



Sensitive

CAB Min (09) 12/8

Cabinet

Minute of Decision

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Royal Commission on Auckland Governance: Options for Managing Transition Period

Portfolio: Local Government

On 6 April 2009, Cabinet:

- 1 **noted** that the Royal Commission on Auckland Governance (the Royal Commission) reported to the government on 25 March 2009;
- 2 **noted** that on 6 April 2009, Cabinet agreed to a high-level government response to the Royal Commission's report [CAB Min (09) 12/7];
- 3 **noted** the assumptions, objectives and previous lessons learnt relating to transition management as set out in the submission under CAB (09) 161;
- 4 **agreed** to the appointment of an independent, highly skilled Establishment Board to implement the new local governance arrangements for Auckland;
- 5 **agreed** to the establishment of a Transition Management Group comprising the Chief Executives of existing councils, Watercare Services Ltd and the Auckland Regional Transport Authority, with consideration of an independent chair;
- 6 **agreed** that the Establishment Board appoint an interim Chief Executive of the Auckland Council for a period of not less than two years;
- 7 **agreed** that the Establishment Board will report to the Minister of Local Government;
- 8 **agreed** that the Establishment Board will head a Transition Agency which will be established through legislation and have statutory powers;
- 9 **noted** that the Minister of Local Government will report to Cabinet shortly recommending the appointment of a Chair and members of the Establishment Board;
- 10 **agreed** to the Minister of Local Government's recommended option for the management of the transition which provides for constrained decision making by existing councils during the transition period;
- 11 **noted** that this option leaves the existing councils' governance arrangements and responsibilities in place and enables the Establishment Board to intervene according to the importance and risk;

- 12 agreed that the Establishment Board's priorities are:
- 12.1 the design and establishment of, and transition to, the core structures – that is:
 - 12.1.1 the Auckland Council - including all the necessary supporting functions, policies, plans, budgets and structures and infrastructure/arrangements to support its responsibilities in relation to building control, transport services and civil defence and emergency management;
 - 12.1.2 the 2nd tier governance arrangements – Local Boards;
 - 12.2 overseeing the integration of water, wastewater (and possibly stormwater) services;
 - 12.3 communications;
 - 12.4 maintaining oversight of existing council decision making to avoid any unwarranted commitment of public finances, ensure consistency with new arrangements, ensure uninterrupted delivery of services and momentum on key infrastructure projects;
 - 12.5 Withheld under Section 9(2)(f)(iv) and (g)(i) of the Official Information Act 1982
- 13 agreed that the scope of the Establishment Board's role, its priorities and other government expectations be set out in the Establishment Board's letter of appointment/terms of reference;
- 14 14.1 agreed to a bold transition timeframe option which seeks to have the rationalisation of, and transition to, the new core arrangements significantly completed by October 2010;
- 14.2 noted that in this option it is recognised that there will still be some transition activities to be completed after October 2010;
- 15 noted that it is likely that the Establishment Board will have its own views about the most effective way to structure and manage the transition, and that it is possible that the Establishment Board might recommend alternatives to the proposed priorities, the chosen transition option and proposed timing;
- 16 noted the importance of effective communications throughout the transition period;
- 17 agreed to the role of central government over the transition period as set out in the submission under CAB (09) 161, and that there will need to be an effective relationship between central government agencies and the Establishment Board/Transition Agency during the transition period;
- 18 agreed that monitoring the work of the Establishment Board will be undertaken by the Secretary of Local Government who will report to the Minister of Local Government at regular intervals;

- 19 noted that the Royal Commission noted an estimate of integration costs in the range of \$120-\$240 million over a four year implementation timeframe and that this estimate is not a cost to the Crown;
- 20 confirmed the agreement made as part of bilateral discussions between the Minister of Finance and the Minister of Local Government on 26 March 2009 that the following funding be made available for the direct costs of managing the transition:
- 20.1 Revenue Crown funding of \$1.275 million in 2008/09 and \$9.144 million in 2009/10; and
- 20.2 Capital funding of \$2.502 million in 2008/09 only;
- 21 noted that this funding may not be sufficient in 2009/10 to cover the costs of the direct costs of managing the transition and that councils may be required to provide further funding to the Establishment Board;
- 22 agreed that Auckland local government be required to fund all the costs of the transition, and that the Establishment Board should seek to recover all operating and capital costs referred to in paragraph 20 above;
- 23 agreed that a mechanism to enable the Establishment Board to require councils to recover the funding provided by the Crown and provide any other funding to cover the costs of transition be incorporated into the legislation;
- 24 directed the Parliamentary Counsel Office to work with the Department of Internal Affairs, in consultation with other agencies as appropriate, to develop urgent legislation to give effect to the decisions set out in this minute and CAB Min (09) 12/7 for consideration by Cabinet on 4 May 2009 or earlier if practicable;
- 25 authorised the Ad Hoc Ministerial Group on Auckland Governance¹ to provide policy guidance as required to allow drafting of the urgent legislation, within the policy parameters agreed to by Cabinet.

Rebecca Kaitendge
Secretary of the Cabinet

Reference: CAB (09) 161

Secretary's note: The Minister of Transport tabled a revised Appendix C to the submission under CAB (09) 161 setting out transport infrastructure projects in Auckland

Distribution (see over):

¹ The ad hoc Ministerial group comprises: the Minister of Local Government (Chair), the Minister of Finance and Minister for Infrastructure, the Minister for Economic Development, the Minister for the Environment, the Minister of Transport and Associate Minister for Infrastructure, the Minister for Social Development and Employment, Hon Dr Jonathan Coleman, the Minister for Building and Construction, the Associate Minister of Local Government, and the Minister of Maori Affairs [CAB Min (09) 5/15].

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Legislation Coordinator

Proactively Released by the Minister of Local Government