

Priority Routine

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: Cabinet Paper on *Local Government Auckland Governance Reform: Council-Controlled Organisation Structure*

Date: 1 July 2010

Key issues

The paper proposes the establishment of five new council-controlled organisations (CCOs) for Auckland Council, and the disestablishment of 14 existing CCOs. The paper seeks agreement to the content and making of Orders in Council to effect these decisions.

Action sought

Note this aide memoire

Timeframe

5 July 2010

Contact for telephone discussion (if required)

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DMS file reference: PLG 1779-19 646686DB
Ministerial database reference: LGC201001146


Anne Carter
Deputy Secretary Local Government and Community

Aide Memoire: Cabinet Paper - Local Government Auckland Governance Reform: Council-Controlled Organisation Structure

On 5 July 2010, Cabinet will consider your paper proposing the establishment of new CCOs for Auckland Council.

The ATA's proposed model comprises seven substantive CCOs, with oversight provided by a council committee. The model was previously agreed to, in principle, by Cabinet in 2009. There are five new CCOs proposed, Auckland Transport and Watercare already having been established under legislation.

Incorporating existing CCO functions into the Auckland Council

The paper recommends that two existing CCOs be disestablished and their functions incorporated into the Auckland Council. They are Manukau Leisure Services (MLS) and Manukau Building Consultants (MBC). This will consolidate all building consent services and community recreational functions within the Auckland Council (**recommendation 11**).

Auckland Council Investments Ltd (ACIL)

You are recommending the establishment of this CCO. It will bring a strong commercial focus to the ownership and governance of the Auckland Council's major investment assets. ACIL will have a board of five directors and be a limited liability company, wholly owned by the Auckland Council (**recommendation 13**).

ACIL will hold around \$1.2 billion of assets transferred from existing councils and CCOs, including Ports of Auckland shares, Auckland airport shares and shares in Auckland Film Studios Ltd. The paper recommends disestablishment of Auckland Regional Holdings, enabling its assets to be distributed between the Auckland Council, ACIL and the Auckland Waterfront Development Agency (**recommendation 15**).

Auckland Tourism, Events and Economic Development Ltd (TEED)

You are recommending the establishment of this CCO. It will bring together existing economic development, tourism and events agencies to focus on lifting the region's economic well-being and enhance international competitiveness. It will have a board of up to seven directors and will be a limited liability company, wholly owned by the Auckland Council (**recommendation 17**).

The paper seeks agreement to Auckland City Council City Events team, Auckland Plus and Auckland City Council's Economic Development Group staff being integrated into the CCO (**recommendation 18**). It also recommends the dissolution of three economic development CCOs: Waitakere Enterprise Trust, Enterprise North Shore Trust, and Enterprising Manukau Trust (**recommendation 19**).

Other independent tourism and economic development agencies may voluntarily disestablish and join the CCO over time e.g. Tourism Auckland, Rodney Economic Development Trust.

Regional Facilities Auckland (RFA)

You are recommending the establishment of this CCO. The RFA will provide a regional perspective to the development of Auckland's arts, culture and heritage, leisure, sport and entertainment venues. It will be governed by a board of up to seven directors and be constituted as a trust, with a single corporate trustee (**recommendation 22**).

The RFA will fully integrate (including asset ownership being transferred to the RFA) some existing council business units¹ and one CCO, the Aotea Centre (**recommendations 24 and 26**). A number of other independent venues and facilities (see paragraph 91, page 12) will be aligned with, but not fully integrated into, the RFA.

¹ Auckland Art Gallery, Auckland Zoo, Western Springs Stadium, Mt Smart Stadium and the Viaduct Marine Events Centre.

This is a complex CCO that will require ongoing work to align legal structures, funding arrangements and board appointment rights. You have added an additional objective for the RFA to highlight this. The Ministry of Culture and Heritage has offered to facilitate this work (**recommendation 28**).

Auckland Council Property Ltd (ACPL)

You are recommending the establishment of this CCO. It will focus on ensuring an appropriate return on Auckland Council owned commercial property and attracting private sector collaboration in Auckland Council initiated property projects. It will have a board of up to seven directors and be a limited liability company, wholly owned by the Auckland Council (**recommendation 30**).

The following existing property CCOs will be disestablished: Waitakere Properties Ltd, North Shore City Holdings Ltd, Rodney Holdings Ltd, Tomorrow's Manukau Properties Ltd, and its subsidiary TMPL (Flat Bush) Ltd (**recommendation 31**).

Auckland Waterfront Development Agency Ltd (AWDA)

Section 19B of the Local Government Tamaki Makaurau Reorganisation Act requires the ATA to establish a waterfront development CCO. The objectives of the AWDA will be to lead a strategic approach to development across the waterfront and develop property that it owns consistent with the Auckland Council's vision. The AWDA will be a limited liability company, wholly owned by the Auckland Council and will have a board of up to seven directors (**recommendation 35**).

The AWDA will own (**recommendation 39**) the waterfront assets of Auckland City Council, Auckland Regional Council (half share in Queens Wharf) and Auckland Regional Holdings (Wynyard precinct). The area of influence covered by the AWDA's masterplan for the waterfront will extend to the original foreshore of the harbour.

Other Orders in Council

Further Orders in Council will need to be made to effect the transfer of assets, liabilities and other obligations between CCOs that are being disestablished, existing councils and new CCOs. This includes transfer of existing council transport assets to Auckland Transport and water assets to Watercare.

You are seeking agreement to these additional Orders in Council being made (**recommendations 43, 44, 47 and 48**). You are also seeking authorisation for any minor policy decisions relating to additional Orders in Council being delegated to the Ministers of Finance, Transport and Local Government (**recommendation 49**).

Finally, you are proposing that publicity and media liaison be coordinated between your office and the office of the Prime Minister (**recommendation 52**).

seen by the Hon Rodney Hide

Noted

Hon Rodney Hide
Minister of Local Government