

Priority Routine



Te Tari Taiwhenua

Local Government Briefing

Hon Rodney Hide
Minister of Local Government

Copies to: Hon Bill English, Minister of Finance; Hon Steven Joyce, Minister of Transport; Hon Gerry Brownlee, Minister of Economic Development; Hon Nick Smith, Minister for the Environment; Hon Paula Bennett, Minister of Social Development; Hon Pita Sharples, Minister of Māori Affairs; Hon Maurice Williamson, Minister of Building and Construction; and Hon John Carter Associate Minister of Local Government.

Title: Royal Commission on Auckland Governance – Upcoming Meeting of Ministers

Date: 4 February 2009

Key issues
Background for a meeting of Ministers on 10 February about the Royal Commission on Auckland Governance.

Action sought	Timeframe
Note the contents of this briefing in preparation for the upcoming Ministerial discussion about the Royal Commission on Auckland Governance; and Circulate the attachments to your Ministerial colleagues.	9 February 2009

Contact for telephone discussion (if required)

Name	Position
Anne Carter	Deputy Secretary
Marilyn Little	Director Policy

Return to: David Bonney
DMS file reference: PLG – 1779 -4
Ministerial database reference: LGC200900301

Proactively released by the Minister of Local Government

Purpose of briefing

1. You have invited the Associate Minister of Local Government and the Ministers of Finance, Economic Development, Social Development, Environment, Transport, Building and Construction, and Māori Affairs to a meeting on 10 February to begin preparing for the upcoming report of the Royal Commission on Auckland Governance (the Royal Commission). The meeting will also be attended by senior officials from the Departments of Internal Affairs and the Prime Minister and Cabinet.
2. The meeting will deal with the process and timetable for making decisions on the Royal Commission's recommendations. This paper provides background information concerning the meeting and its content.

Background Information

3. The first attachment to this briefing been prepared jointly by Government agencies to provide a common information background as a basis for briefing Ministers in preparation for the meeting.
4. We propose that you circulate the attachment and its Appendix to your Ministerial colleagues as background for the meeting.

Powerpoint presentation

5. The Department, in consultation with the other agencies, has also prepared the attached powerpoint presentation, which will be used by the Department of Internal Affairs' Chief Executive to provide an introductory briefing to Ministers at the meeting. The presentation has been developed from that used as a basis for earlier discussions with you, augmented to reflect the lesser familiarity with the topic of some Ministers who will be attending.

Recommendations

6. The recommendations are that you:

a) Note the contents of this briefing; and

Yes/No

b) Circulate the attachments to your Ministerial colleagues.

Yes/No


Anne Carter
Deputy Secretary

(MARION LITTLE)

Hon Rodney Hide
Minister of Local Government

Attachment One

Joint Ministers Meeting: Royal Commission of Inquiry into Auckland Governance

Date: Tuesday 10 February 2009

Time: 7.30pm

Background notes for the Ministerial meeting to discuss the Government's response to the Royal Commission on Auckland Governance.

Background

1. Over the next few months, the Government has significant decisions to make about reform of Auckland's governance arrangements. The Royal Commission is required to report by 31 March 2009.
2. There will be pressure to release the report and to make decisions public as soon as possible after this date. The timeframe for implementing decisions including substantial legislative changes, in time for the next local body elections and the Rugby World Cup, is also very tight. The implementation and transition process will need careful management to maintain capacity in respect of both important decisions and "business as usual".
3. The Royal Commission was established in October 2007 to:
"receive representations on, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner:
 - a) *the current and future well-being of the region and its communities; and*
 - b) *the region's contribution to wider national objectives and outcomes."*

[Full Terms of Reference are attached as Appendix 1]

Auckland's Governance: History and Resulting Problems

4. Governance arrangements for the Auckland Region have been regularly reviewed over the last fifty years at least. The establishment of the Royal Commission followed a series of reforms to Auckland's local government structures in the last sixteen years, including:
 - the transfer of Auckland Regional Council (ARC) assets (Ports of Auckland shares, Watercare, the Yellow Bus Company and property holdings), and liabilities, to the Auckland Regional Services Trust, in 1992;
 - the disestablishment of the Trust, and transfer of the Ports shares and cash holdings to Infrastructure Auckland, in 1998;
 - the disestablishment of Infrastructure Auckland, and transfer of its assets to subsidiaries of the ARC, in 2004; and
 - the creation of joint decision-making forums of all of Auckland's councils, to deal with regional challenges - such as the Regional Growth Forum.

During this time period, major problems with Auckland's governance arrangements have been consistently identified by a broad spectrum of stakeholders. Auckland's local authorities have also undertaken several joint reviews of the region's transport, water and overall governance arrangements. The reforms have not succeeded in overcoming the problems identified.

5. Critics of the current arrangements have particularly pointed to fragmented and dislocated decision-making and funding, as leading to:
 - no Auckland vision or clear direction for the future;
 - failure to make and implement important regional decisions, particularly to provide sufficient infrastructure to meet growth; and
 - high transaction costs and inconsistent regulation and standards of service across the region, constraining the environment for doing business

The problems impact not only on Auckland citizens and ratepayers, but also on its international competitiveness and its contribution to the rest of New Zealand.

The Royal Commission's Report: Release and Timetable for Decision - making

6. The Royal Commission was established to undertake an independent investigation into Auckland's governance. It has completed an extensive programme of research, and received over 3500 written submissions and 550 oral submissions during the term of its Inquiry. It has received significant media attention. The expectation is that the Royal Commission can make recommendations for change that the councils and governments to date have not been able to make. However, while the Royal Commission's recommendations will have significant public credibility, it is the Government that is responsible for final decisions.
7. The Government is unlikely to receive an advance "draft" of the Royal Commission's report. However, submissions, research and public statements made by the Royal Commission provide some clues about its recommendations. It is expected to recommend reforms that would transfer responsibility for a large proportion of Auckland's local government decision-making to the regional level. The recommendations could include:
 - transfer and amalgamation of responsibilities for transport, water, recreation facilities, and most if not all rates funding, to the regional level;
 - new corporate structures for some functions;
 - a regionally elected mayor; and
 - specific central/local government relationship mechanisms such as a Minister for Auckland.
8. Ministers need to decide when to release the Royal Commission's report and Government decisions, and what further consultation, if any, the Government will undertake. One of the key considerations is the tight timeframe for implementing reforms, given that local government elections are scheduled for October 2010. Another is the need to minimise uncertainty, to reduce risks to business continuity and governance capacity.
9. Officials propose the following process and timetable for governance reform:

- April: release the Royal Commission's report and make major decisions on its recommendations;
 - May: approve and introduce (and possibly enact) urgent legislation, if required, to ensure business continuity and manage transition;
 - May – August: make more detailed decisions; and
 - August – April 2010: implement legislation.
10. A paper is being prepared seeking Cabinet agreement (in early March) to the proposed initial process and timetable. This paper will also propose a set of criteria for evaluating the Royal Commission's recommendations to assist the Government to make early decisions.
11. Should the Government decide to make major changes to local government in the Auckland region, there is a risk that commitment and momentum may be lost on issues that are important to Auckland's progress and to broader economic growth, particularly in the current difficult economic climate. This includes implementation of commitments in the One Plan¹, such as preparations for the Rugby World Cup; improvements to the roading and passenger transport networks; waterfront and CBD development; and broadband investments. It also includes regulatory growth management decisions and the development of an Auckland regional infrastructure plan.
12. A range of initiatives, possibly including a specialist transition agency, may be necessary to manage risks over this period. Strong Government involvement will be needed to ensure momentum on critical functions and projects is maintained. This may include increased ministerial engagement with current local leaders. Ministers will need to consider how they wish to respond to ensure that key decisions are made and actioned over the period.

¹ A first "One Plan for Auckland", adopted in October 2008, identified seven programmes of action, as well as priority issues for attention in further versions. The One Plan was developed collaboratively by all Auckland councils and some central Government agencies.

Attachment Two

Royal Commission of Inquiry into Auckland's governance arrangements

Terms of Reference

Preamble

Over the next 100 years, the Auckland region will face enormous change brought about by global economic, environmental and political forces. Local trends, including high population growth add to the challenges and opportunities. Auckland has to compete in a global market place to sell its goods and services and to attract the talented people it requires to secure a sustainable prosperous future.

To face these challenges Auckland requires local and regional governance equal to the best in the world and capable of working effectively with central Government to ensure Auckland is a successful, sustainable city in the Asia Pacific region and recognised as such.

Appointment and Order of Reference

The Royal Commission is established to receive representations on, inquire into, assess and report on what local government arrangements (including institutions, mechanisms and processes) in the Auckland region will (over the foreseeable future) maximise in a cost effective manner:

- the current and future well-being of the region and its communities; and
- the Auckland region's contribution to wider national objectives and outcomes.

Relevant matters

Without limiting anything in the Order of Reference, the Commissioners appointed to the Royal Commission may investigate and receive representations on the following matters:

- a. changes to current legislation, consistent with the purposes and principles of local government described in the Local Government Act 2002, considered desirable in order to achieve or support the attainment of the objectives in the Order of Reference;
- b. changes to the boundary of the Auckland region, or collaborative arrangements or mechanisms involving other regions, considered desirable in order to achieve or support attainment of the objectives in the Order of Reference;
- c. what is required for effective relationships and collaborative arrangements between central and local government.
- d. what ownership, governance, and institutional arrangements and funding responsibilities are required to ensure the effective, efficient and sustainable provision of public infrastructure, services and facilities to:

- i. support and enhance the current and future well-being of the Auckland region and its communities;
- ii. support and enhance the performance of the Auckland region as a growth engine in the New Zealand economy and its role as a key transport hub for New Zealand and the Pacific;
- iii. support and enhance the ability of the Auckland region to compete internationally as a desirable place to live, work, invest and do business; and
- iv. support and enhance the ability of the Auckland region to respond to economic, environmental, cultural and social challenges e.g. climate change;
- e. what governance and representation arrangements will best:
 - i. enable effective responses to the different communities of interest and reflect and nurture the cultural diversity within the region; and
 - ii. provide leadership for the region and its communities, while facilitating appropriate participation by citizens, and other groups and stakeholders in decision-making processes; and
- f. alternative transition processes for the implementation of any new or changed local government arrangements, and associated matters identified as required or desirable.

Matters to be taken into Account

In conducting its inquiry and making recommendations the Commission must take into account the implications of the findings of the Independent Inquiry into Local Government Rating for local government arrangements in the Auckland region.

Definitions

Unless the context otherwise requires:

Auckland region means the geographical area within the jurisdiction of the Auckland Regional Council.

Mechanisms means any committees, boards, organisations or forums required to support the primary local government institutions in the effective governance of the Auckland region.

Exclusions from inquiry

The Royal Commission must not inquire into:

- the purposes and principles of local government described in the Local Government Act 2002; or
- local government arrangements in New Zealand generally; or
- the extent to which recommendations relating to Auckland may also be appropriately implemented in other regions across New Zealand, except as provided under b. above; or

- central government agency and institutional arrangements and the accountability of Ministers to Parliament for the expenditure of appropriated funds, provision of services and stewardship of assets within their portfolio.

The Royal Commission must not make recommendations on the quantum of central or local government funding needed to support the Auckland region.

Power to adjourn

The Commissioners are authorised and empowered, subject to the provisions of these terms of reference, to make and conduct any inquiry or investigation in such a manner and at such a time and place as they think expedient. Commissioners have the power to adjourn proceedings, from time to time and from place to place, as they think fit.

Consultation and procedures

In carrying out this inquiry, Commissioners are required to:

- consult with the public in a way that allows people to express clearly their views on issues related to local government arrangements for the Auckland region; and
- adopt procedures that will encourage people to express their views in relation to any of the matters referred to in the immediately preceding paragraph; and
- consult and engage with Māori in a manner that specifically provides for their needs; and
- use relevant expertise, including consultancy and secretarial services, and to conduct, where appropriate, independent research.

In carrying out this inquiry, Commissioners are empowered:

- a. to prepare and publish discussion papers from time to time on topics relevant to the inquiry; and
- b. unless Commissioners think it proper in any case to withhold any evidence or information obtained in the exercise of the powers conferred upon them:
 - i. to include in any discussion papers prepared and published all or any of the evidence or information; and
 - ii. to publish or otherwise disclose, in such other ways as Commissioners think fit, all or any of that evidence or information.

General provisions

Commissioners are empowered to exclude any person from any hearing, including a hearing at which evidence is being taken, if Commissioners think it proper to do so.

Commissioners may report proceedings and interim findings from time to time if they judge it expedient to do so.

Commissioners must not at any time publish or otherwise disclose, except to His Excellency the Governor-General, the contents or purport of any report made or to be made by the Royal Commission.

Reporting date

Commissioners are required to report to His Excellency the Governor-General, in writing by ~~1 December 2008~~ 31 March 2009, their findings and opinions on the matters mentioned above, together with such recommendations as Commissioners think fit to make in respect of them.

Proactively Released by the Minister of Local Government