auckland Council in the same way that they do in the rest of New Zealand.

Recommendation

31A The Government should promote legislation to give effect to the changes recommended in this report, by adopting the draft Auckland Act contained in Chapter 31.

The Auckland Act 2009

1. Title and commencement

- (1) This Act may be cited as the Auckland Act 2009.
- (2) Except as provided in subsection (3), this Act shall come into force on the date of the 2010 Local Body elections.
- (3) Section 23 shall come into force on the day after the date on which this Act receives the Royal assent.

2. Interpretation

In this Act:

“Auckland” means the region and the district of Auckland constituted by this Act

“Auckland Council” means the Auckland Council constituted by this Act

“Local Council” has the meaning set out in section 11(2)

“Mana Whenua Forum” means the forum of representatives of mana whenua Māori in the district of Auckland.

“The former authorities” means

- (a) The Auckland Regional Council; and
- (b) The Auckland City Council; and
- (c) The Rodney District Council; and
- (d) The Waitakere City Council; and
- (e) The North Shore City Council; and
- (f) The Manukau City Council; and
- (g) The Papakura District Council; and
- (h) The Franklin District Council.

3. Application of other legislation

- (1) This Act is to be read in conjunction with the provisions of the Local Government Act 2002 and the Local Electoral Act 2001 and the Resource Management Act 1991.
- (2) However, if there is any inconsistency between the provisions of this Act and any provisions of the Local Government Act 2002 or the Local Electoral Act 2001 or the Resource Management Act 1991, this Act prevails.
- (3) The 2nd schedule to the Local Government Act 2002 is amended by including the Auckland Council in the list of territorial authorities.

4. Dissolution of existing local authorities and community boards and abolition of existing districts and communities

- (1) Every local authority named in Part 1 of Schedule 6 to this Act is hereby dissolved.
- (2) Every district named in Part 1 of Schedule 6 to this Act is hereby abolished.
- (3) Every community named in Part 2 of Schedule 6 to this Act is hereby abolished and its respective Community Board is hereby dissolved.

5. Constitution of Auckland and the Auckland Council

- (1) There is hereby constituted a district, to be known as “Auckland”, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.
- (2) There is hereby constituted a region, to be known as “Auckland”, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.
- (3) A territorial authority, to be known as the “Auckland Council”, is hereby constituted for Auckland.
- (4) The Auckland Council shall be a unitary authority.
- (5) Part 1 of Schedule 7 to the Local Government Act 2002 (excluding clauses 17, 18 and 25) applies to the Auckland Council.

6. Continuing improvement

- (1) The Auckland Council must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

7. Wards within Auckland

- (1) Auckland is hereby divided into six wards.
- (2) These six wards are
 - (a) The Northern and Hauraki Gulf Islands Rural Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (b) The Northern Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (c) The Western Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand

- (d) The Central Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
- (e) The Southern Urban Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
- (f) The Southern Rural Ward, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.

8. Membership of Auckland Council

- (1) The Auckland Council shall consist of a mayor and 23 members.
- (2) The Mayor of Auckland shall be elected by the electors of Auckland as a whole.
- (3) The members of the Auckland Council shall be elected as follows
 - (a) Ten members elected by the electors of Auckland as a whole; and
 - (b) One member elected by the electors of the Northern and Hauraki Gulf Islands Rural Ward; and
 - (c) Two members elected by the electors of the Western Urban Ward; and
 - (d) Two members elected by the electors of the Northern Urban Ward; and
 - (e) Two members elected by the electors of the Central Urban Ward; and
 - (f) Two members elected by the electors of the Southern Urban Ward; and
 - (g) One member elected by the electors of the Southern Rural Ward; and
 - (h) Two members elected by the electors of Auckland as a whole who, on the day before polling day for the election, are registered as electors of a Māori electoral district; and
 - (i) One member appointed by the Mana Whenua Forum.
- (4) Sections 24A, 24B and 24C of the Local Electoral Act 2001 apply to the electoral rights of electors in respect of the members to be elected pursuant to sub-section (3)(h) as if the whole of Auckland were a Māori ward of that district.

9. Mayor of Auckland

- (1) The Mayor of Auckland shall have the power
 - (a) to appoint the deputy mayor of the Auckland Council
 - (b) to appoint the chairperson of each committee of the council and for that purpose may appoint him- or herself

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- (c) to propose the draft Long Term Council Community Plan and the draft Annual Plan to the Auckland Council
 - (d) in consultation with and acting through the Chief Executive Officer and within the adopted budget in the annual plan for such expenditure, to establish and maintain an appropriately staffed office in order to be able to exercise the powers, functions and duties conferred by this Act; and
 - (e) within the adopted budget in the annual plan for such expenditure, to obtain independent advice.
- (2) The Mayor of Auckland may not delegate any of the powers in sub-section (1).
 - (3) The Mayor of Auckland shall be ex officio a member of every standing committee, sub-committee and board of the Auckland Council.

10. Special meetings

- (1) The Mayor of Auckland must, no less often than monthly, convene meetings with the chairpersons of every local council.
- (2) The mayor and every member of the Auckland Council shall be entitled to attend and speak (but not to vote) at meetings of each local council.
- (3) Every chairperson of a local council shall be entitled to attend and speak (but not to vote) at meetings of the Auckland Council.
- (4) The Mayor of Auckland must, no less often than quarterly, convene plenary meetings of all members of the Auckland Council, every local council and every community board (if any). Every Minister of the Crown and every Member of Parliament representing an electorate which lies wholly or partly within the district of Auckland shall be entitled to attend and speak (but not to vote) at such plenary meetings.
- (5) The Mayor of Auckland must present and speak to the annual report of the Auckland Council prepared under section 98 of the Local Government Act 2002 at a public meeting convened in accordance with subsection (4) and held within the time required for making the annual report publicly available.
- (6) The Mayor of Auckland must hold a minimum of four public meetings each year in different parts of Auckland to receive public feedback and input.
- (7) With the exception of the meetings referred to in subsection (6), the provisions of the Local Government Official Information and Meetings Act 1987 shall apply to the meetings required by this section as if they were meetings of the Auckland Council.

11. Areas within Auckland

- (1) Auckland is hereby divided into six local council areas, as follows
- (a) The Rodney area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (b) The Waitakere area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (c) The Waitemata area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (d) The Tāmaki-makau-rau area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (e) The Manukau area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand
 - (f) The Hunua area, which shall comprise the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.

12. Local councils

- (1) There shall be established within the Auckland Council and for each of the corresponding areas of Auckland the following local councils
- (a) The Rodney Local Council; and
 - (b) The Waitakere Local Council; and
 - (c) The Waitemata Local Council; and
 - (d) The Tāmaki-makau-rau Local Council; and
 - (e) The Manukau Local Council; and
 - (f) The Hunua Local Council.
- (2) A local council—
- (a) shares the governance of its area within Auckland with the Auckland Council but is subsidiary to it; and
 - (b) is the local representative body that serves as an advocate for the residents, ratepayers and communities of its area; and
 - (c) has the functions, powers and duties set out in section 15; and

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- (d) is an unincorporated body; and
 - (e) is not a local authority or a community board; and
 - (f) is not a committee of the Auckland Council; and
 - (g) may not acquire, hold, or dispose of property, or appoint, suspend, or remove staff.
- (3) A local council must, at all times, have a community action plan prepared and adopted in accordance with Schedule 1.
 - (4) Not later than 1 March after each triennial general election of members, each local council must enter into a governance agreement with the Auckland Council prepared and adopted in accordance with Schedule 2.
 - (5) A local council is deemed for the purposes of the Reserves Act 1977 to be the administering body in respect of every reserve within its area for which the Auckland Council has delegated management responsibility to it.
 - (6) Part 1 of Schedule 7 to the Local Government Act 2002 (excluding clauses 33 to 36) applies to local councils, with all necessary modifications, as if they were local authorities.

13. Wards of local councils

- (1) Subject to subsections (2), (3) and (4), each local council area in Auckland shall be divided into wards as determined by the Auckland Council from time to time.
- (2) Except as provided for in subsection (3), the number of wards in each urban local council area shall be determined on the following basis
 - (a) The electoral population of the area shall be divided by 40,000, and the quotient so obtained shall be the number of wards in that area
 - (b) Where the quotient includes a fraction, the fraction shall be disregarded unless it exceeds a half, in which case the number of wards shall be the next whole number above the quotient.
- (3) There shall be a Hauraki Gulf Islands Ward in the Tāmaki-makau-rau urban local council area comprising the area delineated on S.O. Plan 63508 deposited with the Chief Executive of Land Information New Zealand.
- (4) There shall be 3 wards in each rural local council area with the boundaries of each ward determined so as to ensure, to the extent that is reasonably practicable, that the ratio of members to electoral population in each ward produces a variance of no more than plus or minus 10%.

14. Membership of local councils

- (1) Except as provided for in subsection (2), the members of each local council shall be two members from each ward elected by the electors of each ward and one further member deemed to be elected pursuant to sub-section (4).
- (2) There shall be one member elected to the Tāmaki-makau-rau local council from the Hauraki Gulf Islands Ward.
- (3) The chairperson and deputy chairperson of each local council shall be appointed in accordance with clause 25 of Part 1 of Schedule 7 to the Local Government Act 2002.
- (4) On the appointment of a chairperson of a local council, that person shall cease to have any formal role as a representative of the ward from which that person was elected and the next highest polling candidate in the same ward from which the chairperson was elected shall be deemed to be elected as one of that ward's representatives.

15. Functions, powers, and duties of local councils

The functions, powers and duties of each local council shall be

- (1) To focus on the maintenance and enhancement of local amenity and the quality of the local environment within their respective areas in accordance with the mandate of the electors of their respective areas
- (2) To liaise and consult with relevant local organisations on behalf of the Auckland Council
- (3) To prepare budget requests in order to provide local works and services for submission to the Auckland Council as part of the preparation and adoption of the Long Term Council Community Plan and the Annual Plan
- (4) To work collaboratively and in partnership with the Auckland Council to achieve effective local government in Auckland by
 - (a) establishing and maintaining effective mechanisms for engagement with the communities in its area; and
 - (b) assisting the Auckland Council in its decision making on region-wide plans, policies and service standards through advising it of relevant community needs and views; and
 - (c) implementing, under the statutory delegations and any particular delegated authority from the Auckland Council, projects and programmes the catchment for or the impacts of which are primarily within the communities served by the local council; and
 - (d) considering and reporting on all matters referred to it by the Auckland Council, or any matters of interest or concern to the local council; and

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- (e) maintaining an overview of all services provided by the Auckland Council within the area in order to contribute a local perspective to their effective operation and ongoing review; and
 - (f) preparing and adopting a Community Action Plan as set out in Schedule 1; and
 - (g) preparing an annual submission to the Auckland Council for expenditure within the area; and
 - (h) recommending, as part of its annual submission to the Auckland Council, any special targeted rate or rates to fund services or projects over and above those provided by the Auckland Council on a region-wide basis; and
 - (i) undertaking any other responsibilities that are delegated to it by the Auckland Council.
- (5) To exercise the powers set out in Schedule 3 together with such other powers as may be delegated to each local council from time to time by the Auckland Council.
- (6) To manage the application of the funds allocated in the annual plan for works and services in its area and under its control including where applicable to request the Auckland Council to provide such works and services.
- (7) To exercise the functions of territorial authorities in relation to community boards within their areas.
- (8) Where the local council exercises a function, power or duty delegated to it by the Auckland Council or conferred by this Act, then
- (a) all decisions made by a local council under statutory or delegated authority must comply with all adopted plans and policies of the Auckland Council; and
 - (b) the Auckland Council may not modify or rescind a decision taken by the local council where that local council was acting in accordance with that delegation or statutory authority.
- (9) The Auckland Council shall
- (a) establish and maintain service centres and appropriate management and service staff in each local council area to enable each local council to carry out its functions, powers and duties
 - (b) acting through the Chief Executive Officer and within the adopted budgets for such expenditure, apply its funds in relation to the functions, powers and duties conferred by this section for works and services according to the request of the local council.

16. Communities and community boards

- (1) The communities of Great Barrier and Waiheke constituted by clause 114(3) of the Local Government (Auckland Region) Reorganisation Order 1989 shall continue to be communities within Auckland.
- (2) There is hereby constituted a community to be known as the “Central City and Waterfront Community” for the area delineated on S.O. Plan XXXXX deposited with the Chief Executive of Land Information New Zealand.
- (3) The community board for each community constituted by subsection (1) of this section shall consist of
 - (a) six members elected by the electors of the community; and
 - (b) one person elected from time to time as a member of the Tāmaki-makau-rau local council and appointed by the Auckland Council to the community board.
- (4) The community board for the Central City and Waterfront Community Board shall consist of six members elected by the electors of the community.
- (5) The chairperson of the Central City and Waterfront Community Board shall be appointed by the Auckland Council as a member of the committee of the Auckland Council, which has primary responsibility for matters affecting the Central City and Waterfront community and shall be entitled to attend, speak and vote at any meeting of any such committee.
- (6) Nothing in subsections (1) – (5) of this section shall affect the constitution of other communities within Auckland pursuant to Schedule 6 to the Local Government Act 2002.
- (7) Except as provided in subsections (7), (8), (9) and (10), sections 51 – 54 of the Local Government Act 2002 apply to the community boards for each community within Auckland as if the local council for the area in which the community is situated were a territorial authority.
- (8) The community boards of Great Barrier and Waiheke shall each have in their respective communities, in addition to the role specified in section 52 of the Local Government Act 2002 and any functions delegated to it by the Tāmaki-makau-rau local council, the power to decide how local services shall be delivered within the scope of the annual plan of the Auckland Council and the community action plan for Tāmaki-makau-rau as those plans apply to their communities and the power to manage community halls and reserves in their communities.
- (9) The Auckland Council is the territorial authority in respect of the Central City and Waterfront Community Board.
- (10) The Central City and Waterfront Community Board shall have, in addition to the role specified in section 52 of the Local Government Act 2002 and

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any functions delegated to it by the Auckland Council, the power to decide how local services shall be delivered within the scope of the annual plan as it applies to its community and the power to manage community halls and reserves in its community.

- (11) Notwithstanding section 53(3)(a) of the Local Government Act 2002, the community boards of the communities of Great Barrier, Waiheke and Central City and Waterfront may request the Auckland Council to apply the funds allocated in the annual plan for works and services in their communities in respect of the delivery of local services and the management of community halls and reserves.

17. Planning

- (1) The Auckland Council shall have the functions of both a territorial authority and a regional council under the Resource Management Act 1991.
- (2) Notwithstanding anything in the Resource Management Act 1991 or any other Act or rule of law
 - (a) all submissions on a proposed regional policy statement in respect of the Auckland Region shall be heard, and all recommendations on submissions on a proposed regional policy statement in respect of the Auckland Region shall be made, by independent commissioners who are not members or employees of the Auckland Council or any local council
 - (b) no person who makes a submission on a proposed regional policy statement in respect of the Auckland Region may appeal to the Environment Court in respect of—
 - (i) a provision included in that proposed policy statement; or
 - (ii) a provision that the decision on submissions proposes to include in that policy statement; or
 - (iii) a matter excluded from that proposed policy statement; or
 - (iv) a provision that the decision on submissions proposes to exclude from that policy statement.
 - (c) no person may request a change to a district plan or a regional plan (including a regional coastal plan) in respect of any part of Auckland from the date of commencement of this Act until the day after the date on which the district plan for the whole of Auckland becomes operative.
 - (d) where any request to any of the former authorities for a change to a district plan or a regional plan (including a regional coastal plan) made pursuant to clause 21 of Part 2 of Schedule 1 to the Resource Management Act 1991 remains uncompleted to the stage of decisions by any of the former authorities but is not the subject of any appeal, as at

the date of commencement of this Act, the Auckland Council (unless it determines to adopt the change as its own) must not process or decide on the request.

18. Water and wastewater

There shall continue to be a company known as Watercare Services Limited, which shall be constituted and operated in accordance with the provisions of Schedule 4 to this Act.

19. Principal objective of council-controlled organisations of Auckland Council

- (1) The principal objective of a council-controlled organisation of the Auckland Council is to operate as a successful business and, to this end,—
 - (a) to achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
 - (b) to be as profitable and efficient as comparable businesses that are not controlled by the council; and
 - (c) to be a good employer; and
 - (d) to exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - (e) if the council-controlled organisation is a council-controlled trading organisation, to conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(c), good employer has the same meaning as in clause 36 of Schedule 7 to the Local Government Act 2002.
- (3) This section applies in Auckland in place of section 59 of the Local Government Act 2002.

20. Inter-regional committee

- (1) There shall be a joint committee of the Auckland Council, the Northland Regional Council, the Waikato Regional Council and the Bay of Plenty Regional Council.
- (2) There shall be eight members of the joint committee, with each constituent council appointing two representatives. The chairperson of the joint committee shall be appointed in accordance with clause 25 of Part 1 of Schedule 7 to the Local Government Act 2002.
- (3) The joint committee shall meet no less frequently than quarterly to consider and discuss matters of common concern including any cross-boundary issues between any of them and to report to the constituent councils with

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recommendations on action to be taken to promote the social, economic, environmental, and cultural well-being of the communities in the districts of the constituent councils, in the present and for the future.

21. Services performance auditor

- (1) The Auckland Council must appoint a services performance auditor.
- (2) The appointment, review and role of a services performance auditor shall be in accordance with the provisions of Schedule 5 to this Act.

22. Consequential amendments

The Acts specified in Schedule 7 are consequentially amended in the manner indicated in that schedule.

23. Establishment provisions

The Governor-General may, by Order in Council made on the recommendation of the Minister for Local Government, make regulations for 1 or more of the following purposes

- (a) To enable the establishment of the Auckland Council
- (b) To prepare and implement an establishment plan for Auckland
- (c) To determine the initial boundaries of local council areas, wards and communities within Auckland
- (d) To enable the election of the Mayor of Auckland, members of the Auckland Council, members of local councils, members of community boards at the 2010 local elections, under the Local Electoral Act
- (e) To prepare draft strategic and business development plans, operating policies and practices, and capability, facilities, and financial plans for consideration by the Mayor and members of the Auckland Council
- (f) To advertise for, interview and employ a Chief Executive of the Auckland Council
- (g) To create and fund a project management office for the establishment of the Auckland Council
- (h) Prescribing transitional and savings provisions relating to the coming into force of this Act, which may be in addition to or in place of any of the provisions in this Act; and, without limiting the generality of the foregoing, any such regulations may provide that, subject to such conditions as are specified in the regulations, specified provisions of this Act shall not apply, or specified provisions of Acts repealed or amended by this Act, or of regulations, or Orders in Council shall continue to apply, during a specified transitional period

- (i) Providing for such matters as are contemplated by, or necessary for giving full effect to, this Act and for its due administration.

24. Transitional provisions

- (1) The Auckland Council, from the date of the 2010 Local Body elections, has, and may exercise, and is responsible for,—
 - (a) all the powers, duties, acts of authority, and responsibilities that were previously exercised by the former authorities, or that would have been exercised by them if they had remained in existence or in control of the region or districts of the former authorities
 - (b) all the liabilities, obligations, engagements, and contracts that were previously the responsibility of the former authorities, or that would have been their responsibility if they had remained in existence or in control of the region or districts of the former authorities
 - (c) all the actions, suits, and proceedings pending by or against the former authorities, or that would have been their responsibility if they had remained in existence or in control of the region or districts of the former authorities.
- (2) The responsibilities, duties, and powers of the chairperson, mayors and chief executives of the former authorities must be exercised by the mayor and chief executive of the Auckland Council.
- (3) All real and personal property vested in any of the former authorities vests in the Auckland Council, subject to all existing encumbrances.
- (4) All bylaws in force in the district or region of any of the former authorities that are applicable to the altered circumstances of the Auckland Council are deemed the bylaws of the Auckland Council, and those bylaws remain, until revoked or altered by the Auckland Council, in force in the area in which they were in force immediately before the abolition or the alteration of boundaries, and, if those bylaws cannot be restricted to that area, they must be treated as inapplicable and revoked by the abolition or alteration of boundaries.
- (5) All rates or levies and other money payable in respect of any former authority, or of an area of land included in Auckland, are due and payable to the Auckland Council.
- (6) The rights or interests of creditors of any of the former authorities are not affected by the abolition of those authorities and the creation of the Auckland Council.
- (7) The valuation rolls, electoral rolls, and rate records in force in the district or region of any former authority continue in force in Auckland until those rolls or records are made by the Auckland Council, and, until that time, the Local Government (Rating) Act 2002 applies.

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- (8) Every civil defence emergency management group plan that is in force in respect of any area included in Auckland continues in force until a new plan is prepared and approved for Auckland under the Civil Defence Emergency Management Act 2002.
- (9) If the area of an abolished district or region comprises part only of another district or region, any money to the credit of the abolished local authority's accounts must, after all liabilities have been provided for, be expended to the benefit of the residents of that area, and any money required to be paid into the accounts of the abolished local authority to meet any deficiency must be raised within the area of the abolished local authority.
- (10) The provisions of clauses 60 – 65 and 68 – 70 of Schedule 3 to the Local Government Act 2002 apply to this Act as if this Act were an Order in Council giving effect to a reorganisation scheme.
- (11) The provisions of sections 30B – 30J of the State Sector Act 1988 apply to this Act as if the dissolution of the former authorities and the constitution of the Auckland Council were a reorganisation between Departments within the Public Service and as if the employees of any of the former authorities were employees of a Department.
- (12) The provisions of sections 30B – 30J of the State Sector Act 1988 apply to this Act as if the winding-up of any council controlled organisation of one of the former authorities and the transfer of the functions of that council-controlled organisation to the Auckland Council or to any other council-controlled organisation, as a consequence of the dissolution of the former authorities and the constitution of the Auckland Council, were a reorganisation between Departments within the Public Service and as if the employees of any of the council-controlled organisations of any of the former authorities were employees of a Department.

25. Repeals

The enactments specified in Schedule 7 are repealed.

Schedules

Schedule 1 – Local Council Community Action Plans

1. Local council community action plans

- (1) A local council must, at all times, have a community action plan under this schedule.
- (2) A local council must take such steps to consult with its communities as it considers appropriate or as it may be directed by the Auckland Council to take to ensure that the views of the communities in its area are reflected in the community action plan.

- (3) A community action plan must be prepared, consulted on and adopted by the Auckland Council
 - (a) during the first year after the adoption by the Auckland Council of its long term council community plan under section 93 of the Local Government Act 2002
 - (b) before the commencement of the first year to which it relates; and
 - (c) in conjunction with the preparation, consultation and adoption of the annual plan by the Auckland Council.
- (4) A community action plan continues in force until the close of the third consecutive year to which it relates.
- (5) Subject to Clause (3) a local council may amend a community action plan at any time.
- (6) A community action plan must cover a period of not less than six consecutive financial years.
- (7) Each community action plan shall be consistent with and give effect to so much of the long term council community plan of the Auckland Council as is relevant to the area to which that community action plan relates.
- (8) The purpose of a community action plan is to
 - (a) describe outcomes for the social, cultural, environmental and economic well-being of the communities in the area to which it relates, including how to build social capital and a sense of place within and identification with the community
 - (b) describe how these outcomes have been identified
 - (c) describe the specific activities and the programmes and projects comprising them that will, as their main purpose, contribute to these outcomes
 - (d) describe how the Auckland Council and the local council will contribute to furthering these outcomes.

Schedule 2 – **Governance Agreements between the Auckland Council and Local Councils**

1. Governance agreements between the Auckland Council and local councils

- (1) The relationship between the Auckland Council and each of the local councils shall be the subject of a governance agreement.
- (2) The purposes of the governance agreement are to set out how the governance of Auckland will be shared and to ensure effective cooperation, co-ordination and communication between the Auckland Council and each local council.

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- (3) A governance agreement under this Schedule must make provision for the following matters
 - (i) The process for determining the powers, functions, and duties to be delegated by the Auckland Council to the local council.
 - (ii) Ensuring sufficient staff to support the local council and adequate access to specialist staff.
 - (iii) Monitoring and review of the adequacy of staff support.
 - (iv) The outcomes to be achieved by the local council in developing and maintaining networks and processes for community engagement and consultation.
 - (v) Methods for identifying matters other than local matters on which the Auckland Council must consult a local council and the processes and timing for doing so.
 - (vi) The process by which the Auckland Council will collaborate with the local council in the event of decisions of regional significance being made related to facilities located within the local council area.
 - (vii) Coordination of the preparation, consultation on, and adoption of the long-term council community plan or annual plan and the community action plans.
 - (viii) Managing the preparation of district and regional plans as they affect the local council area and the processing and determination of applications for resource consent and plan changes in relation to matters of local significance.
 - (ix) Resolution of disputes, including disputes between or among local councils.
 - (x) Protocols for communication with third parties in relation to matters which are the responsibility of either the Auckland Council or the local council.
 - (xi) Regular monitoring and review of the provisions in the governance agreement.
 - (xii) Such other matters as the Auckland Council and the local council may agree.
- (4) A governance agreement may be amended from time to time.
- (5) A governance agreement remains in force until replaced by another agreement.

Schedule 3 – Local Council Functions

Regional policy

1. Input into regional policy making
2. Input into district plan making
3. Implementation.

Local operational policies

In carrying out their role, local councils may make local operational policies within the scope of their statutory and delegated functions, such as—

4. Dog control policy (Dog Control Act s10)
5. Gambling and gaming machine policy (Gambling Act s101)
6. Liquor licensing
7. Brothels – control of location and signage (Prostitution Reform Act 2003)
8. District promotion, town centre promotion.

Local service delivery functions

9. Local road construction and maintenance: local roads (i.e. other than arterial), including parking, footpaths, street furniture and trees, naming, stopping, temporary closure
10. Street lighting, policy, location, style, under-grounding priorities
11. Footpaths, cycleways and walkways, locations and priorities
12. Beautification, graffiti removal
13. Public information signage
14. Within MUL: administer district plan, hear and decide resource consents, monitor and enforce, except as called in by Auckland Council
15. Outside MUL: administer district plan, hear and decide resource consents, monitor and enforce, to extent delegated by Auckland Council
16. Building consents processing
17. Environmental health control (including food premises licensing).
18. Animal control, impounding, welfare, including dogs registration, micro chipping
19. Local parks (as defined by Auckland Council) – maintain, develop, allocate space, hire, create new parks, concessions, including making reserves management plans (Reserves Act s41)

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20. Recreation centres, local sports facilities
21. Promotion of sport and physical activity
22. Community centres, halls and facilities
23. Entertainment and cultural venues (local)
24. Litter control, bylaw enforcement
25. Road and public place safety
26. Public toilets locations, maintenance and cleaning
27. Beach control (use, cleaning, sand), shoreline development for public use
28. Events promotion (memorials, celebrations, entertainment, fireworks, markets)
29. Camping grounds
30. Crime prevention
31. Leadership and facilitation on social issues
32. Artworks, location, development and approval
33. Minor safety works, set priority of projects
34. Citizens Advice Bureaux
35. Local art galleries and museums
36. Other functions delegated by Auckland Council, for example
 - Libraries
 - Swimming pools
 - Housing
 - Cemeteries and crematoria
 - Specific local economic development roles.

Administrative functions

In carrying out their role, local councils must —

37. Monitor and report on their performance in implementing regional policies.
38. Prepare Community Action Plans, which they submit to Auckland Council, implement and monitor.

Community engagement functions

In carrying out their role, local councils must —

39. Identify the needs and preferences of their communities, and articulate these to the Auckland Council, and other public and private sector entities
40. Adopt methods such as consulting, arranging polls, meetings, and surveys to identify community needs and preferences on any matter, and submit findings to Auckland Council
41. Support local charities, sporting, recreational and cultural groups, including where appropriate by grants of money
42. Consider what form of community engagement is appropriate
43. Consider what form of service delivery is appropriate, whether directly, by joint ventures with other councils, through special purpose agencies, CCOs or otherwise.

Schedule 4 – **Water Supply and Wastewater Drainage Functions and Assets**

1. Water supply and wastewater drainage functions and assets

- (1) The Auckland Council shall succeed to the ownership of all the shares in Watercare Services Limited as the successor of the former authorities.
- (2) The functions of the former authorities in relation to the supply of water and wastewater services (but not any functions in relation to stormwater services) are hereby transferred to Watercare Services Limited.
- (3) The assets and liabilities related to those functions transferred to Watercare Services Limited by subsection (2) of this clause are hereby vested in that company.
- (4) The Auckland Council—
 - (i) Must retain all the issued shares in Watercare Services Limited; and
 - (ii) Must ensure that Watercare Services Limited does not dispose of its undertaking or any material part or parts thereof which is or are necessary to the conduct of its business; and
 - (iii) Must, in its capacity as the owner of shares in Watercare Services Limited, act in the best interests of the inhabitants of the Auckland region.
- (5) No person who is a member or employee of a local authority or who is an employee of Watercare Services Limited or any associated company may hold office as a director of Watercare Services Limited.
- (6) The Auckland Council must at all times have in place a policy in respect of Watercare Services Limited that—
 - (a) Specifies an objective process to be used by it in selecting persons for appointment as directors of Watercare Services Limited; and

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- (b) Requires persons appointed as directors of Watercare Services Limited to be both—
 - (i) Persons who, together, have relevant knowledge and experience of water and wastewater management in New Zealand; and
 - (ii) Persons who, in the opinion of the Auckland Council, will assist Watercare Services Limited to achieve its principal objective as set out in clause 2(1)(a); and
- (c) Specifies the process for determining the terms of office and remuneration of the directors of Watercare Services Limited and the matters to be taken into account in that process; and
- (d) Specifies how the Auckland Council will approve—
 - (i) The statement of corporate intent of Watercare Services Limited; and
 - (ii) Any major acquisitions by Watercare Services Limited; and
 - (iii) The distribution of surpluses by Watercare Services Limited to its customers.
- (7) For the purposes of subsection (6)(a), the objective process must involve—
 - (i) The preparation and publication of a job description; and
 - (ii) An advertised recruitment process.
- (8) A policy under subsection (6), and any amendment to it, has no effect until approved by the Minister.

2. Watercare Services Limited

- (1) Notwithstanding anything in this Act or any other Act, Watercare Services Limited—
 - (a) Must manage its business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of that business and the maintenance of the long-term integrity of its assets and the promotion of demand management
 - (b) Must calculate its charges to customers for water and wastewater services on a volumetric basis
 - (c) May, in accordance with its current statement of intent, fund its business requirements —
 - (i) By including the cost of its business requirements in its prices and charges for any relevant services; or

- (ii) Notwithstanding paragraph (e), by borrowing or by entering into any financial instrument, financial arrangement, or financial transaction of a debt-raising nature; or
 - (iii) By using any or all of the methods described in subparagraphs (i) and (ii)
- (d) Subject to subclause (2), must not pay any dividend or distribute any surplus in any way, directly or indirectly, to the Auckland Council
- (e) Subject to subclause (2), must decide promptly in respect of any year in which a surplus arises, whether or not to return that surplus to its customers and, if it is to do so, to determine and implement the method by which that surplus may be returned, whether by way of rebate, discount, price adjustment calculated by reference to prior or future charges to those customers, or otherwise
- (f) Is limited to the performance of functions, and the conduct of business, in relation to waterworks, water-supply, sewerage, and the treatment and disposal of sewage and trade wastes, but has authority to exercise—
 - (i) Such powers ancillary to those functions as were, immediately before the commencement of section 68 of the Local Government Amendment Act 1992, powers that could have been exercised by the Auckland Regional Council in relation to the water services assets; and
 - (ii) Such powers as it agrees, with the Auckland Council, to perform for the Auckland Council or in conjunction with it
- (g) Is entitled to—
 - (i) Apply the provisions of the Auckland Regional Council Trade Waste Bylaw 1991; and
 - (ii) Exercise the powers under the Auckland Metropolitan Drainage Act 1960 that relate directly to the water services assets, as if it were and always had been the Auckland Regional Council; and
 - (iii) Exercise the powers under the North Shore Drainage Act 1963 that relate directly to the water services assets, as if it were and always had been the North Shore Drainage Board
- (h) Is not required to comply with clause 9(1)(g) of Schedule 8 to the Local Government Act 2002 but must instead specify the means by which any residual surplus is to be returned to its customers
- (i) Is not required to comply with section 68(b) of the Local Government Act 2002

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- (j) Must, in its financial statements, identify clearly and separately—
 - (i) The financial position of its waterworks and water-supply activities; and
 - (ii) The financial position of its activities in relation to sewerage and the collection, treatment, and disposal of sewage and trade wastes
- (k) Must ensure that its water and drainage services are costed and priced separately
- (l) Must, at least 4 months before the end of each financial year, prepare and supply to the Auckland Council an indicative asset management plan for the next financial year, which asset management plan must describe the projected condition of its significant assets at the commencement of that year and outline the rationale for and nature, extent, and estimated costs of its proposed activities in respect of —
 - (i) The maintenance and repair of existing assets; and
 - (ii) The renewal of existing assets; and
 - (iii) The upgrading or extension of the performance or capacity of existing assets; and
 - (iv) The acquisition or construction of new assets
- (m) Must, at least 4 months before the end of each financial year, prepare and supply to the Auckland Council, after undertaking a comparative assessment of different funding options, an indicative funding plan for the next financial year, which funding plan must identify for the next financial year the nature and scope of the activities proposed to be undertaken (including, but not limited to, operational requirements, renewals, and significant new projects), and its planned funding requirements and funding sources, showing —
 - (i) How the prices and charges proposed in the plan have been calculated
 - (ii) A summary of the results of the comparative assessment of different funding options
 - (iii) An appropriate debt to equity ratio
 - (iv) How any surplus from the previous financial year is proposed to be applied, or any deficit from the previous financial year is proposed to be managed

- (n) Must, in preparing its draft statement of intent under section 64 of the Local Government Act 2002,—
 - (i) Consider any written submissions made by the Auckland Council on the asset management plan prepared under paragraph (l) or the funding plan prepared under paragraph (m) within 40 working days of the supply of that plan; and
 - (ii) Include in that draft statement of intent a summary of its proposals in respect of the matters dealt with in the plans referred to in subparagraph (i)
 - (o) Must include in the statement of intent its decisions in respect of the matters dealt with in the plans referred to in paragraph (n)(i)
 - (p) Must give written notice to the Auckland Council of any proposed modifications of its then current statement of intent and consider comments on the proposed modifications made by the Auckland Council.
- (2) Nothing in subsection (1)(d) or (e) —
 - (a) Limits the right of the Auckland Council to participate as a customer in any surplus returned to customers pursuant to subsection (1)(e)
 - (b) Prevents Watercare Services Limited from making a taxable bonus issue (as defined in section YA 1 of the Income Tax Act 2007).
 - (3) Watercare Services Limited is deemed to be a local authority for the purposes of Parts 1 to 6 and Part 8 of the Local Government Official Information and Meetings Act 1987.
 - (4) Parts 1 to 6 and Part 8 of the Local Government Official Information and Meetings Act 1987 apply, for the purposes of subsection (3), with all necessary modifications and as if —
 - (a) Every reference to a local authority were a reference to Watercare Services Limited; and
 - (b) Every reference to a member of a local authority were a reference to a director of Watercare Services Limited; and
 - (c) Every reference to the principal administrative officer of a local authority were a reference to the chief executive of Watercare Services Limited.
 - (5) Notwithstanding section 62 of the Local Government Act 2002, the Auckland Council may give a guarantee, indemnity, or security in respect of the performance of any obligation by Watercare Services Limited.

Schedule 5 – **Services performance auditor**

1. Appointment of services performance auditor

- (1) The appointment of a services performance auditor by the Auckland Council must be on the joint recommendation of the Chairperson of the Commerce Commission and the Auditor-General.
- (2) The services performance auditor shall maintain an office which is funded by the Auckland Council but which is located in premises separate from any other office operated by the Auckland Council.
- (3) The services performance auditor may not be appointed for a term of more than 3 years.
- (4) The Auckland Council and the services performance auditor must enter into a performance agreement.
- (5) Despite the provisions of any other enactment or rule of law, the services performance auditor has no right or expectation of renewed employment at the end of any term.
- (6) The first appointment of a services performance auditor by the Auckland Council shall not be before 10 November 2011 but must occur before 1 June 2012.

2. Review and re-appointment of services performance auditor

- (1) When the term of appointment expires, a vacancy exists in the office of the services performance auditor, and that vacancy must be advertised.
- (2) Despite subclause (1), if the Auckland Council has completed a review under subclause (3) and the Chairperson of the Commerce Commission and the Auditor-General have recommended the re-appointment of the incumbent services performance auditor, then the Auckland Council shall, without advertising the vacancy, appoint the incumbent services performance auditor for a second term not exceeding 3 years on the expiry of the first term of appointment.
- (3) The Auckland Council must, not less than 6 months before the date on which the service performance auditor's contract of employment for the first term expires, conduct and complete a review of the employment of the services performance auditor and forward a complete report of that review to the Chairperson of the Commerce Commission and the Auditor-General.
- (4) The review under subclause (3) must assess—
 - (a) the performance of the services performance auditor; and
 - (b) the mix of skills and attributes possessed by the services performance auditor, and the degree to which they are consistent with the skills and

attributes that the Auckland Council considers necessary for the future;
and

- (c) any other factors that the Auckland Council considers relevant.
- (5) To avoid doubt, responsibility for determining the degree to which any factors in subclauses (4)(a) and (b) apply to a review, and the relevance of any additional factors under subclause (4)(c), rests solely with the Auckland Council.
- (6) Subclause (3) does not apply if the incumbent services performance auditor declares in writing to the Auckland Council that he or she does not wish to be considered for appointment to a second term.
- (7) Except for subclause (1), the provisions of this clause do not apply during the second term of the services performance auditor.

3. Role of services performance auditor

- (1) Subject to subclause (2), the services performance auditor is responsible to the Auckland Council for —
 - (a) overseeing and reviewing the quality and cost effectiveness of services delivered by the Auckland Council and its council-controlled organisations; and
 - (b) ensuring that any monopoly provision of services such as water and wastewater services and regional public transport services by the Auckland Council or any of its council controlled organisations are managed and provided
 - (i) efficiently and effectively; and
 - (ii) in accordance with any legislative requirement or any policy or plan of the Auckland Council; and
 - (iii) so as to achieve any service standards or other targets as set out in any relevant statement of intent; and
 - (iv) in accordance with any appropriate industry benchmark or international best practice; and
 - (c) undertaking or commissioning independent analysis and investigation as appears to him or her to be necessary or desirable in respect of any service performance audit; and
 - (d) advising the chief executive on methods for ensuring the effective and efficient management of the activities of the Auckland Council and any of its council controlled organisations; and
 - (e) assisting the chief executive in developing best value reviews of the operations of the Auckland Council to secure continuous improvement

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in the exercise of its functions having regard to a combination of economy, efficiency and effectiveness.

- (2) The functions of the service performance auditor do not include dealing with individual complaints or grievances about the Auckland Council.
- (3) The services performance auditor may—
 - (a) require the Auckland Council or any member or officer to disclose to him or her such information as the service performance auditor may request in order to carry out his or her functions; and
 - (b) report publicly on any issue affecting the Auckland Council at any time.

Schedule 6 – Part 1 – **Local Authorities dissolved and districts abolished**

Local Authorities	Districts
The Auckland Regional Council	Auckland Region
The Auckland City Council	Auckland City
The Rodney District Council	Rodney District
The Waitakere City Council	Waitakere City
The North Shore City Council	North Shore City
The Manukau City Council	Manukau City
The Papakura District Council	Papakura District
The Franklin District Council	Franklin District

Part 2 – Communities abolished and community boards dissolved

Albany	Maungakiekie
Birkenhead-Northcote	Mt Roskill
Devonport	Tamaki
East Coast Bays	Western Bays
Glenfield	Botany
Takapuna	Clevedon
Henderson	Howick
Massey	Mangere
New Lynn	Manurewa
Waitakere	Otara
Avondale	Pakuranga
Eastern Bays	Papatoetoe
Eden-Albert	Waiuku-Awhitu
Hobson	Onewhero-Tuakau

Schedule 7 – Consequential amendments

Local Government Act 2002 (2002 No 84)

Repeal clause 6(1) of Schedule 7 to the Act and substitute:

“6 Remuneration Authority to determine remuneration

- (1) The Remuneration Authority must determine the remuneration, allowances, and expenses payable to—
- (a) mayors, deputy mayors, chairpersons, deputy chairpersons, and members of local authorities;
 - (b) chairpersons of committees of local authorities;
 - (c) chairpersons, deputy chairpersons and members of Auckland’s local councils;
 - (d) chairpersons of committees of Auckland’s local councils;
 - (e) chairpersons and members of community boards;
 - (f) chairpersons of committees of community boards.”

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Schedule 8 – Enactments repealed

Local Government Act 1974 (1974 No 66)

Sections 707ZZZR and 707ZZZS

Local Government Act 2002 (2002 No 84)

Section 6(4)(g)

32. Achieving a High-Performance Auckland Council

32.1 The Commission’s terms of reference invite the Commission to investigate what governance and institutional arrangements are required to ensure the effective, efficient, and sustainable provision of public infrastructure services and facilities.¹

32.2 The operation of Auckland’s local government involves very significant amounts of public money. In the 2008/09 year, the eight Auckland councils have budgeted to spend almost \$2 billion (\$1,952 million) in operating expenses, and over \$1.25 billion (\$1,264 million) in capital expenditure, a total of over \$3.2 billion. The new Auckland Council will thus be a very large organisation with a very large budget. It could have over 6,000 staff.²

32.3 The Commission notes that the establishment of the new Auckland Council provides a significant opportunity to implement best performance management practice to achieve greater value for money and improved services for Auckland citizens and ratepayers. Many of the provisions of Local Government Act 2002 (“LGA 2002”) focus on performance improvement through comprehensive planning, budgeting, and reporting, and the development of performance targets and reporting against these targets (on broader community outcomes as well as service delivery outputs). But there is a considerable way to go to achieve best practice levels, as a number of reports of the Auditor-General have identified.³

32.4 The establishment of the new council should see a re-engineering of all administrative and service delivery processes, providing an opportunity for innovative arrangements which can provide improved services at lower cost. In particular, a unified back office and the full exploitation of modern information and communications technology (“ICT”) offer great potential to achieve this.

32.5 This chapter discusses the following key issues:

- achieving cost savings from the Commission’s proposals – based on a preliminary financial cost-benefit analysis commissioned from consultants
- implementing a best-practice performance management system
- implementing unified processes and service delivery making full use of modern information and communications technology

1 Reflecting the “efficiency and effectiveness” requirements placed on local authorities by the Local Government Act 2002, section 14(1)(e) and (g).

2 Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, report for the Royal Commission on Auckland Governance, Auckland, 2009, Appendix B, pp. 746–776; based on existing council staff numbers reported in councils’ 2008 annual reports.

3 Office of the Auditor-General, *Local government: Results of the 2005/06 audits and Results of the 2006/07 audits* (available at www.oag.govt.nz/local-govt, accessed March 2009); and Office of the Auditor-General, *Statements of corporate intent: Legislative compliance and performance reporting*, June 2007, p.19 (available at www.oag.govt.nz, accessed March 2009).

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- introducing a performance auditing system to provide assurance to the elected Auckland Council and citizens and ratepayers that the council is functioning efficiently and effectively.

Financial analysis of the Commission's proposals

32.6 Many of the submissions made to the Commission supporting changes to the structure of Auckland's local government were based on the view that significant cost savings should result.

32.7 While the Commission considers that there are other equally important issues in designing a new governance structure for Auckland, it fully accepts the importance of these financial issues. Within the time and information sources available, it has been difficult for the Commission to estimate in detail the financial implications to Auckland local government of its recommendations. The Commission therefore called on corporate finance consultants Taylor Duignan Barry ("TDB") to provide a preliminary financial cost-benefit analysis of the Commission's preferred option of a unified Auckland Council and six local councils. (This preferred option is discussed in detail in Chapter 14, "The Auckland Council: Key Features"). The report contains TDB's estimate of the financial costs and benefits of the Commission's recommended structure, and compares those costs and benefits to an alternative option to provide an estimate of net present value.⁴ The analysis in the report is a preliminary and partial analysis undertaken using "desk-top" research and without a detailed implementation plan. A copy of the TDB report is contained in Appendix B of this volume, pp. 746–776.

32.8 The Commission is aware of past New Zealand and international experiences that suggest that savings do not necessarily arise from major local government reorganisations. It notes, however, that savings may have occurred but been reallocated to new functions or to enhancements in service. Although only indicative, the TDB analysis suggests that at least modest savings in both operating and capital expenditures are achievable. Even allowing for the additional costs that will be incurred in establishing the new Auckland Council (and which cannot be accurately determined until an implementation plan is developed), there is a positive net present value for the Commission's preferred option.

32.9 The Commission believes that the achievable efficiency savings identified in the TDB analysis should guide the Establishment Board and the new Auckland Council in developing the new arrangements, and should be reflected in the budgets of the new Auckland Council. The Transition Management Group (as recommended by the Commission in Chapter 33, "Managing the Transition"), should contribute fully to the Establishment Board's work in setting Auckland Council's efficiency savings targets. The

4 Net present value ("NPV") is the present value (using an appropriate discount rate) of future cash savings after allowing for transition costs. NPV is thus an indicator of the positive or negative value of a proposal.

Commission agrees with the TDB report's comment that a high-quality implementation of the new arrangements will be needed to achieve the targeted savings or efficiencies.

Taylor Duignan Barry report findings

32.10 In summary, the TDB report found that the Commission's preferred option (an Auckland Council and six local councils) is superior to that of the alternative option considered by the Commission (the establishment of an Auckland Council with 20 community boards).

- The indicative range of total efficiency gains from the preferred option is estimated to be between \$76 million and \$113 million per annum, which represents approximately 2.5%–3.5% of the total expenditure the Auckland councils planned for 2008/09 (around \$3.2 billion).
- This figure comprises indicative annual efficiency gains of \$54–\$77 million (3%–4%) of current total operating expenses, and \$22–\$37 million (2%–3%) of current total capital expenditure.
- Allowing for the offsetting of establishment costs, the midpoint of the net present value of the Commission's preferred option is estimated to be in the order of \$425 million to \$700 million, approximately double that of the alternative option.

32.11 Underpinning the TDB report's conclusions are a number of key assumptions including the following:

- Total integration costs are estimated to be around twice the estimate of the annual efficiency gains (in the order of \$120 million–\$240 million over four years).
- A high-quality implementation of the proposal is required to secure the efficiency gains.
- Efficiency gains are expected from a number of operating and capital expenditure areas, mainly procurement savings of around 5% of relevant expenditure. Efficiencies from unified service delivery (unified back-office systems such as procurement, finance, and administration; information systems; human resource management; and uniform rules and processes for service delivery) are expected to be between 10% and 15% of relevant expenses.
- There are potential efficiencies in integrating water and wastewater operations,⁵ solid waste, transport, community assets and regulation, planning, and governance.

5 The numerous reports describing the efficiency savings from integrating water and wastewater operations are summarised in the Saha International report, *Review of the Auckland Water Services Industry – Current state analysis*, Wellington, 2006, p. 34.

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- Limited efficiency gains are expected in areas that are largely contracted out such as refuse collection, road maintenance, and public transport services.
- There is a four-year phased transition process which is designed to minimise risks and achieve an appropriate number of staff.
- Auckland Council ICT infrastructure will make significant use of current council information, communication, and technology systems, facilities, and infrastructure, which is able to be scaled up.

32.12 As discussed in Chapter 33, a more detailed financial cost-benefit analysis will need to be undertaken by the Establishment Board as part of the Auckland Council implementation plan. Once this analysis is undertaken, the Commission considers that definitive savings targets should be set for the operation of the new Auckland Council and its council-controlled organisations (“CCOs”).

32.13 The Commission is aware that these savings appear modest in relation to the claims made by a number of submitters (as discussed below). But it is important that realistic targets be used in the implementation process. It is possible that the Establishment Board will identify greater possible savings during the course of a detailed cost-benefit analysis.

32.14 It can be noted that, in principle, some of these efficiencies (such as savings through procurement and unified or shared service delivery) are achievable through collaboration between individual councils, without any reorganisation. However, the record of success of Auckland councils in achieving efficiencies through such voluntary cooperation is limited, with only a few significant shared-service examples such as the shared library services and the combined Auckland City Council and Manukau City Council recycling arrangement.

32.15 It should also be noted that the TDB analysis covers only the financial costs and benefits incurred by the Auckland councils. It does not include any effect on the financial costs of firms or private individuals (such as the costs of obtaining permits or consents) or on the economic costs and benefits to the whole region – for example, better coordination of capital expenditures and speedier implementation of major infrastructure projects.

Views of submitters

32.16 Many submissions to the Commission referred to savings that should be achievable from amalgamation. A number focused on savings through a reduction in the number of mayors and elected councillors and senior managers (although the Commission notes that this is only a very small part of current total expenditures). On the other hand, a number of submitters referred to the perceived failure of the 1989 local government amalgamations to result in reductions in rates.

32.17 A number of submitters provided views and research to the Commission on the financial benefits of unified or shared services. The submissions of the Employers and Manufacturers Association, the Auckland Regional Council, and the New Zealand Council

for Infrastructure Development noted the potential for a range of efficiency gains from reforming back-office administration and reducing bureaucracy.

32.18 The Employers and Manufacturers Association commissioned research from Deloitte, which it presented to the Commission, to estimate possible savings from a unified Auckland local government structure. Deloitte estimated total operating and capital cost savings of \$132 million per annum. Most of its estimated savings came from procurement savings (\$91 million per annum) and staff reductions (around 10% or \$40 million per annum). It estimated transition or implementation costs at \$306 million, which included project implementation costs of \$210 million and \$69 million in staff redundancies.⁶ These implementation costs are based on a different set of assumptions from those contained in the TDB report (based on the Commission's preferred option), and thus estimated costs are significantly higher than the TDB estimate.

32.19 The Auckland Regional Council put estimated savings from a unitary structure at \$160 million per annum. These would accrue from a reduction in the number of elected representatives, efficiencies from having a single district plan for the region, a reduction in litigation costs between councils, plus additional savings of \$28 million per annum from integrated management of water, wastewater, and stormwater.⁷

32.20 The One Auckland Trust suggested operating costs savings of around 10% from a single city structure, although it provided no detailed analysis to support this figure. Likewise, the New Zealand Council for Infrastructure Development suggested annual operational savings from having a single city of \$200 million, based on an assumed level of savings of 10% in private sector amalgamations.⁸

32.21 A submission from Dr Rouse and Dr Putterill of Auckland University outlined an analysis undertaken by them which showed no evidence of savings in road maintenance costs from the 1989 local government amalgamations.⁹ The Commission considers that this conclusion probably reflects the impact of previous contracting-out of this activity.

32.22 Submissions from Papakura District referred to a number of studies suggesting limited cost savings from amalgamations, including a review by McKinlay Douglas of amalgamation results in South Australia.¹⁰

6 Supplementary papers to the submission to the Royal Commission on Auckland Governance from Employers and Manufacturers Association, paper by Deloitte, "Financial benefits of consolidation", 23 June 2008, pp. 2-3.

7 Submission to the Royal Commission on Auckland Governance from the Auckland Regional Council, p. 18. (All submissions are available at www.royalcommission.govt.nz.)

8 Submissions to the Royal Commission on Auckland Governance from One Auckland Trust, 21 April 2008, p. 14, and from New Zealand Council for Infrastructure Development.

9 Submission to the Royal Commission on Auckland Governance from P. Rouse and M. Putterill, University of Auckland Business School, p. 1.

10 Submission to the Royal Commission on Auckland Governance from Papakura District Council, p. 27.

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Implementing a new performance management system

32.23 The Establishment Board should design a new performance management system for the Auckland Council. The existing system of statements of service performance, prepared by all councils as part of their annual report, is a useful base on which to build. So are the community outcomes, which are required to be developed in the preparation of each council's long-term council community plan ("LTCCP"). Also useful are the current arrangements for statements of intent ("SOIs") which are required from CCOs (as discussed in Chapter 21, "Council Organisations and Council-Controlled Organisations").

32.24 However reports by the Auditor-General on LTCCPs, on SOIs prepared by CCOs, and on the quality of statements of service performance indicate major deficiencies in the way performance management systems are implemented in local government.¹¹ The Auditor-General has identified similar deficiencies in performance reporting in central government. In particular, these deficiencies include the failure to develop relevant indicators that are clearly linked to key organisational objectives.¹²

32.25 A key aspect of the Auckland Council's performance management system should be the development of an organisational culture of continual improvement in service performance and efficiency.¹³ The Commission is of the view that customer service standards should be entrenched in an Auckland Council customer service charter. The standards should cover such issues as accessibility, timeliness, and cost (where there is a charge for council services) for all services delivered to the public. For core services from internal business units such as Auckland Council's unified service centre service, delivery standards should also be specified.

32.26 Waitakere City Council has a good example of a customer service charter whereby the council commits to "the provision of excellent public service".¹⁴ Commitments are made in four areas of service performance including democratic participation, community engagement, regulation and compliance, and customer services. For example, the council is committed to responding to requests for resource management consent within two working days. The council has also documented a formal customer complaint process for the public.

32.27 Auckland Council will collect data and monitor the performance of the local councils. An important facet of this will be to ensure that the local councils stay within their mandate and perform to public expectations, especially in relation to outcomes stated in their community action plans (as discussed in Chapter 16, "Local Councils").

11 Office of the Auditor-General, *Statements of corporate intent: Legislative compliance and performance reporting*, June 2007, p. 19 (available at www.oag.govt.nz, accessed March 2009).

12 *Ibid.*, p. 19.

13 London has a useful framework for measuring performance of continual improvement and efficiency work, through its "Capital Ambition" programme (see www.capitalambition.gov.uk, accessed March 2009).

14 See www.waitakere.govt.nz/cnlser/cs-charter.asp (accessed March 2009).

Outcomes will relate to service delivery standards, as well as aspects of “place-shaping”¹⁵ where this is measurable. The local councils themselves will have a monitoring function, and report on their own performance, for example in relation to environmental indicators for their districts, and will compile data following uniform Auckland Council information standards. This information will be used by the Auckland Council in its monitoring.

32.28 Where services have been delegated to local councils, the Auckland Council will benchmark their performance. For other services provided by local councils, it will be expected they will develop service standards – again, this will form a useful basis for comparative benchmarking of performance. Other performance targets and outcomes contained in the three-yearly partnership agreement with local councils and the community action plan will provide the yardsticks for measuring performance.

32.29 Chapter 21 also proposes a more rigorous approach to the development of performance indicators and targets for inclusion in the SOIs required to be prepared by each CCO. For the larger Auckland Council CCOs, these SOIs will reflect the requirement for State-owned enterprises to be “as profitable and efficient as comparable businesses that are not owned by the Crown”.¹⁶

32.30 In developing its performance management arrangements for the public service and Crown entities, the Government has recently identified the need for a focus on value for money. The Commission understands this is to be achieved by the public service reviewing how services can be delivered more effectively, setting realistic budgets and managing within those budgets, and improving the ability to measure and report on performance.¹⁷

32.31 In the Commission’s view, these principles should be adopted for the management of the new Auckland Council. They should form part of the budgeting and management systems to be developed by the Establishment Board for the new council.

Unified processes and service delivery

Twenty First Century Government is enabled by technology – policy is inspired by it, business change is delivered by it, customer and corporate services are dependent on it, and democratic engagement is exploring it. Moreover modern governments with serious transformational intent see technology as a strategic asset and not just

15 Sir Michael Lyons, in his 2007 inquiry into Britain’s local government, *Place-shaping: a shared ambition for the future of local government*, at page 3 defines place-shaping as “the creative use of powers and influence to promote the general well-being of a community and its citizens.” See www.lyonsinquiry.org.uk/indexc2c7.html (accessed March 2009).

16 State-Owned Enterprises Act 1986, section 4(1).

17 See Treasury briefing paper to the incoming Minister of Finance 2008, *The public sector will need to deliver more from existing resources* (available at www.treasury.govt.nz/publications/briefings/2008/11.htm, accessed March 2009).

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*a tactical tool. Technology alone does not transform government, but government cannot transform to meet modern citizens' expectations without it.*¹⁸

32.32 As mentioned below, major re-engineering of all council service delivery systems should be a main priority for the Auckland Council. The Establishment Board, using advice and input from the Transition Management Group, should work on this aspect of the Auckland Council's proposed information systems strategy as a primary task.

32.33 This section of the chapter will provide guidance to the Establishment Board. It considers why the consolidation of council systems and back-office administrative reforms is essential to enable the implementation of an integrated governance system for Auckland. Presently, Auckland with its eight councils has a high level of duplication in back-office functions. It has eight different IT systems with varying degrees of compatibility. The territorial authorities each have their own approach to service delivery, their own by-laws and resource management plan rules which, as mentioned in other chapters, cause difficulties for those who deal with more than one council. Additionally, the regional council has its own set of policies, rules and by-laws. Each council has its website with different standards of quality and accessibility. The ease of access to information varies from council to council and it is difficult to compare information across Auckland councils.

32.34 Underpinning these reforms is a need for council service processes to be designed to optimise e-government capacity including much more on-line "self-service" delivery and easy information interchange across the council's staff in various locations.

32.35 Technology and process re-engineering will play a strategic role in enabling these improvements. For example, when designed, the new planning system will be able to support a single, simplified, and automated planning application process across the region. Information systems will be used to link the geographical information system with the new planning documents in order to improve the public's visual understanding of spatial planning requirements.

The benefits from unified systems

32.36 The establishment of the new Auckland Council includes an assumed consolidation of back-office service functions and the unification and redesign of a number of processes and services including

- resource management planning, finance and administration, payroll, human resources, asset management, rates management and billing, and service delivery processes
- the simplification and harmonisation of policies, by-laws, and regulations

¹⁸ *Transformational Government Enabled by Technology*, report of the Chief Information Officers' Council, commissioned by Prime Minister Tony Blair, London, November 2005, p. 3 (available at www.cio.gov.uk/documents/pdf/transgov, accessed March 2009).

- a significantly increased on-line transactional “self-service” capability, such as on-line consent and licensing applications and payments
- the standardisation, automation, and consolidation of transaction processes including, for example, the production of one rates bill.¹⁹

32.37 A single set of policies, rules, regulations, by-laws, and integrated systems will allow licensing, permitting, and consenting processes to be harmonised across Auckland. This will mean less need for applicants making a typical council application to use experts to assist them navigate through the complexities inherent in many of today’s district plans and by-laws. The objective should be to ensure that the majority of applications can be made online by filling in a standard form.

32.38 With systems standardised across the region, the public will be able to transact business using consistent procedures and documentation through a number of service delivery channels, including a single internet gateway or “portal”. Web-based services should be available 24 hours a day, seven days a week, including the ability to access the Auckland district plan, review notified consents and plan changes and all associated information such as planning submissions. More approval decisions will be prescriptive or rules-based, allowing a larger number of approvals to be automated or devolved to the front-line service staff.

32.39 The accounting policies and financial statements for the Auckland Council will be standardised and consolidated. With a single common chart of accounts and a single accounting system, it will be much easier to provide the public with comparable financial information between local councils. The costs required to govern and develop Auckland will be transparent and comparable at the regional and local level. There will be an integrated budget system. Forecasting across council entities will be consistent. Information technologies will make financial information more accessible.

The Commission’s views

32.40 The Commission considers the consolidation or unification of council systems and back-office administration to be critical to the efficient management of Auckland Council’s operations. The key features of the unified service delivery infrastructure include

- a single IT (“information technology”) governance framework – this will include a consolidated set of core business software applications to run the transactional processes with common standards, controls, and business rules

¹⁹ There is extensive research and reporting on the potential benefits arising from shared and unified public service delivery. Useful reports include *Environmental Scan – Efficiency of Back Office Functions in Local Government*, Audit Commission, London, August 2007 (available at www.audit-commission.gov.uk/nationalstudies/downloads/BackOfficeEnvironmentalScan.pdf) and *Improving corporate functions using shared services*, National Audit Office, London, November 2007 (available at www.nao.org.uk/publications/0708/improving_corporate_functions.aspx, both accessed March 2009).

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- a consolidated ICT infrastructure including a single contact and data centre facility
- the unification of back-office administrative services such as finance and administration, human resources, and asset management
- a strategic procurement function that undertakes management of major suppliers including the tendering, contract and fulfilment management function.

32.41 A potential framework for unified service delivery is illustrated in Figure 32.1.

Efficiency gains

32.42 The Commission has identified three unified service categories that have the potential to deliver significant efficiency gains: consolidated ICT infrastructure, unified service delivery, and citizen “self service”.

Consolidated ICT infrastructure

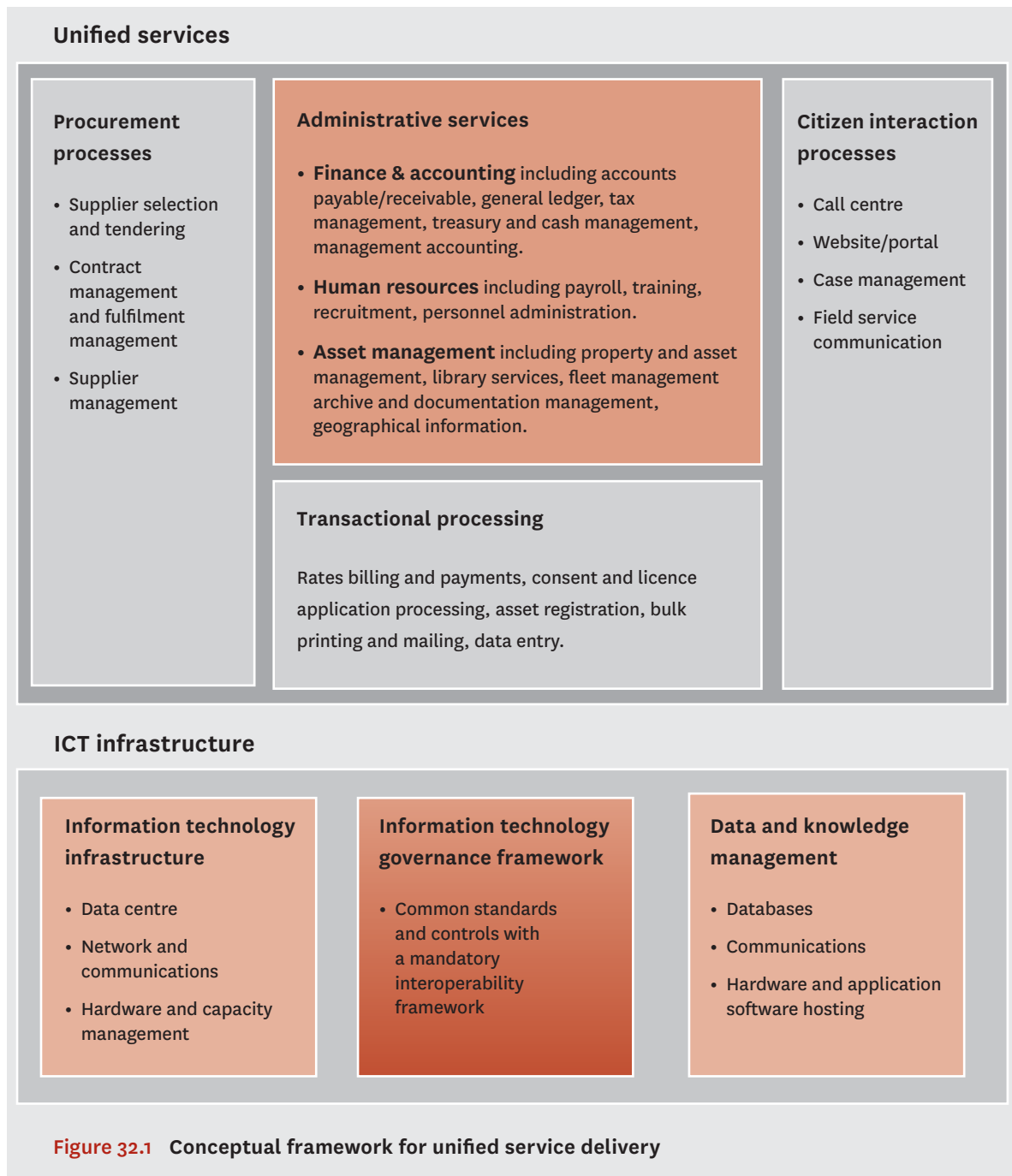
32.43 Currently there is significant duplication of ICT applications and infrastructure across Auckland councils. In Chapter 27, “Information and Communications Technology”, the Commission recommends that Auckland Council’s ICT infrastructure and functions be centrally governed with a single information technology infrastructure platform and common systems and standards, including the adoption of the Government’s e-Government Interoperability Framework (“e-GIF”).²⁰ Data and knowledge will be harmonised and administered centrally through a shared data and contact centre. In the process of consolidating the ICT infrastructure, duplication will be removed and existing capacity improved. Core common systems will include finance and accounting, geographical information systems, asset management, property management (including ratings), regulation management, customer management, document management, and human resources (including payroll).

Unified service delivery

32.44 **Back-office functions:** As part of the establishment of a single data and contact centre, the common administrative functions that support the core common systems (including information technology, finance and accounting, human resources, procurement and asset management, internal audit, customer management, legal services, and planning support) should be unified across the Auckland Council.

32.45 **Procurement:** A consolidated procurement function should undertake large-scale contestable tendering, vendor and contract management, supply chain, logistics, and material management for Auckland Council including the local councils. Typical goods and

²⁰ The New Zealand e-Government Interoperability Framework prescribes a coherent set of policies, protocols, and standards for use when sharing or integrating data, information, supporting information systems and business processes. See www.e.govt.nz/standards/e-gif.



services that suit strategic supplier management include telecommunications, electricity, fuel, fleet management, property maintenance, recruitment, and professional services.

32.46 Transactions: All Auckland Council and local council transactional processing should be produced through a single, standard process representing leading practice. For example, the process for the production of the rates bill, accounts payable and receivable, and consent and licence applications should all be undertaken using the same systems platform. The Commission anticipates that many of these systems will borrow from the “best of the best” systems in current use by councils. There will be a move away

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from paper-based service delivery towards electronic delivery with a common payment gateway, a single customer call centre, and a single, Auckland-wide website to service Aucklanders' needs. One phone number will reach any council person in Auckland.

Citizen "self service"

32.47 As the new planning system is designed, it will be vital that key service delivery, planning, and regulatory processes are designed with digital management and electronic delivery channels in mind. Auckland Council consent, permitting, licensing, application, and payment processes should be engineered to be simple in their design and capable of a high level of citizen self-service. The delivery costs should be known for each core process; they should represent leading practice and be benchmarked internationally to ensure optimum efficiency is being targeted. Self-service transactions are considerably cheaper to deliver than those requiring high levels of manual operation or face-to-face involvement.

Operating features

32.48 Internationally, a number of council shared or unified service centres operate as self-funded, stand-alone business units providing service and financial incentives to users. It is expected that Auckland Council unified services will provide commercially competitive services and be able to pass on the benefits of any efficiency gains to internal customers.²¹

32.49 Although it is assumed that the proposed Auckland Council CCOs will sit outside Auckland Council's unified back office and customer contact call centre arrangements, these organisations should have the opportunity to use these facilities if it will result in efficiency gains. For example, Watercare may find it more efficient to participate in the scale of Auckland Council's financial management and billing systems and customer contact centre rather than develop its own systems. All Auckland Council entities including the proposed CCOs providing council services (such as Watercare and the Regional Transport Authority) will, however, be required to adopt the Auckland Council's ICT infrastructure and data standards, including the council's central government-designed interoperability framework.

32.50 In the unified council operating model, the centralised data centre will accommodate and manage the back-office administrative functions which will be separated from front-line service delivery. Front-line staff would be located in service centres close to their local communities. For example, in the case of a web-based building permit application, the technology infrastructure, the website, and the

²¹ *Improving corporate functions using shared services*, National Audit Office, London, November 2007, p. 18. In the United Kingdom a number of service facilities have commitments to deliver predetermined savings to their "customers" once they use shared service facilities. Pricing of services is competitive and reflects the full cost of the service delivery. See www.nao.org.uk/publications/0708/improving_corporate_functions.aspx (accessed March 2009).

telecommunications network will be located and managed centrally as a shared service. The front line staff required to oversee compliance and provide field-based services to the public will be located close to the community to service their needs at the local level.

Establishment issues

32.51 The Commission expects that as part of the pre-establishment programme set out in Chapter 33 (Appendix 33.1), there will be an audit and evaluation of the current ICT infrastructure in councils across the Auckland region. It is expected that an interim e-government and information systems strategy for the Auckland Council will be developed by the Establishment Board.

32.52 The Commission does not contemplate that Auckland Council's ICT infrastructure will be built from scratch. The existing ICT infrastructure, including hardware and application software, need to be used where possible. The objective will be to ensure a smooth transfer of the eight current councils' ICT systems to the Auckland Council and to plan the migration of the numerous duplicated council business systems to a single ICT infrastructure platform. It will be necessary to identify the best existing system and determine the time frame and costs required for the complete unification of information systems.

32.53 As part of this work, a review of all business processes and supporting technologies will be required, to identify what is required to ensure the continuity of current council services during the transition to the Auckland Council. This is important to ensure that Auckland Council can effectively operate from its establishment and there is no service disruption during the transition period.

32.54 As part of the review of the current ICT infrastructure, an assessment of current and future ICT skills capability will be required. The ability of Auckland Council to attract and retain highly-skilled people to support the ICT programme of work will be a critical requirement for the Auckland Council transition programme.

Auckland Services Performance Auditor

32.55 As a large organisation providing a very wide range of services, the Auckland Council will need to be efficient and responsive. In principle, all its activities could be subject to rigorous external performance review so as to provide assurance to the council and the public that it is delivering high-quality services in a cost-effective way.

32.56 The Commission considers an independent Auckland Services Performance Auditor should be appointed to oversee the performance of all Auckland Council service activities. This would be a very senior role, which would need to be undertaken by a person who enjoys the trust and confidence of the Auckland public. It would be desirable to provide for this position in legislation.

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32.57 The Auckland Services Performance Auditor should be appointed by the Auckland Council for a three-year renewable term (with a maximum term of six years), on the joint recommendation of the Chair of the Commerce Commission and the Auditor-General. The Commission considers it appropriate that these two office-holders be involved in the appointment, both because of their professional roles (the Commerce Commission has a key role in ensuring monopoly powers are not exploited, and the Auditor-General has a key role in reviewing performance management in local government), and because their independent status will give the public confidence in the appointment process.

32.58 The Commission envisages that the Auckland Services Performance Auditor will be located independently of the Auckland Council in the offices of a regulatory body such as the Commerce Commission. The Auckland Services Performance Auditor should have the power to obtain information from all Auckland Council bodies and should also be given the resources to commission independent analysis and investigation as required. He or she would have the power to report publicly on any issue at any time.

32.59 This role would complement and extend the work of the Auditor-General. As mentioned above, the Auditor-General audits the LTCCPs and the financial viability of each council. The Auditor-General also audits the statements of service performance, which are required as part of each council's annual report. However, the emphasis is on the review of processes and systems and the adequacy and relevance of the reported performance measures (that is, systems issues) rather than on the level of performance itself (the substantive issues). The focus of the Auckland Services Performance Auditor would be on the substantive issues of performance – namely, whether the Auckland Council is performing adequately in providing high-quality services in a cost-effective way.

32.60 The Auckland Services Performance Auditor would not have a role in dealing with individual complaints or grievances about the Auckland Council. The Auckland Council will have its own complaints resolution processes, as do the eight existing Auckland councils. In addition, there is a right to take complaints about council actions to the Ombudsman.

32.61 It would be expected that the Auckland Services Performance Auditor would adopt a constructive approach to the task and seek to identify changes which can both improve services and reduce costs. However, it would not be useful for the Auckland Services Performance Auditor to start work until Auckland Council's operating processes have been determined and implemented and some time has elapsed to enable assessments to be made. It would therefore be appropriate for the appointment to be made one year after the Auckland Council has started operation.

32.62 This role is particularly important for those activities of the Auckland Council that will be monopoly providers of services, in particular water services and the regional public transport service industries. In discussing the operation of a new integrated water CCO in Chapter 26, "The Three Waters", the Commission considered the desirability of a price regulator for the water industry to ensure it does not exploit its monopoly position through higher than necessary prices, but preferred an independent external performance review.

32.63 As discussed in Chapter 21 on council organisations, in order to ensure the good performance of the larger CCOs which will be part of the Auckland Council, the Auckland Services Performance Auditor would review the adequacy and relevance of CCO performance targets as set out in the SOIs, and the accuracy of performance reported against those targets. As discussed in that chapter, for the proposed CCOs Watercare Services and the Regional Transport Authority, the Auckland Services Performance Auditor would

- review service standards set out in their customer service charter, as well as the annual customer satisfaction survey results, and customer complaints processes
- assist the Auckland Council with its three-year reviews of their statements of intent, including the relevance of any targets
- protect the consumer's interests and advocate for them in respect of the reliability and affordability of services
- in the case of Watercare Services Limited, undertake three-yearly efficiency and effectiveness reviews, incorporating international comparative industry benchmarking and an evaluation of service levels, efficiency, affordability of water, and demand management performance. Within five years of the establishment of the Auckland Council, undertake a formal review of the effectiveness of this regulatory approach.

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Recommendations

The Auckland Council needs to deliver services in the most efficient and cost-effective way.

- 32A** The Auckland Council should build efficiency savings targets into the Auckland Council budget over the course of the transition.
- 32B** The Auckland Council should take advantage of modern information and communications technologies in implementing its unified service delivery framework.
- 32C** The Auckland Council unified service delivery framework will include
- a) a single information technology governance framework.
 - b) a consolidated ICT infrastructure platform (including a single contact and data centre facility).
 - c) the unification of the “back office” administrative services including functions such as finance and administration, human resources, and asset management.
 - d) a strategic procurement function undertaking management of major suppliers.
- 32D** The Auckland Council should implement leading public sector performance management practices to ensure it operates and reports to the highest standards of accountability and transparency.
- 32E** Auckland Council customer service standards should be entrenched in a customer service charter.
- 32F** To promote the widespread adoption of the unified service delivery framework the Auckland Council should
- a) give Auckland Council CCOs providing council services the opportunity to share the unified service facilities if they wish.
 - b) require Auckland Council CCOs providing council services to adopt the council’s ICT infrastructure standards.

- 32G** A statutory position of an independent Auckland Services Performance Auditor (to be appointed by the elected Auckland Council on the joint recommendation of the Chair of the Commerce Commission and the Auditor-General) should be created to provide assurance to the council and the public that the Auckland Council is providing high-quality services in a cost-effective way. The role of the Performance Auditor will include
- a) reviewing the adequacy and relevance of CCO performance targets.
 - b) protecting the consumer's interests and advocating for them in respect of the reliability and affordability of council services. This will include reviewing services in terms of established customer service standards.²²
 - c) in the case of Watercare Services Limited, undertaking three-yearly efficiency and effectiveness reviews, incorporating international comparative industry benchmarking and an evaluation of service levels, efficiency, affordability of water, and demand management performance.

Transition

- 32H** To give effect to Recommendation 32A, the Establishment Board should review the estimated efficiencies and integration costs identified in the Taylor Duignan Barry report attached as Appendix B, and build relevant savings targets and implementation costs into the Establishment Board's implementation plan and draft budget of the Auckland Council.
- 32I** The Establishment Board should develop the framework described in Recommendation 32C and in addition should quantify the cost, benefits, and priorities for unified services.
- 32J** In carrying out all the above work, the Establishment Board should draw on the expertise and resources of the Transition Management Group.

22 See Recommendation 32E.

33. Managing the Transition

33.1 Moving from the current local government arrangements in Auckland to the unitary model proposed by the Commission will involve significant change. The Commission has considered carefully how this change might best be managed in order to achieve a successful transition, enabling the benefits of reorganisation to be fully realised.

33.2 It is very important that existing Auckland councils continue to operate effectively during the transition period. This is particularly the case in the current fiscal environment, and as Auckland, along with the rest of New Zealand, prepares for the Rugby World Cup in 2011.

33.3 The Commission's approach to transition is based on the understanding, conveyed to it by Government, that necessary changes should be in place in time for the next local body elections in October 2010. Immediately following these elections, it is proposed that the Auckland Council be established and the Auckland Regional Council ("ARC") and the seven territorial authorities in Auckland be formally dissolved. Boundaries and wards for the Auckland Council and local councils will need to be determined no later than six months prior to the election date.

33.4 The anticipated 18-month time frame for the establishment of the Auckland council is ambitious but achievable. The deadline of October 2010 must be met. The main advantages of achieving reform over this time frame will be to maintain focus and momentum for change. Existing council staff will be concerned about their future. The public will want to know that council services will continue to be provided at usual locations and that democratic processes are to be maintained. For these reasons, it is essential that the whole process is well managed and the transition work gets under way quickly.

33.5 It will be important that the Government moves swiftly to form an Establishment Board and Transition Management Group and that the Establishment Board, in turn, moves quickly to address the Commission's recommendations.

33.6 It will also be important that the Minister for Auckland and the Cabinet Committee for Auckland (recommended in Chapter 15, "The Elected Auckland Council") be in place to oversee the transition.

33.7 This chapter commences with a brief discussion of the principles that have guided the Commission in developing its proposed transition model. It then discusses, in turn, the alternative models available, the preferred transition option recommended by the Commission, and the detail of how the transition is to be successfully achieved.

Guiding principles adopted by the Commission

33.8 At its core, the process of transition will involve

- transferring staff, assets, and service responsibilities from the eight councils of Auckland to the new Auckland Council
- the dissolution of those councils
- the establishment of the new Auckland Council.

In order to realise the benefits of reorganisation, early action must be taken to re-engineer services in order to improve service quality and achieve efficiencies, prepare for a tighter financial situation, and to begin shaping a new organisational culture. The transition should establish the groundwork for a transformation in working practices and culture for the Auckland Council.

33.9 The Commission has identified six key considerations in managing the transition:

- the need to provide stability and certainty for council staff
- the need to ensure that existing council staff, services, and operations are not significantly disrupted and that business is undertaken “as usual” in the period prior to Auckland Council’s establishment
- a desire to see democracy maintained until the next local government election¹
- the need for the transition to be carried out at a reasonable cost and for the risks involved in the implementation to be well managed
- the need for a comprehensive communications strategy so that existing council staff and the Auckland public understand and support the changes being made
- the need for the Auckland Council to be ready to commence operations on the establishment date, with tight project management required by the Establishment Board and the Government to achieve this deadline.

33.10 These considerations have led the Commission to conclude that it will be necessary to appoint to the Establishment Board highly experienced and competent people, recognising the magnitude and importance of the task at hand.

33.11 The Commission also wishes to underscore the importance of providing stability to existing council staff. The Commission expects that current council staff will form the nucleus of the new organisation. Current staff have a record of service to the people of Auckland, and represent a valuable resource of technical expertise and local knowledge. One of the Commission’s reasons for adopting its proposed model was to maintain stability in the council workforce, to minimise both the personal impacts of reorganisation on council staff and start-up costs for the new organisation, and to enable key services to

¹ One option, rejected by the Commission, would be to replace existing councils with Commissioners, the approach taken in Victoria, Australia, in 1994–96 when council amalgamations were undertaken.

be delivered as usual during the transition. It is desirable to settle staffing arrangements expeditiously, to avoid putting existing staff through a long period of uncertainty, with the consequent risk of lowered morale and performance.

Alternatives

33.12 As contemplated in its terms of reference, the Commission has considered a range of alternative transition processes, drawing in particular on its discussions with officials and leaders in Melbourne, Brisbane, and Toronto where reorganisation exercises have been undertaken in the past five to 10 years. Those exercises involved both successes and failures. The Commission has also reviewed New Zealand's 1989 local government reorganisation, and considered the approaches taken to public sector restructuring in the 1990s through to the present. There is a wealth of experience on which to draw.

33.13 The Government must decide on the level of central government direction and involvement in any transition, the role of an independent establishment body, and the extent of involvement of existing Auckland councillors and officials. Overseas and New Zealand experience is instructive.

33.14 It is the Commission's assumption that the Government will not wish directly to undertake the transition process, but will instead wish to appoint a body with sufficient independence and skills to be able to move the change process forward without delay. The Government will need to oversee the transition process to ensure successful completion. Proposed monitoring and oversight by the Government is discussed below.

33.15 The Government will also have specific responsibilities, including securing the timely passage of legislation, assisting (through the Local Government Commission) with setting boundaries, and preparing for local body elections. This will require careful coordination by the Government of its policy processes to ensure necessary decisions are made promptly and efficiently, and a close working relationship between the Establishment Board and the Secretary of Local Government. Legislative delay will be an important risk to be managed by the Government in the transition process.

33.16 At the other end of the spectrum, it is assumed that the Government will not wish to task existing councils with managing the establishment, given their direct interest in the outcome, and the magnitude of changes to be undertaken in a short period. The Commission considers that a focused independent body is more likely to be able to achieve the change required and to generate consensus for it. In Toronto, the use of existing councillors to oversee transition to the amalgamated City of Toronto is believed by some to have contributed to inadequacy in preparations made for the new organisation.

33.17 There are a number of examples in New Zealand and overseas of reform processes led by independent establishment bodies – the course recommended by the Commission. The New Zealand-wide local government reorganisation scheme of 1989 was prepared by the Local Government Commission (an independent statutory body), and resulted

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in a reduction in the number of territorial authorities in Auckland from 44 to seven.² The independent and “top-down” approach taken enabled reform to be implemented quickly and effectively. The final reorganisation scheme – relating to the whole of New Zealand, not just Auckland – was completed in 12 months. The independent commissioner overseeing the transition, Sir Brian Elwood, worked constructively with the existing cities and boroughs and the public to implement the changes without political bias. At the council level, transition committees were formed comprising a mix of political and managerial representation. The Local Government Commission retained the right to appoint a voting member of the committees as a method of ensuring progress with decision making or to break a stalemate.

33.18 Between 1994 and 1996, the Victorian State Government drove a reform exercise that reduced the number of metropolitan councils in Melbourne from 79 to 31, and the non-metropolitan councils in the rest of Victoria from 290 to 47. The aim of the exercise was to rationalise the number of local councils and provide them with adequate scale and capacity to achieve cost savings. In this sense, the reform paralleled the 1989 reorganisation in New Zealand rather than being directed, as the Auckland exercise is now, to addressing problems including regional fragmentation.

33.19 Amalgamation of councils in Victoria was achieved by disbanding existing councils and appointing commissioners (three for each new council) and interim chief executives to establish and run the new council. This occurred over an 18-month period and, as one commentator told the Commission, provided an unprecedented opportunity to change business practices, and rationalise and update systems and infrastructure, without officer or political interference. The Commission has concluded that this approach, and the effective suspension of local democracy, would not be acceptable in Auckland. It notes, however, the importance of using the opportunity provided by a reorganisation to transform working practices and systems, and of ensuring the Establishment Board has adequate powers to achieve this.

33.20 In Queensland a number of small, largely rural, councils were recently amalgamated with larger councils as a result of a review by the Local Government Reform Commission. The reform involved significant boundary changes, which reduced the number of councils in Queensland from 157 to 73 at the council elections in March 2008. The aims of reform included improving the financial viability of a large number of small councils,³ and facilitating greater regional collaboration. Consideration was not given to enlarging

2 Local Government Amendment Act, 1989. Final Reorganisation Scheme for the Auckland Region, Local Government Commission, June 1989.

3 The Queensland Treasury Corporation undertook a financial sustainability review of 105 councils. The review found that 40% of the councils reviewed were in a financially weak or distressed position. Referred to in McGrathNicol Corporate Advisory, “Implications of the ‘weak’ rating as set out in the April 2007 Financial Sustainability Review of Local Governments conducted by Queensland Treasury Corporation”, Local Government Association of Queensland, June 2007 (available at www.lgaq.asn.au/lgaq/resources/newsReleases/FINAL%20REPORT.pdf)

Brisbane City Council because, with a population of around one million, it was considered already to have sufficient scale to deliver services effectively.

33.21 The Queensland State Government appointed seven independent Commissioners to determine the boundary changes. A number of local transition committees were established to guide the change process for the amalgamations. These committees were composed of a mix of councillors and council management. The role of the committees was to oversee the transition of staff, inform the community of the changes, and approve transition action plans that were required to be prepared in the lead-up to the elections for the new adjusted councils.⁴ Those to whom the Commission spoke in Brisbane said that the changes were for the most part well managed, it being generally recognised that amalgamation was necessary and desirable.

33.22 The Commission noted the Queensland legislation put in place to support the transition work programme.⁵ Given the recent and readily accessible nature of the Queensland reforms, their legislation, policy, transition plans, and protocols may be useful to those charged with the implementation of the Auckland transition process.⁶ Of particular note are certain caretaker provisions that apply to the appointment of interim chief executives and temporary executive appointments. These may be of interest to the Establishment Board as it considers mechanisms that will allow council management to be in place for the newly established Auckland Council at the date of establishment, without compromising its ability to make decisions on the final executive structure.⁷

33.23 Equally instructive is the transition process followed in Toronto in 1998, when the City of Toronto was created from the amalgamation of two tiers of government (regional and local) and seven municipalities. The City of Toronto now covers an area of 641 square kilometres, and serves a population of 2,503,281.⁸

33.24 A number of people with whom the Commission met in Toronto spoke positively about the outcomes of amalgamation, noting that it has provided the city with critical mass and the ability to speak with a strong voice at provincial, federal, and international levels. However, most were critical of the circumstances and manner in which amalgamation was achieved.

33.25 The consensus was that the exercise was rushed and poorly conceived, and that this was something to be avoided in Auckland. Commentators also noted that the amalgamation process was complicated by a financial realignment of provincial and city responsibilities, which occurred simultaneously. As part of the realignment, the provincial

4 See for example the Logan/Gold Coast Transferring Area Local Transition Committee, “Terms of Reference”, p. 3 (available at www.logan.qld.gov.au/NR/rdonlyres/5BDA13F1-45FE-45D7-88BA-7E00BDCD690C/o/TALTCLoganGoldCoastTOR.pdf).

5 Local Government Reform Implementation Act 2007 and Local Government Reform Implementation Regulation 2008, Queensland (available at www.legislation.qld.gov.au/LEGISLTN/ACTS/2007/07AC031.pdf).

6 The transitional information can be viewed at www.localgovernment.qld.gov.au/LocalGovernment/StructuralReform.aspx.

7 Local Government Act 1993, section 1129(3) (Queensland).

8 See “Toronto’s Geography” and “Demographics” pages at www.toronto.ca.

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government became responsible for transit, while the City of Toronto became responsible for social housing amongst other things. The realignment weighed more heavily on the city in terms of costs, and it struggled to come to terms not only with rapid amalgamation but also with significant budget pressures. It is understood that these pressures are only now being relieved to some extent by a realignment of responsibilities.

33.26 Lessons from the amalgamation (largely drawn from comments made by officials) which may be relevant were as follows:

- Amalgamation or other structural change should not be combined with financial realignment of responsibilities or other initiatives. Amalgamation should be dealt with separately.
- Unrealistic expectations about the magnitude of financial savings to be achieved resulted in some public disillusionment with amalgamation when these savings were not achieved.
- It costs money to amalgamate, and it is necessary to ensure that these costs are built into a realistic business plan.
- The relationship between the Province of Ontario and the City of Toronto was critical, with commentators saying that the province needed to work in partnership with the city at the time of amalgamation to assist the city to succeed. For Auckland, this underscores the importance of a partnership relationship with central government in securing change.
- The Transition Team in Toronto was made up of councillors. This was problematic, in part because they lacked the necessary experience in managing change of the magnitude that occurred in Toronto. Furthermore, their primary focus was on ensuring a smooth transition at the political level (which was achieved), with inadequate guidance provided and preparations made at administrative levels.
- The Transition Team in Toronto should have provided a clearer set of objectives and authorities, and a clear process by which amalgamation was to have been achieved.
- For any amalgamation, there are four key areas to be addressed: the political (elected) level, administration, systems (including financial, information technology (“IT”)), and organisational culture.
- Amalgamation issues in Toronto needed to be addressed across the organisation. It was necessary to consider, as a primary matter, human resource issues, including wage harmonisation, movement of people, and the retention and attraction of talent.
- The time it takes to achieve full amalgamation should not be underestimated. The transition in Toronto was undertaken in nine months, with little forward planning. The process of integrating the separate planning systems has taken almost 10 years, including harmonisation of mechanisms for dealing with

consent applications. The same 10-year time frame for harmonisation has been true for the unification of other services, including IT systems. The Commission noted that this prolonged time frame was attributable in part to shortcomings in managing the transition process.

- It is not possible to force cultural change, and strong leadership is required to build a new organisational culture.
- Problems associated with the Toronto amalgamation included disconnection with previous municipal entities, and associated loss of institutional memory, a matter that will need to be addressed as part of the Auckland transition.

33.27 City officials expressed the view that it was better and less disruptive to use one organisation as the core entity into which others are absorbed. This insight may be relevant to aspects of the Auckland transition, for example, the proposal that the best of existing IT systems should be used as the base for the Auckland Council system.

33.28 Conclusions drawn by the Commission from the Australian and Toronto experience included the following:

- the value of using an independent body to undertake the establishment of the Auckland Council and to oversee transition, using people experienced in managing change in large organisations
- the need to properly cost and budget for reorganisation, taking into account the costs and efficiency gains
- the need to establish clear and realistic objectives, and a programme of work across political and administrative structures, and to identify completion timelines for each aspect of the programme
- the importance of connection with the entities being disestablished, and the desirability of carrying forward staff and institutional knowledge needed for the new organisation
- the importance of strong communication with the public and council staff throughout the transition process and beyond
- the importance of government ownership of the process.

Recommended approach

33.29 Having regard to the considerations set out in paragraph 32.28, and the available alternatives, the Commission recommends that an independent and experienced Establishment Board, reporting to Government, should be responsible for managing the operational establishment of the Auckland Council and the transition from existing councils. This approach has the benefit of enabling a highly skilled group of experts to act quickly and effectively, outside the sphere of local government political influence.

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33.30 The Establishment Board will be supported in its work by a proposed Transition Management Group comprising the chief executives of the existing Auckland councils, Watercare Services Limited, and the Auckland Regional Transport Authority (“ARTA”). This group will be chaired by an experienced and independent senior local government manager with no vested interest in Auckland local government, who will report to the Establishment Board. The Transition Management Group will be responsible for ensuring business as usual continues during the transition period and, as agreed with the Establishment Board, will assist with preparations for the Auckland Council (for example, by seconding staff to work on finance, information systems, and planning matters, and taking necessary steps to achieve the smooth transfer of facilities, staff, and assets to the Auckland Council on establishment).

33.31 The model proposed by the Commission is based on the approach commonly taken for public sector reorganisation and establishment schemes in New Zealand. This typically involves the appointment of a board of expert professionals with experience in establishing or merging organisations and enterprises. The board is usually chaired by a person with significant change and commercial management expertise at a chief executive level, which the Commission considers should also be the case for Auckland’s transition. The boards are independent and project-orientated. The most recent example of an establishment board’s work is the successful formation in 2008 of the New Zealand Transport Agency.

Establishment Board

33.32 The Commission recommends that the Establishment Board comprise an independent chair and sufficient members to undertake the establishment of Auckland Council. The Commission expects that the role and functions of the Establishment Board will be established by terms of reference and empowered by legislative provisions. It is expected that the chair and Establishment Board members will have significant change-management experience at a senior level, and expertise across a range of management disciplines, including people management, finance, systems, and communications.

33.33 The Chair of the Establishment Board should have knowledge of local government and significant change management experience, particularly in large-scale reorganisations where people and information systems have played a key role. The chair should enjoy a high level of respect and credibility, and would be expected to quickly develop strong, constructive working relationships with Government, council officials, and management.

33.34 The Establishment Board should be Auckland-based and have the budget resources, staff, and legal authority needed to carry out its functions. It should be supported by a dedicated Auckland-based Project Management Office responsible for preparing and managing the implementation plan for the Establishment Board. Because of the short time frame and in order to ensure momentum is maintained, it may be desirable for there to be some continuity in staffing between the Commission, and the Project Management Office.

33.35 Decisions on the resourcing of the Establishment Board are for the Government. Resourcing will need to be adequate to fund the Project Management Office and to contract (through the Programme Management Office) expert consultants to provide specialist work in the areas of finance, systems and processes, human resources, and governance as may be required.

33.36 The Commission recommends that the Establishment Board report to the Cabinet Committee for Auckland through the Minister for Auckland (both to be appointed as a matter of urgency, as indicated above). The Secretary of Local Government will, on behalf of the Government, oversee the process and timeline, ensuring deadlines are met by the Establishment Board and the Government. The Secretary will report to the Cabinet Committee for Auckland through the Minister of Local Government.

Transition Management Group

33.37 Existing councils need to collaborate fully in the transition, and enable staff to understand and engage in the transition process. Chief executives will have a key role in ensuring this occurs, working through the Transition Management Group. During the transition period, chief executives will have dual relationships and accountabilities. They will be responsible to their elected councils for the management of business as usual, reporting on this to the Chair of the Transition Management Group. They will also be responsible to the Chair of the Transition Management Group for ensuring there is collaboration by all staff in the transition process.

33.38 It is expected that the Transition Management Group will

- ensure business as usual is properly managed (with the Chair of the Transition Management Group having an oversight role, reporting to the Establishment Board)
- provide support to the Establishment Board including
 - assisting in the preparation and implementation of the transition plan
 - supporting the audit work programme
 - assisting with the preparation of the Auckland Council's budget and financial policies
 - identifying and working, as directed, on projects to facilitate integration
 - releasing or seconding staff, if required
 - assisting with resolving issues related to the transition
- communicate with staff
- implement change-management processes to achieve the smooth transfer of facilities, staff, and assets to Auckland Council.

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33.39 The Commission proposes that members of the Transition Management Group report, through the independent chair of the group, to the Establishment Board on matters related to the transition, including making it aware of any material matters that may have implications for a smooth transfer of assets and staff to the Auckland Council. The Establishment Board and the Transition Management Group will meet on a regular basis, and will meet from time to time with the mayors of the existing councils.

33.40 The Commission anticipates that the Establishment Board will wish to conclude a Transition Protocol between it and the Transition Management Group to ensure their respective roles are well understood.

Existing councils

33.41 The Commission has been encouraged by the general recognition of the need for change by most of the councils in Auckland. A number of Auckland's political leaders have reinforced to the Commission a desire to support the reforms. The Commission recommends that the existing councils will continue to operate until the 2010 elections. This will ensure democracy is maintained and that council management remain accountable to current councils for the delivery of business as usual. The Commission anticipates that political representatives will consider it their civic duty to assist in the smooth transition to the new Auckland Council.

33.42 It is expected that councils will continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal. Existing councils will also have an important role in managing the impact of the transition, particularly on staff. The challenge for existing entities will be to champion the benefits of the changes, minimise uncertainty for staff and maintain service stability during the pre-establishment transition period. As part of business as usual, the Commission expects that existing councils will continue work on the One Plan, as this will be an important foundation stone for the development of a spatial plan by the new Auckland Council (as described in Chapter 24, "Planning for Auckland").

33.43 The Commission expects that during the transition, existing councils will not act in ways that would be inconsistent with the establishment of the Auckland Council or pre-empt decisions more appropriately made by the Auckland Council. It is noted that any significant decisions by existing councils during the pre-establishment period must be made in accordance with processes specified in the Local Government Act 2002.⁹ While the Commission would not expect existing councils to make major new commitments, equally they should not, during the transition period, run down their assets and revenue base so as to financially disadvantage the new Auckland Council. The Government may wish to consider formalising its expectations (in legislation or by other means) with existing councils. This may include the expectation that councils and relevant council organisations ("COs") and council-controlled organisations ("CCOs") refrain from making

⁹ Local Government Act 2002, section 76.

decisions that could materially affect the creation of the Auckland Council organisation or its future activities, or that pre-empt or constrain future decisions before its establishment.

33.44 Existing councils will be responsible for organising the transfer of assets and staff within the transition plan and framework provided by the Establishment Board. In some areas, for example in the delivery of waste collection and library services, there may be little change. In other areas, for example, IT, finance, and human resources, the changes required to effect transition will be significant.

33.45 The Commission anticipates that staff from the eight existing councils will be carried over to the Auckland Council, at least initially. In addition to the Employment Relations Act 2000, provisions similar to those in Part 2 of the State Sector Act 1998 relating to staff transfers, equivalent employment, restrictions on redundancy payments, and transitional matters, need to be considered for inclusion in the legislation applying to the Auckland Council. These provisions will cover staff transferring, or being given the opportunity to transfer, from existing councils to the Auckland Council, or within the Auckland Council, or between councils and CCOs/COs.

Implementation of the Commission's recommendations by the Establishment Board

33.46 The principal task of the Establishment Board will be to achieve an operative Auckland Council organisation by the establishment date. A clean break between the roles and functions of the old councils and council entities and those of the Auckland Council is contemplated. Immediately after the October 2010 elections, the Auckland Council will take responsibility for service delivery to the public, replacing the current existing councils of Auckland.

33.47 The development of a detailed transition programme of work is a matter for the Establishment Board. To assist the Establishment Board, the Commission has prepared an outline of the principal work streams for the Establishment Board, attached as Appendix 33.1 to this chapter.

33.48 When developing the detailed design for the organisational structure, reference should be made to

- the draft structure for the elected Auckland Council set out in Chapter 15
- the key functional areas to be accommodated in the Auckland Council organisation as set out in Appendix 33.2 attached to this chapter.

33.49 In drafting its report, the Commission has also sought to identify in its recommendations where action is required by the Establishment Board and/or the Transition Management Group. Those recommendations have been collated, and are attached as Appendix 33.3 to this chapter.

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33.50 The establishment of Auckland Council's organisation structure will bring the challenge of merging eight historically different cultures, roles, and remuneration systems into a new, unified whole. The proposed reforms will potentially affect over 6,000 current council staff. The reforms are designed to build a stronger council capability to support a growing Auckland. For that to be achieved, it is necessary to maintain a strong and committed Auckland local government workforce.

33.51 It is expected that one of the highest and earliest priorities will be the implementation of a robust staff consultation process to enable existing council management to work through the key questions and issues staff will have relating to the reform proposal. The Commission recommends that chief executives of affected councils and council organisations run an effective staff consultation process as required in the Employee Relations Act 2000 and engage with council staff as soon as possible after the Commission's report becomes publicly available. The Commission recognises the wealth of experience and knowledge held by council staff, and consideration should be given to how to encourage staff to give their ideas and input as to the best way the reforms can be undertaken and successfully implemented. There will be a very important ongoing role for members of the Transition Management Group in communicating with staff as the transition proceeds.

33.52 The smooth transfer of existing council staff to the Auckland Council will require the Establishment Board to obtain a detailed understanding of the various current organisational structures, personnel, positions, agreements, human resource policies (including superannuation and benefit schemes), and systems (including remuneration and health and safety). It is expected that this information will be verified through an extensive audit.

33.53 The Establishment Board will need to undertake work on the development of Auckland Council's organisation structure. This will include defining the key roles and positions, staffing levels, and locations; developing a harmonised set of human resource and remuneration policies; and commencing work on migration to a single human resource information system (including payroll). The Establishment Board will need to implement effective consultation, staff transfer, recruitment, retention, training, and induction processes. Working collaboratively with the Establishment Board, the Transition Management Group will need to co-manage a number of these employer/employee processes during the pre-establishment phase.

33.54 The Establishment Board will need to appoint an interim chief executive who will assume the role until the Auckland Council is in a position to appoint a chief executive. The interim Chief Executive of the Auckland Council will have an important role in assisting the Establishment Board with the development of organisational structure and staffing requirements for the Auckland Council. The interim chief executive will also provide an important link between the Establishment Board and the new council.

33.55 The Commission's recommendations in relation to CCOs and COs are set out in Chapter 21. The Establishment Board will have an oversight role in relation to the integration of local water network operations into Watercare Services, to be undertaken

by the Watercare board and chief executive. The Establishment Board will also need to develop an organisational structure for the new Regional Transport Authority, and to appoint an interim board who will then appoint an interim chief executive. The Establishment Board will need to identify additional CCOs, if any, that will need to operate at the outset of Auckland Council's establishment, and provide for this.

33.56 Preparing for unified shared services is another critical area of work. Taylor Duignan Barry estimates that the reorganisation, including in the back office and in systems integration, could indicatively bring efficiency gains of approximately 2.5%–3.5% per annum over current expenditure.¹⁰ The Commission expects the Establishment Board will take into account the 2.5%–3.5% overall efficiency gain as a reasonable target for the Auckland Council reorganisation to achieve on current baselines. This target (and implementation cost estimates) should be considered in the organisational and process design and reflected in the Auckland Council's one- to four-year budget horizon.

Post-establishment

33.57 At the point the Auckland Council is established, the Establishment Board should be able to provide it with a very clear picture of the assets, liabilities, and staffing arrangements transferred to it. It should have prepared in advance for early consideration and adoption by the Auckland Council, recommended structures, delegations, and policies, and have undertaken preliminary work in a number of areas. This is intended to position the Auckland Council to be operative immediately, but the Establishment Board cannot bind the Auckland Council to any policy, nor is it appropriate that it should do so.

33.58 The Commission anticipates that the complete process of making the change in Auckland local government will take a number of years. Once the Auckland Council is established, the Establishment Board will be disbanded, and responsibility for realising the benefits of reorganisation will pass to the elected Auckland Council and its chief executive. In the short term, it is expected the Auckland Council will need to attend to the following matters:

- approving and adopting budgets, rating, and other financial plans and policies
- approving and adopting other plans and policies relating to the operation of Auckland Council
- approving the roll-over of staff from existing councils
- adopting the Auckland Council Committee structure, the organisational structure and accountabilities, and draft delegations from the Auckland Council to local councils and the Waiheke, Great Barrier Island, and the Central City and Waterfront Community Boards

¹⁰ See Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, February 2009, p. 5 (report appended as Appendix B, pp. 746–776).

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- adopting a work plan, and completing implementation of the Establishment Programme
- implementing an interim e-government and information systems strategy and commencing preparation of a new information systems strategy
- adopting a long-term council community plan
- ongoing work on, and adoption of, a spatial plan containing a 20-year vision for Auckland
- commencing preparation of a new district plan and, in the interim, administering existing district plans
- completing systems integration.

33.59 The Auckland Council may also need to address residual issues arising from the transition process, for example, the disposal of surplus assets identified by the Establishment Board.

33.60 The size and complexity of the overall transition exercise should not be underestimated, as it is intended that the reforms should involve not just structural change, but a fundamental shift in the working practices and organisational culture in Auckland's local government. It will be important for the Establishment Board to strike an appropriate balance between ensuring the Auckland Council can operate from day one, while ensuring that the leaders and management of the Auckland Council are not pre-empted in setting the council's future direction and agenda after the October 2010 elections. The Commission has sought to achieve this balance in describing the Establishment Board's role.

Recommendations

- 33A** Existing Auckland councils should be retained until the October 2010 local government elections, at which time they will be abolished and the Auckland Council established.
- 33B** An independent Establishment Board should be formed to manage the establishment of Auckland Council. The Board will be comprised of an independent chair and a sufficient number of members to undertake the task.
- 33C** The chair of the Establishment Board should have significant change-management experience at chief executive level, with board members having a mix of relevant skills.
- 33D** The Establishment Board should report to a Cabinet Committee for Auckland through the Minister for Auckland.¹¹
- 33E** The Secretary of Local Government should monitor progress by the Establishment Board, and report to the Cabinet Committee for Auckland through the Minister for Local Government.
- 33F** The Establishment Board should be required to implement the essential elements of the structural reforms necessary to establish the Auckland Council by 10 October 2010.
- 33G** A Transition Management Group should be formed to support the work of the Establishment Board consisting of the chief executives of existing councils, ARTA, and Watercare Services Limited, with an independent chair.
- 33H** Existing councils should continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal up until the 2010 local government elections.
- 33I** The Government should consider formalising requirements for existing councils to fully cooperate in the transition process, and specifying constraints which will apply to council decision making, including in relation to decisions with major financial implications.

¹¹ See Recommendation 15K.

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Appendix 33.1: Establishment Board work streams

The Commission has already undertaken the conceptual design for the Auckland Council in this report. Given the limited time available, it is expected that the Establishment Board will build on the recommendations made by the Commission and the guidance provided by it in carrying out its work.

Set out below are the principal work streams the Commission expects the Establishment Board will need to include in its new work programme (work to be undertaken by Government is not included). Unless otherwise indicated, the structures, policies, delegations, and budgets to be prepared by the Establishment Board will be in draft, for early consideration and adoption by the Auckland Council, once established.

Governance and management

- preparing the overall transition programme of work
- implementing communications, change, and programme management plans
- establishing the accountability, monitoring, and reporting framework for the transition work
- undertaking a due diligence audit of current councils and relevant CCOs and COs including records, funding arrangements, land, assets, liabilities, commitments, litigation, claims and contingencies, and issues
- stocktaking of existing by-laws and regulatory instruments
- stocktaking of activities and functions undertaken by individual councils identifying those that will continue to be carried out by local councils, and those functions and activities to be undertaken directly by the Auckland Council
- stocktaking of policies relating to the operation of councils
- preparing draft policies for the governance and management of the Auckland Council organisation including delegations of authority, procurement procedures, and operating expectations.

Auckland Council organisation

- designing the proposed structure of the elected Auckland Council – including the key roles and positions (such as the chairs of committees), the committee structures, the terms of reference for each of the committees, and the structure and composition of advisory panels and groups (A draft structure for the Auckland Council is included in Chapter 15.)
- designing the proposed organisational structure for the Auckland Council, taking into account the key functional areas, key roles for council administration, the staffing levels, staff locations, and the systems necessary for the Auckland Council to operate on the establishment date (Attached as Appendix 33.2 is an outline of the key functional areas that the Commission anticipates will need to be accommodated in the organisational structure.)

- developing draft policies relating to the operation of the Auckland Council
- finalising accommodation and location requirements for the Auckland Council, local councils, the Regional Transport Authority, and three community boards
- developing a draft of functions to be delegated by the elected Auckland Council to the local urban and rural councils, respectively, supplementary to the statutory powers of local councils
- developing a draft of functions to be delegated to the Waiheke and Great Barrier Island Community Boards and the Central City and Waterfront Community Board.

Local councils

- designing the structure for each of the six elected local councils (including committees and advisory panels or committees, if any)
- designing the proposed administrative structure for each of the local councils
- developing draft policies for the operation of local councils
- preparing a draft template of a community action plan for use by local councils.

Human resources

- stocktaking of the staffing and employment arrangements for all existing councils
- preparing for and facilitating the transfer of staff to the Auckland Council
- preparing standard human resource policies and systems including the alignment of the collective employment agreements with the relevant unions
- recruiting, seconding, or transferring staff to assist with the establishment of the Auckland Council
- recruiting key or interim management (including the interim chief executive) for the Auckland Council with the assistance of the State Services Commissioner
- preparing staff to work in one organisation (potentially including an induction process)
- appointing an interim Appointments Advisory Panel.

Information systems and unified services

- developing the detailed design of the unified service environment, processes, and the systems requirements
- preparing an interim e-government and information systems strategy, including
 - evaluating the current information and communications technology environment to identify essential “day one” systems infrastructure (as part of the audit of current councils) and assessing the ability of that infrastructure to be used by the Auckland Council
 - planning the migration and integration of essential systems to Auckland Council and defining future functional requirements

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- preparing draft policies
- implementing interim arrangements
- integrating and decommissioning systems.

Finance

- establishing financial policies required to be developed under the Local Government Act 2002, as set out in Chapter 20, “Funding and Financial Management Arrangements”
- preparing the Auckland Council’s draft budget and funding plan for its first year of operation
- making arrangements for the roll-over of existing rating systems for the Auckland Council, and preparing options for the design of a new rating system
- refining the estimated efficiency gains and integration costs identified in the report by Taylor Duignan Barry.¹²

Asset and infrastructure management

- establishing an asset register
- developing proposed asset management policies.

Planning

- undertaking preparatory work for the preparation of a new regional spatial plan and district plan
- undertaking preparatory work in relation to the new planning, consenting, and consultation systems, including recommending delegations to local councils.

Council-controlled organisations

- with the exception of Watercare, Auckland Regional Holdings, and the new Regional Transport Authority, reviewing all current CCOs and COs and exempt organisations, in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued and whether new ones should be created
- taking an oversight role in relation to the integration of retail water suppliers into Watercare, to be undertaken by the Watercare Board and chief executive and the development of a new, draft statement of intent
- establishing a proposed management structure for the new Regional Transport Authority, appointing interim directors (taking into account the guidelines contained in Chapter 25, “Transport”), and overseeing the development of a draft statement of intent by the interim directors

¹² Taylor Duignan Barry, *Financial Analysis: Re-organisation of the Councils in the Auckland Region*, February 2009, p. 6 (report appended as Appendix B, pp. 746–776).

- making such arrangements as necessary for the continuation of Auckland Regional Holdings
- preparing an establishment plan for any other proposed new CCOs
- as necessary, appointing interim board members to existing CCOs during the transition period.

Transition Management Group

- overseeing the management by the Transition Management Group of business as usual for the existing Auckland councils
- identifying transition issues or projects for action by the existing councils and directing the Transition Management Group to undertake these.

Government and key stakeholder management

- ensuring a regular exchange of information with Government, to ensure coordination of transition and establishment processes and appropriate management of issues and risk areas
- ensuring there is a regular dialogue with existing mayors to identify emerging issues that may need to be addressed.

Social issues

- designing the organisational structures, functions, and roles necessary to give effect to the Commission recommendations in Chapter 9, “Promoting Social Well-Being”
- developing the draft terms of reference for the Social Issues Board (to be approved by the Cabinet Committee for Auckland and the Auckland Council)
- undertaking a full stock-take of current regional and local government social well-being activities and relevant data, preparing a report for the Social Issues Board on potential priority issues
- developing draft engagement structures and processes for consideration by the Social Issues Board to ensure appropriate engagement (particularly with disadvantaged communities) is achieved in relation to the social well-being strategy.

Appendix 33.2: Auckland Council organisation: Key functional areas for which provision should be made

Local Council & Community Board Management	Business Services	Information, Communications, & Technology	Planning, Urban Design, Heritage, Arts	Social Well-Being	Economic Development
<ul style="list-style-type: none"> • Rodney • Waitemata • Waitakere • Tāmaki-makau-rau • Manukau • Hunua • City Centre & Waterfront 	<ul style="list-style-type: none"> • Customer services • Finance & Administration - Accounts payable - Tax - Treasury - Budget management • Procurement & Supply Management • Legal & Democratic Services¹ • Human Resources - Employment - Payroll - Training & development - Health & safety - Policy • Asset management - Assets including property management - Library services - Fleet management • Communications • Risk management - Internal audit - Risk management - Emergency management 	<ul style="list-style-type: none"> • Information policies and management • Technology management (including GIS) • Networks & communications • Unified service delivery including the shared data & call centre services • Knowledge management including archiving • Business process improvement 	<ul style="list-style-type: none"> • LTCCP • Spatial planning • District planning • Cultural affairs • Planning services • Regulatory obligations - RMA - Building - PPS - Hazards management - Harbourmaster - Biosecurity • Heritage conservation • Art & culture advocacy • Recreational planning • Parks, zoos, stadiums & galleries 	<ul style="list-style-type: none"> • Community advocacy & facilitation • Policy advice • Sport & physical activity • Resource allocation & management • Intra-council advocacy and integration of social wellbeing outcomes into council policy • Secretariat support [SIAG] • Regulatory obligations i.e. <ul style="list-style-type: none"> - Alcohol - Gambling - Environmental health - Prostitution etc • Other functions to be determined by the Social Issues Board 	<ul style="list-style-type: none"> • Tourist promotion • Energy advocacy • Broadband advocacy • Economic development advocacy • International investment promotion • Industry sector development • Skills advocacy • Regulatory obligations

¹ Democratic Services encompasses Secretariat & Committee support and policy capacity to service the Auckland Council Committees, Boards, Panels, and Advisory Committees, as required. Notes: GIS, geographical information systems; LTCCP, long-term council community plan; RMA, Resource Management Act 1991; RPS, regional policy statement; SIAG, Social Issues Advisory Group.

Appendix 33.3: Summary of establishment recommendations

The Commission's recommendations relating to transition arrangements are set out below in a consolidated list, noting the chapters in which they appear.

Chapter 7. Economic Development

- 7E** The Cabinet Committee and Minister for Auckland should begin work immediately with the Establishment Board to lay the ground for the Auckland Council's work in priority areas, including the Rugby World Cup 2011 and broadband.¹³
- 7F** As a basis for future decision making by the Auckland Council, the Establishment Board should review whether existing local economic development programmes are delivering value for money.

Chapter 9. Promoting Social Well-Being

- 9G** The Establishment Board should ensure the necessary structures and processes are in place to ensure that the Social Issues Board, the Social Issues Advisory Group, and the Auckland Council are able to commence work on their immediate priorities.

Chapter 14. The Auckland Council

- 14M** The Establishment Board should develop the proposed structure of the elected Auckland Council and local councils (including the committee structure and advisory panels and groups).
- 14N** The Establishment Board should develop the proposed organisational structure of the Auckland Council. This will include defining the key roles and positions for council administration, staffing levels, staff locations, and the systems necessary for the Auckland Council to operate on the establishment date.
- 14O** The Establishment Board should review the functions and activities currently carried out by the Auckland Regional Council and seven territorial authorities, identifying those that will continue to be carried out by local councils, and those relevant functions and activities to be undertaken directly by the Auckland Council.
- 14P** The Establishment Board should determine the location of council offices (particularly Auckland Council, and Tāmaki-makau-rau and Rodney Local Councils) and service centres.

Chapter 15. The Elected Auckland Council

- 15O** The Establishment Board should review all current council advisory panels and groups and report to the Auckland Council on which current advisory groups should be continued by the Auckland Council.
- 15P** The Establishment Board should appoint an interim Appointments Advisory Panel. It will assist the Establishment Board to

¹³ See Recommendations 15K on Minister and Cabinet Committee, and 33B on the Establishment Board.

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- a) undertake the review of existing advisory panels described above
- b) prepare draft terms of reference for new and continuing advisory panels
- c) identify potential candidates for such panels
- d) recruit interim directors for council-controlled organisations, as necessary.

Chapter 16. Local Councils

- 16H** The Establishment Board should prepare draft delegations of authority for the Waiheke and Great Barrier Island Community Boards for the consideration of the Auckland Council.

Chapter 17. City Centre and Waterfront

- 17D** The Establishment Board should prepare draft delegations for the City Centre and Waterfront Community Board for the consideration of the Auckland Council.

Chapter 18. Boundaries

- 18J** The Local Government Commission should, by April 2010, finalise all wards and boundaries of Auckland Council including the local councils and community boards.

Chapter 19. Leadership

- 19D** In designing the structure for the Auckland Council, the Establishment Board should make provision for the establishment of an appropriately staffed office for the Mayor of Auckland, with a small number of personal advisers to be appointed by the Mayor.
- 19E** The Establishment Board should appoint an interim Chief Executive for the Auckland Council.

Chapter 20. Funding and Financial Management Arrangements

- 20G** The Establishment Board should
- a) undertake a comprehensive review of alternative funding tools for capital expenditure including assessing existing policies, mechanisms, and institutional capacity.
 - b) prepare draft standard financial policy options for consideration by the Auckland Council. These would include policies on revenue and financing, liability management, investment, development contributions or financial contributions, and partnerships with the private sector.
 - c) develop an interim budget for the Auckland Council to cover the period from its establishment until 30 June 2011.
 - d) ensure sufficient funding is available to meet the operating costs of the Auckland Council from its establishment until it has approved and

implemented a budget for the 2011/12 financial year. This will be met from income and reserves held by the existing eight councils.

- e) undertake a comprehensive analysis and develop options for a unified rating system for the Auckland Council, reflecting the findings of the Report of the Local Government Rates Inquiry.
- f) prepare a report for consideration by the Auckland Council scoping a process and timeline for development of the first annual plan for 2011/12 and the long-term council community plan for 2012–2021.
- g) take any necessary steps to enable the Auckland Council to strike a rate in the interim period from July 2011 until a new unified rating system is adopted as outlined in Recommendation 20F.

Chapter 21. Council Organisations and Council-Controlled Organisations

21G The Establishment Board should review all existing CCOs and COs and exempt organisations in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued and, as part of that review, will

- a) prepare an inventory of CCOs, COs, and exempt organisations, recording their purpose, constitution, assets, liabilities, and legal status
- b) prepare advice for the Auckland Council on the continuance of these entities
- c) for continuing entities, define the purpose, objectives, and activities of the entities and the outcomes sought by the council shareholder.

21H The Establishment Board should

- a) undertake the establishment of the Regional Transport Authority
- b) oversee the restructuring of Watercare Services Limited into an integrated regional water and wastewater organisation
- c) provide for the continuation of Auckland Regional Holdings.

21I The interim Appointments Advisory Panel should be used to assist in the recruitment or reappointment of suitable CCO interim board candidates, as required.¹⁴

Chapter 24. Planning

24G The Establishment Board should undertake preparatory work on the development of the Auckland regional spatial plan and consider the new planning and regulatory requirements when designing Auckland Council's organisation and unified service arrangements.

¹⁴ See Recommendation 15P.

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Chapter 25. Transport

- 25G** The Government should promote legislation to implement the proposals in Chapter 25, by amending as necessary the Land Transport Management Act 2003 and the Local Government (Auckland) Amendment Act 2004, and other relevant Acts.
- 25H** The Establishment Board will oversee the establishment of the RTA and appoint interim directors, who will consult with the Auckland Council on a draft statement of intent at an early stage. The interim board of the RTA should appoint an interim chief executive who will work with the Establishment Board on the design of the RTA organisational structure.

Chapter 26. The Three Waters

- 26N** The Establishment Board will have an oversight role in relation to the integration of local water network operations into Watercare Services Limited. This integration will be undertaken by Watercare Services Limited. Watercare Services Limited should consult with the Establishment Board on the development of a draft statement of intent and agree on appropriate efficiency targets for the integration.

Chapter 27. Information and Communications Technology

- 27F** The Establishment Board should prepare an interim information systems and e-government strategy for Auckland Council, including those elements set out in detail in Chapter 32.

Chapter 29. Civil Defence, Rural Fires, and Resilience

- 29G** At the establishment date of the Auckland Council, the interim chief executive should be in a position to chair the Co-ordinating Executive Group supported by an interim civil defence controller.

Chapter 32. Achieving a High-Performance Auckland Council

- 32H** To give effect to Recommendation 32A, the Establishment Board should review the estimated efficiencies and integration costs identified in the Taylor Duignan Barry report attached as Appendix B, and build relevant savings targets and implementation costs into the Establishment Board's implementation plan and draft budget of the Auckland Council.
- 32I** The Establishment Board should develop the framework described in Recommendation 32C and in addition should quantify the cost, benefits, and priorities for unified services.
- 32J** In carrying out all the above work, the Establishment Board should draw on the expertise and resources of the Transition Management Group.

Chapter 33. Managing the Transition

- 33A** Existing Auckland councils should be retained until the October 2010 local government elections, at which time they will be abolished and the Auckland Council established.
- 33B** An independent Establishment Board should be formed to manage the establishment of Auckland Council. The Board will be comprised of an independent chair and a sufficient number of members to undertake the task.
- 33C** The chair of the Establishment Board should have significant change-management experience at chief executive level, with board members having a mix of relevant skills.
- 33D** The Establishment Board should report to a Cabinet Committee for Auckland through the Minister for Auckland.¹⁵
- 33E** The Secretary of Local Government should monitor progress by the Establishment Board, and report to the Cabinet Committee for Auckland through the Minister for Local Government.
- 33F** The Establishment Board should be required to implement the essential elements of the structural reforms necessary to establish the Auckland Council by 10 October 2010.
- 33G** A Transition Management Group should be formed to support the work of the Establishment Board consisting of the chief executives of existing councils, ARTA, and Watercare Services Limited, with an independent chair.
- 33H** Existing councils should continue to make the necessary decisions to enable council business and the delivery of services to proceed as normal up until the 2010 local government elections.
- 33I** The Government should consider formalising requirements for existing councils to fully cooperate in the transition process, and specifying constraints which will apply to council decision making, including in relation to decisions with major financial implications.

¹⁵ See Recommendation 15K.