

# PART 1

From section 13 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, the first of the Auckland Transition Agency's statutory responsibilities,

- "(1) The Transition Agency has the following functions and duties:
- (a) to plan and manage all matters in relation to the reorganisation to ensure that the Auckland Council is ready to function on and from 1 November 2010:"

## Role of the Transition Agency

- 1: Introduction to the Transition Agency
- 2: Project management toward Day One of the Auckland Council
- 3: Managing agency responsibilities in the transition period



# Role of the Transition Agency

**On 22 May 2009, the Minister of Local Government, Hon Rodney Hide, announced the establishment of the Auckland Transition Agency (“Transition Agency”) to amalgamate Auckland’s city, district, and regional councils into the new Auckland Council by October 2010.<sup>1</sup>**

In confirming that the Transition Agency would manage the transition from the existing seven territorial authorities and one regional council to a single unitary authority for Auckland and 20 to 30 local boards, the Minister of Local Government identified six main tasks for the Transition Agency, commencing immediately:

- the creation of the Auckland Council and the local boards
- managing the organisational changes
- ensuring continued delivery of councils’ and council-controlled organisations’ responsibilities
- continued momentum of key projects such as the Rugby World Cup and waterfront development
- ensuring the transition process was well communicated to stakeholders
- winding up existing organisations once the new organisation had been established.<sup>2</sup>

## 1: Introduction to the Transition Agency

The Transition Agency was established by the Local Government (Tamaki Makaurau Reorganisation) Act 2009 (“Reorganisation Act”) as a body corporate with perpetual succession on 25 May 2009. The Reorganisation Act also provided for the Transition Agency to be dissolved on the close of 31 October 2010.

For the purposes of performing its functions or duties the Transition Agency was accorded full capacity to carry out or undertake any activity, do any act, or enter into any transaction.

The governing body of the Transition Agency (referred to throughout this report as the “Transition Agency Board”) was to consist of a chairperson and no fewer than two and no more than five other members appointed by the Minister of Local Government.

The Transition Agency Board was required to appoint a chief executive who had responsibility for advising the board, implementing its decisions, maintaining effective systems for planning and reporting, employing staff, and maintaining a governing body interests register.

The Reorganisation Act prescribed the functions and duties of the Transition Agency, the first and foremost being to plan and manage all matters in relation to the reorganisation to ensure that Auckland Council was ready to function on and from 1 November 2010.

<sup>1</sup> The history of how and why the Auckland Transition Agency was established has its roots in the Royal Commission on Auckland Governance, which delivered its report in March 2009. The Government agreed with the Royal Commission’s recommendation that there needed to be bold change to make Auckland the most exciting, vibrant metropolitan centre in Australasia.

<sup>2</sup> Hon Rodney Hide, “Mark Ford to lead Auckland Transition Agency”, Beehive media release, 22 May 2009.

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Other functions and duties, which are covered in various chapters of this report, included appointing an electoral officer to conduct the October 2010 local government election in Auckland (see Chapter 22, “2010 Elections”), appointing an interim chief executive of the Auckland Council (see Chapter 14, “Staff Transition and Organisation Design”), and reviewing the decisions of existing local government organisations (ELGOs) (see Chapter 23, “Oversight of Decision Making”).

Additional functions and duties were added by way of amendments to the Reorganisation Act as other legislation relating to the Auckland Council was progressively developed and enacted. Examples include appointing an interim chief executive for Auckland Transport, preparing a planning document for the Auckland Council (see Chapter 19, “Finance and Treasury”), developing proposals for an Ethnic Peoples Advisory Panel (see Chapter 3, “Māori Statutory Board and Advisory Panels”), allocating decision-making responsibilities between the governing body and the local boards (see Chapter 2, “Auckland Council: Local Boards”), and establishing a waterfront development entity and other council-controlled organisations (CCOs) (see Chapter 4, “Council-Controlled Organisations: Overview”).

The Transition Agency was established to implement the policy decisions of the Government. It was not of itself a policy-making organisation. However, the Transition Agency was invited by the Government to review and comment on draft legislation and Cabinet papers.

Likewise the ELGOs remained in place until the close of 31 October 2010 and the Transition Agency had no jurisdiction to make policy decisions on their behalf. The responsibility it had to review decisions of the ELGOs was to ensure the decisions would not significantly prejudice the reorganisation, constrain the powers of the Auckland Council, or impact negatively on the assets and liabilities to be transferred to the new council. The Transition Agency’s review role did not include considering the merits of the ELGO decisions.

### Transition Agency Governing Body (Board)

The Minister announced the board members on 22 May 2010. They were

- Mark Ford (Executive Chair)
- Miriam Dean QC
- John Law
- Wayne Walden
- John Waller.

The appointment of Mr Ford as the executive chair removed the necessity for the board to appoint a chief executive.

The initial board members remained in place throughout the Transition Agency’s existence and no further appointments were made.

The board held regular monthly meetings as well as additional special meetings for specific issues (for example, to review and approve discussion documents with respect to local boards and CCOs, and to review and approve the Auckland Council Planning Document). Committees of the board were also formed as required for specific purposes (for example, shortlisting and interviewing applicants for the interim chief executives of Auckland Council and Auckland Transport and their chief officers, and reviewing accounting policies for the Auckland Council Planning Document).

The board members’ appointments ended upon dissolution of the Transition Agency.

### Transition Agency personnel

A flexible approach was taken to resourcing the Transition Agency so as to achieve a balance of the following:

- acknowledgment of the ELGO chief executives' responsibility to ensure their organisations continued to operate until 31 October 2010
- keeping the core team at the Transition Agency at a minimum prudent level, and increasing numbers of personnel to match increased workloads
- utilising the experience and knowledge of Auckland local government employees
- utilising external professional services as required for expertise and intensive workloads.

The Transition Agency core team primarily consisted of

- the executive chair and his personal assistant (the only two salaried employees of the Transition Agency)
- workstream leaders
- programme and project managers
- administrative staff.

With the exception of the executive chair and his personal assistant, the above personnel were a mix of staff seconded from ELGOs and contracted personnel.

To illustrate the flexible approach adopted, the Transition Agency team was made up of two employees, 11 contracted personnel, and 13 seconded staff in October 2009. By October 2010 this number had expanded to two employees, 14 contracted personnel, and 34 seconded staff.

Each workstream leader was responsible for structuring his or her own project teams. These teams involved many ELGO staff, most of whom had a part-time involvement, but also some whose commitment became full time, particularly towards the end of the transition period. Their contributions were invaluable, and the Transition Agency was grateful to the organisations who facilitated their involvement.

The focus of the workstreams was to ensure the Auckland Council was ready to function on and from 1 November 2010. However the leaders of the following workstreams also had responsibilities for the activities of the Transition Agency itself.

Workstream	Transition Agency activities
Governance	Administration, finance, decision confirmations
Legal	General Counsel, board support, decision confirmations, Official Information requests
Communications	Transition Agency communications
Property and assets	Programme management office

From the outset there was a strong interest from professional advisers and consultancies who wished to assist the Transition Agency. The agency therefore invited expressions of interest in August 2009 from professional advisers for each of the workstreams.

Some 330 expressions of interest were received. Many were for multiple workstreams so that when broken down on a workstream-by-workstream basis, the number became 840. The Transition Agency benefited from keen pricing in key areas of work as a number of providers recognised the potential for longer-term opportunities.

### 2: Project management toward Day One of the Auckland Council

The focus of the Transition Agency immediately on its establishment in May 2009 was on the processes required to establish the council in accordance with the Government's time frame.

To achieve this aim, a project management approach was adopted and an intensive, highly energetic, and interactive process commenced. Tasks required to achieve the outcome on time, within budget, and with high-level risk management at every step were identified and divided into workstreams, each led by a member of the Transition Agency team. Some 13 workstreams were established:

- Business processes and systems
- Communications and public affairs
- Community services
- Council-controlled organisations
- Customer services
- Environment: Environmental services
- Environment: Policy and planning
- Environment: Regulatory
- Finance and treasury
- Governance
- Legal
- Property and assets
- Work force and human resources.

A list of workstream leaders appears on page xiv.

The draft establishment project outline can be viewed on the Transition Agency website, [www.ata.govt.nz](http://www.ata.govt.nz).

Activities were undertaken through to 31 October 2010 in three broad phases:

- *High-level discovery phase.* A stocktake of the existing organisations and their operating environments to provide the necessary information for the strategy and design phase to be undertaken. This phase contributed to the identification of Day One priorities and facilitated appropriate targeting of resources.
- *Strategy and design phase.* This involved developing the design and structure of the new Auckland Council. Key tasks involved identifying elements in the new structure that needed to be implemented before 1 November 2010 to ensure they could enable other tasks also needing to be completed for the organisation to be ready to commence operating on Day One. These various design tasks were undertaken step by step to ensure they facilitated the establishment of a fully functioning Auckland Council on 1 November 2010, having due regard to budget and resource availability.
- *Delivery phase 1.* Implementation of the activities and tasks (for the interim period) required to enable the Auckland Council to be operational on 1 November 2010.

These three phases were designed to be followed by two subsequent phases completing the reorganisation and harmonisation of Auckland Council operations after 1 November 2010, and which the Transition Agency anticipated the council would complete:

- *Delivery phase 2.* Implementation of a second stage of activities and tasks to achieve the second level priority reorganisation activities leading up to the adoption of the first long-term plan and an integrated system of rating by 1 July 2012.

- *Delivery phase 3.* Implementation of the third and final stage of activities and tasks to complete the reorganisation of the Auckland Council beyond 2012.

The summary of key deliverables (see Chapter 25, “Summing Up”, page 458) reflects the high output achieved by the Transition Agency and its staff in the limited time available. Details of the projects and their outputs and the legislative basis that led toward the Day One establishment of Auckland Council are described in Parts 2 and 3 of this volume. A list of the major activities of the agency is set out in Chapter 25 (pages 451 to 456).

### 3: Managing agency responsibilities in the transition period

The following section describes some activities of the Transition Agency related to the functioning of the agency during the transition period rather than the output of the workstream activities.

#### Governance oversight

During the transition period, the Transition Agency was required by the Reorganisation Act to confirm, or decline to confirm, certain decisions made by local government organisations of the Auckland region. During the period of its existence, the Transition Agency was asked to confirm 1,070 decisions made by ELGOs. For details of the process and examples of important decisions, see Chapter 23.

#### Reporting to Ministers

The Transition Agency was required to report to the Minister of Local Government at regular intervals on progress and to submit a final report (this report) on its affairs for presentation to the House of Representatives together with the Transition Agency’s financial statements.<sup>3</sup>

Formal reports were submitted to the Minister each month. These reports included progress against key milestones, a general commentary on progress for each workstream, capability and capacity issues, risk management, expenditure against budget, and indications of the forward work programme for the following month.

In addition the Minister of Local Government met on a fortnightly basis with the Executive Chair of the Transition Agency. These meetings were supported by key personnel from the Minister’s Office, the Department of Internal Affairs, and the Transition Agency.

On some occasions the Minister was accompanied by the Minister of Transport, Hon Steven Joyce, and/or the Associate Minister of Local Government (and Minister of Civil Defence), Hon John Carter.

The purpose of these meetings, which were held at the Transition Agency’s office in Auckland, was to discuss progress and emerging issues. They proved to be invaluable for the identification and prompt resolution of issues, thus removing potential barriers to meeting the 1 November 2010 deadline.

<sup>3</sup> Local Government (Tamaki Makaurau Reorganisation) Act 2009 [hereafter in Part 1 footnotes “Reorganisation Act”], section 13(1)(c)(ii).

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The Executive Chair of the Transition Agency also met quarterly with the Minister of Local Government, Minister of Finance, Minister of Transport, and Associate Minister of Local Government to review progress.

### Legal

One of the functions of the Transition Agency was to advise the Minister of Local Government on any matter associated with the reorganisation, including in relation to existing or proposed legislation.<sup>4</sup>

As a new model of local government was being established and legislation was being developed progressively throughout the transition period, the Transition Agency's legal counsel spent a considerable amount of time providing and coordinating advice on draft legislation to the Minister through the Department of Internal Affairs.

Although most requests for confirmation of ELGO decisions were straightforward there were nevertheless a number that required legal advice.

In addition the legal counsel was generally required to review Transition Agency contracts and to coordinate responses to requests under the Official Information Act 1982.

Through the expression of interest process described on page 37, several firms of legal advisers were engaged to assist the Transition Agency.

More commentary on legal support to the Transition Agency appears in Chapter 17, "Regulatory and Legal Services" (pages 350 to 352).

### Communication

A further function of the Transition Agency was to provide information to ELGOs and their employees in relation to the reorganisation, and to provide information to the public, as it thought fit, in relation to the reorganisation.<sup>5</sup>

This was achieved through a number of communication channels including a Transition Agency website, newsletters, media releases, newspaper and radio advertising, face-to-face meetings, discussion documents, and distribution of publications to all households in Auckland.

More information on these activities appears in Chapter 20, "Communications and Public Affairs" (pages 392 to 397).

### Finance approvals

The Transition Agency was required to obtain the approval for its budgeted expenditure from the Minister of Local Government and Minister of Finance.<sup>6</sup>

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<sup>4</sup> Reorganisation Act, section 13(1)(b).

<sup>5</sup> Reorganisation Act, section 13(1)(d) and (e).

<sup>6</sup> Reorganisation Act, section 22.

Two budget approvals were obtained. The first was to cover the operating costs of the Transition Agency undertaking its statutory functions, and included the cost of conducting and promoting the October 2010 local body elections in Auckland. This budget totalled \$34.4 million.

The second approval was for implementation expenditure for the Auckland Council prior to it coming into being on 1 November 2010. This expenditure, totalling \$59.7 million, related almost entirely to information and communications technology, but also included \$2.2 million for accommodation and signage. The two budgets totalling \$94.1 million were for the period 1 July 2009 to 31 October 2010. Expenditure against those budgets totalled \$75.3 million.

\$217,000 of expenditure prior to 1 July 2009 was not included in the above budgets as it was met from budgets held by the Department of Internal Affairs.

A loan facility was established with the Crown against which funds could be progressively drawn down, up to the amount of the budget approvals totalling \$94.1 million. The loan is repayable by the Auckland Council on 1 November 2011 together with interest incurred on the loan. The interest rate was set at the time of each draw-down and ranged between 4.26 percent and 4.66 percent per annum.

The Transition Agency borrowed \$80.0 million against the loan facility and interest of \$947,000 had accrued as at 31 October 2010. As the actual expenditure was less than \$80 million, surplus cash was transferred to Auckland Council.

In accordance with provisions in the Public Finance Act 1989 (section 45I), the Minister of Finance exempted the Transition Agency from preparing audited financial statements for the financial year ended 30 June 2009. The Transition Agency had only been in existence for five weeks at that stage.

Instead the agency was required to prepare a set of financial statements for the full period of its existence from 25 May 2009 to 31 October 2010.

The audited financial statements appear in Chapter 24, "Auckland Transition Agency – Financial Statements".

### Audit

The Auditor-General was required to audit the financial statements of the Transition Agency and provide an audit report on them to the Minister of Local Government and the Auckland Council before 28 February 2011.<sup>7</sup>

The Auditor-General or a person appointed by the Auditor-General was also required to audit the planning document<sup>8</sup> (see Chapter 19, pages 385 to 388, and Volume 3, *Attachments: Auckland Council Planning Document*).

In both cases the Auditor-General appointed Audit New Zealand to undertake the audit. In addition, Audit New Zealand was engaged for a liaison role with the Transition Agency to work with workstreams to understand the change process and impact on various audit entities (including ELGOs), provide proactive input and comment on matters arising from the review of documents, and when requested, to provide assurance over specific processes, policies, and procedures.

<sup>7</sup> Reorganisation Act, section 26A(3).

<sup>8</sup> Reorganisation Act, Schedule 2, clause 7.

## Role of the Transition Agency

The working relationship between the Transition Agency, the Auditor-General, and Audit New Zealand was both proactive and constructive. The Auditor-General was invited to attend several meetings of the Transition Agency Board for the purpose of providing two-way updates and discussing issues arising.