

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: Appointments to the Board of the Auckland Transition Agency: Aide Memoire

Date: 22 May 2009

Key issues
On Monday 25 May 2009 the Prime Minister will speak to your Cabinet paper titled: <i>Appointments to the Board of the Auckland Transition Agency.</i>

Action sought	Timeframe
Sign the attached briefing and forward a signed copy (including your appointments Cabinet paper) to the Prime Minister for Cabinet on Monday 25 May 2009.	25 May 2009

Contact for telephone discussion (if required)

Name	Position	Telephone		Suggested first contact
		direct line	after hours	
David Willment	Acting Deputy Secretary	(04) 495 9323	027 444 2715	
Caroline Taylor	Manager	(04) 494 0686	021 242 5697	✓

Return to: Caroline Bridgland
DMS file reference: PGL 17794
Ministerial database reference: LGC200901861


David Willment
Acting Deputy Secretary
Local Government and Community Branch

Purpose of briefing

1. The paper asks that you sign this briefing and agree to forward a signed copy to the Prime Minister along with a copy of your Cabinet paper entitled: *Appointments to the Board of the Auckland Transition Agency* before Cabinet on Monday 25 May 2009.

Background information

2. On Monday 25 May 2009, Cabinet will consider your appointments Cabinet paper. The Prime Minister has agreed to speak to this paper on your behalf.
3. Attached is an aide memoire to assist the Prime Minister at Cabinet on Monday 25 May 2009.
4. If you agree with the contents of the attached aide memoire it is recommended that you forward a signed copy of this briefing to the Prime Minister.

Recommendation

5. The recommendations are that you:

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| a) sign this briefing; and | Yes/No |
| b) agree to forward a signed-copy of this briefing, along with a copy of your appointments Cabinet paper, to the Prime Minister for Cabinet on Monday 25 May 2009. | Yes/No |



David Williment
Acting Deputy Secretary

seen by the Hon Rodney Hide

Hon Rodney Hide
Minister of Local Government

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Appointments to the Board of the Auckland Transition Agency

- On 6 April 2009, Cabinet agreed to the appointment of an independent, highly skilled Board to implement the new local governance arrangements for Auckland.
- The Board's purpose is to design, establish and manage the transition to the new core local governance arrangements for Auckland by October 2010; and maintain oversight of existing council services, projects and responsibilities during the transition period, to ensure alignment with the new arrangements.
- The Minister of Local Government proposes to appoint as Executive Chair Mark Ford, and as members of that Board Miriam Dean Q.C, John Waller, John Law, and Wayne Walden.
- Appointments have been discussed with the Ministers of Finance, Economic Development, State Services, Transport, me, and members of the wider Cabinet. The Māori Party has been consulted.
- Collectively the composition of the Board is strong. It allows for a constructive and complementary mix of skills and experience to meet the criteria set out in paragraphs 16 and 17 of the Cabinet paper.
- It is anticipated that the lifespan of the Board will begin from the date of appointment and will expire close of 31 October 2010.

Conflict of Interest

- The Minister of Local Government confirms appropriate inquiries concerning conflicts of interest have been carried out for Miriam Dean, John Waller, John Law and Wayne Walden. No actual, potential or perceived conflicts of interest to these appointments have been identified.
- However, Mark Ford's appointment as Executive Chair of the Board may pose potential conflicts of interest as he is currently Chief Executive of Watercare and the Chair of the Auckland Regional Transport Authority
- Advice was sought from the Office of the Auditor-General with regard to Mr Ford's potential for conflict of interest if appointed to Executive Chair. The Office, in response, provided a 'questions to consider' framework to work through to address and manage the potential conflict.
- It is the Minister of Local Government's view, and mine, that potential conflicts of interests are natural and in some cases unavoidable. The pool of potential candidates for the role of Executive Chair of Auckland Transition Agency is small. It is not only inevitable that the Chair of Auckland Transition Agency would have "Auckland" involvement at a senior level in matters related to organisational management and change, but arguably, in this case it is desirable for the Chair to have detailed knowledge of Auckland's issues and experience at a senior level. The issue is one of appropriate management of conflict issues.

Managing conflicts of interest

- The Local Government (Tāmaki Makaurau Reorganisation) Bill 2009 (soon to be an Act) makes provision regarding conflicts of interest for Board members and how this will be managed.
- Mr Ford proposes to manage potential conflicts of interest by resigning from his positions as Chief Executive of Watercare and Chair of Auckland Regional Transport Authority.

Withheld under Section 9(2) (h) of the Official Information Act 1982

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Executive Chair

- The paper proposes that the Executive Chair receive \$540,000 plus a bonus of up to 10% per annum. I support this. This sum recognises the magnitude and complexity of change proposed for Auckland, and the substantive skills and expertise required to achieve significant rationalisation to core structures by October 2010.
- The role will be highly demanding, highly pressured and will go well beyond that of a fulltime position. Mr Ford's remuneration for the new role is high, but is nonetheless comparable with similar public service positions in Auckland. He will however, earn significantly less than he receives for his present Auckland local government roles.
- In addition it is proposed that the Executive Chair's salary be made available from the direct costs of managing the transition.
- Legislation will allow for the Transition Agency's Chief Executive to be seconded from an existing Auckland Council at a cost to that Council. Alternatively, if a secondee was not identified, a Chair of Mr Ford's calibre would enable the Board to appoint a Chief Executive at a much lower remuneration e.g. \$200-230,000.

Board Members

- The paper also proposes that the per diem fees for Board members are up to a level no greater than \$1,000/day.

Cabinet Fees Framework

- The proposed fees are not consistent with the Cabinet Fees framework. The Minister of Local Government has discussed the proposed fees with the Minister of State Services who agrees that they are appropriate.

Monitoring and Oversight of the Auckland Transition Agency

- The Auckland Governance (Tāmaki Makaurau) Bill 2009, allows the Minister of Local Government to appoint and remove members of the Auckland Transition Board.
- The Board will have accountability to the Ministers of Local Government, Finance and Transport.
- The Secretary of Local Government will monitor the Auckland Transition Agency in support of Ministers, while the Office of the Auditor-General will audit the entity.

Power to Act

- I as Prime Minister have authorised a group of Ministers to have Power to Act to consider these appointments. This group includes the Ministers of Finance, Economic Development, State Services, Transport, Local Government and me.
- Note the Minister of Local government proposes to publicly announce appointments to the Board following consideration by the Ministers with Power to Act.