

Priority Urgent

THE DEPARTMENT OF INTERNAL AFFAIRS

Te Tari Taiwhenua

Local Government Briefing

Hon Rodney Hide
Minister of Local Government

Copy to: Hon John Carter
Associate Minister of Local Government

Title: Aide memoire: *Royal Commission on Auckland Governance: Proposed High-Level Government Response; Royal Commission on Auckland Governance: Options for Managing Transition Period*

Date: 3 April 2009

Key issues

This aide memoire provides information for you to speak to the two Cabinet papers on Monday 6 April 2009, on the proposed high-level Government response to the Royal Commission's report, and transition arrangements.

Action sought

Note and use to brief your Cabinet colleagues on Monday 6 April 2009

Timeframe

4 April 2009

Contact for telephone discussion (if required)

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|----------------|------------------|---------------|--------------|-------------------------|
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Anne Carter
Deputy Secretary
Local Government and Community Policy Group

Aide Memoire for Cabinet 6 April 2009: Royal Commission on Auckland Governance

On 6 April 2009 Cabinet will consider your two papers on the Royal Commission on Auckland Governance (Royal Commission).

Royal Commission on Auckland Governance: Proposed High-Level Government Response*Governance*

- Royal Commission proposes establishment of single Auckland Council led by a Mayor elected at large, with a 2nd tier of six 'local councils'¹.
- The paper proposes that Cabinet agree to establish a unitary Auckland Council with a Mayor elected at large with executive powers, and 20 Councillors.
- The paper proposes that Cabinet rejects the Royal Commission's recommendations for the 2nd tier and agrees to an alternative Local Board model, which maintains local community representation while providing for strong and consistent regional governance.
- The Local Government Commission will determine the number of Boards, boundaries and membership (estimated cost of \$112,000 to \$315,000). An indicative map and accompanying notes are attached.
- The proposed Local Board model has the following features:
 - not separate legal entity, cannot raise its own revenue or hire staff;
 - has an advocacy role to input into Auckland Council's plans and can develop local policies for purely local issues (e.g. dog policies, gambling machines) and petition Auckland Council for additional services with a commensurate rates adjustment, or reprioritisation of projects, for the local area.
- You recommend that Cabinet rejects the Royal Commission's recommendations for Māori representation as there are already mechanisms in the Local Electoral Act 2001.
- You recommend four year electoral terms be considered in next electoral system review

Critical issues for Auckland and central government arrangements

- The paper also recommends that Cabinet agrees to:
 - in principle, Auckland Council's functions to include development of a single spatial plan and regional infrastructure investment plan;
 - in principle consolidate all local authority transport functions under a Regional Transport Authority;
 - in principle water and wastewater services be delivered by an Auckland Council CCO with further work on stormwater;
 - support establishment of city centre and waterfront committee and Waterfront Development Agency;
 - in principle an Urban Development Agency be set up, with further work on its powers;
 - not support a Social Issues Board, and instead explore alternative mechanisms for central and local government alignment of social well-being; and
 - not support a Minister or Cabinet Committee for Auckland, with further work on central and local government working together in Auckland.
- You propose announcing the Government's high-level response on 7 April 2009.

¹ It also proposes disestablishing all existing community boards with the exception of Great Barrier and Waiheke Islands and the establishment of a new Community Board for the central city and waterfront.

Royal Commission on Auckland Governance: Options for Managing Transition Period

- This paper seeks Cabinet agreement to a proposed approach for the transition from existing to new local governance arrangements in Auckland.
- The size and scope of the transition are very large, involving the replacement of eight local authorities with 6,300 staff, \$27.2 billion assets and annual revenue of \$2.3 billion.
- It will be important that the transformation is well managed, cost-effective and minimise any disruption to service provision
- Many of the Royal Commission's recommendations for transition have been accepted.
- Main differences:
 - the Establishment Board report to Minister of Local Government not a Cabinet Committee through a Minister for Auckland; and
 - the recommended option involves a much bolder timeframe and greater Establishment Board responsibility for the rationalisation of staff and assets.
- The paper recommends that Cabinet agree:
 - to the appointment of an independent, highly skilled Establishment Board to implement the new local governance arrangements for Auckland;
 - a bold transition timeframe option which seeks to have the rationalisation of, and transition to, the new core arrangements significantly completed by October 2010;
 - there will still be some transition activities to be completed after October 2010;
 - that the Establishment Board appoint an interim Chief Executive of the Auckland Council for a period of not less than two years;
 - the Establishment Board report to the Minister of Local Government;
 - the Establishment Board head a Transition Agency which will be established through urgent legislation and have statutory powers; and
 - to constrained decision-making by existing councils during the transition period.
- Recommended Establishment Board priorities are establishment of Auckland Council; 2nd tier; integration of water/wastewater services; communications, oversight of council services, decision making and key projects and continuation of preparations for the Rugby World Cup.
- The Royal Commission noted that an estimate of integration costs is in the range of \$120 - \$240 million over a four year implementation timeframe.
- The Minister of Finance and you agreed to the following:
 - revenue crown funding of \$1.275 million in 2008/09 and \$9.144 million in 2009/10; and
 - capital funding of \$2.502 million in 2008/09 only.
- It was also noted that the intention is to recover all of the operating funding in 2008/09 and 2009/10 and the capital costs for 2008/09 (for the consolidated fund) from Auckland local authorities once the Transition Agency is up and running.