

Table 1-2: Auckland Council area with 13 wards and 21 local boards

Ward	Councillors	Local boards and subdivisions	Members
Rodney Ward	1	Rodney	9
		<i>Wellsford Subdivision</i>	1
		<i>Warkworth Subdivision</i>	3
		<i>Kumeu Subdivision</i>	4
		<i>Dairy Flat Subdivision</i>	1
Albany Ward	2	Hibiscus and Bays	8
		<i>Hibiscus Coast Subdivision</i>	4
		<i>East Coast Bays Subdivision</i>	4
		Upper Harbour	6
North Shore Ward	2	Kaipatiki	8
		Devonport-Takapuna	6
Waitakere Ward	2	Henderson-Massey	8
		Waitakere Ranges	6
Waitemata and Gulf Ward	1	Great Barrier	5
		Waiheke	5
		Waitemata	7
Whau Ward	1	Whau	7
Albert-Eden-Roskill Ward	2	Albert-Eden	8
		<i>Owairaka Subdivision</i>	4
		<i>Maungawhau Subdivision</i>	4
		Puketapapa	6
Ōrākei Ward	1	Ōrākei	7
Maungakiekie-Tāmaki Ward	1	Maungakiekie-Tāmaki	7
		<i>Maungakiekie Subdivision</i>	3
		<i>Tāmaki Subdivision</i>	4
Howick Ward	2	Howick	9
		<i>Pakuranga Subdivision</i>	3
		<i>Howick Subdivision</i>	3
		<i>Botany Subdivision</i>	3
Manukau Ward	2	Mangere-Otahuhu	7
		Otara-Papatoetoe	7
		<i>Papatoetoe Subdivision</i>	4
		<i>Otara Subdivision</i>	3
Manurewa-Papakura Ward	2	Manurewa	8
		Papakura	6
Franklin Ward	1	Franklin	9
		<i>Waiuku Subdivision</i>	2
		<i>Pukekohe Subdivision</i>	4
		<i>Wairoa Subdivision</i>	3
	20		149

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Working collaboratively

- 1-45 As already noted, the Transition Agency strongly believed that members of the Auckland Council group (the governing body, local boards, and seven substantive CCOs) will need to work collaboratively, and encourages some work to enable Auckland Council to consider and adopt formal and informal mechanisms and processes, which could be developed to facilitate effective and trusting working relationships between the various parts of the group, based on a common strategic direction and values.
- 1-46 In order for the new governance arrangements to endure it will be important that the respective expectations and complementary decision-making roles of local boards and the governing body are clear, understood, and observed by each. Further observations on the importance of the new council adopting collaborative working arrangements are included in section 2.

Working with Māori

- 1-47 To help Auckland Council carry out its particular responsibilities to Māori an independent statutory board for mana whenua groups and mataawaka of Tāmaki Makaurau has been established by legislation.¹⁸ Auckland Council's duties to the board include ensuring that the input of mana whenua groups and mataawaka of Tāmaki Makaurau is reflected in the council's strategies, policies, and plans. (Further details are given in Chapter 3, "Māori Statutory Board and Advisory Panels".)

Organisational support and service delivery

- 1-48 Auckland Council will deliver services through the Auckland Council organisation and a number of CCOs. The chief executive of the Auckland Council is responsible for servicing and providing support to the governing body and local boards to enable them to carry out their responsibilities.
- 1-49 The chief executive is also responsible for implementing local board decisions and local board agreements. A Local Board Services Department will provide dedicated support to the local boards with additional support and expert advice provided from across the Auckland Council organisation and CCOs as needed.
- 1-50 The respective roles and responsibilities of the governing body, local boards, CCOs, and Māori as well as other panels established within the Auckland Council structure, are discussed in detail in separate sections below and in following chapters.

2: Transition Agency workstream activity

- 1-51 On its establishment in May 2009 the Transition Agency was given the task of commencing the design and establishment of the Auckland Council structure as set out in the Reorganisation Act. It

¹⁸ See Auckland Council Act, Part 7, inserted by the Auckland Council Amendment Act, and discussion in Chapter 12, "Legislative Framework".

also had a role in preparing for the 2010 local elections in Auckland. The Reorganisation Amendment Act added further important tasks such as

- allocating the decision-making responsibilities and enabling the establishment of effective relationships between the council's governing body and its local boards
- undertaking preparatory work for the establishment of a board to promote issues of significance for mana whenua groups and mataawaka of Tāmaki Makaurau and assisting the selection panel carry out its task to appoint board members
- preparing a proposal to the incoming mayor for the establishment of an Ethnic Peoples Advisory Panel, and participating in discussions with the chief executive of the Ministry of Pacific Island Affairs who had the responsibility for preparing a similar proposal for the establishment of a Pacific Peoples Advisory Panel.

1-52 A team was formed to begin work on these and other tasks confirmed by Cabinet in 2009 and 2010 and subsequent legislation.

Design of overall Auckland Council structure

1-53 Considerable time and thought was invested in the design of the overall Auckland Council structure diagram (Figure 1-1 on page 51) to ensure it faithfully reflected the general intent of the relevant Auckland Council Act provisions establishing the governing body and local boards as autonomous within their respective areas of decision making. Similarly, the diagram needed to reflect the legislation's requirements that the seven substantive CCOs would be established as an integral part of the Auckland Council structure and be accountable and act consistently with its governance decision-making process.

1-54 In the course of this work, it quickly became apparent to the Transition Agency that the success of this new and unique model would also require a new approach or mind-set involving a high degree of integration and collaboration between the various entities, at both an organisational and a governance level.

1-55 The statutory provisions provide the basis for this new governance structure and establishing collaborative working relationships. They include a code of conduct for the 170 elected representatives and a governance statement, both of these being required under the LGA 2002. These documents will provide an important framework to inform, guide, and regulate the behaviour of the elected representatives. They will help establish the values, principles, and benefits of the local boards and the governing body working collaboratively to move Auckland past the old culture of fragmentation (with each entity working in its own silo) to embrace a new culture based on shared decision making in Auckland's overall best interests.

New mind-set of shared principles and working collaboratively

1-56 The Transition Agency assessed that legislative measures on their own cannot ensure the development of strong and enduring working relationships between councillors, local board members, and chairs of the various CCO boards, as well as effective integration of their work programmes and decision making.

1-57 Key to the successful translation of Auckland Council's unique decision-making requirements into its day-to-day operations will be the actions taken to establish interdependent and shared roles and accountabilities within and between the constituent parts of the organisation.

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- 1-58 The legislation is quite clear in establishing a role for the local boards to take decisions on local matters. A local board is accountable to the respective local community of interest and the decisions it makes cannot be relitigated or revisited by the governing body.
- 1-59 The Transition Agency applied a great deal of effort to considering the implications and progressive development of the legislation. This flowed into the design of structures, preparation of documents, and a range of other measures intended to assist the council with early implementation of the new governance model. Examples of these measures, some of which are covered in more detail elsewhere in this report, include the following:
- The management structure was designed to provide for separate dedicated support to each of the local boards and the governing body whilst providing for the expertise of the whole organisation to advise and support both.
 - The Local Board Services Department was structured into eight units, each supporting a number of local boards. In addition to efficiently making a range of skills available to each local board this will also help local boards to work collaboratively.
 - A CCO monitoring unit was created within the Finance Department, and the Transition Agency recommended the establishment of a CCO advisory unit including external expert appointees.
 - There was extensive dialogue between the various Transition Agency workstreams as to how the governance model would work in practice, particularly the interaction of various parts of the council structure, including CCOs, with local boards.
 - Allocation of the non-regulatory decision-making responsibilities and associated budgets between the governing body and the local boards had a strong emphasis on the legislated principle that local decisions should be made by local boards.
 - Local board offices with associated service centres were created for each local board within its own area.
 - Separate initial standing orders for the governing body and local boards were prepared and made reflecting their shared but distinct decision-making roles for the Auckland Council.¹⁹
 - A code of conduct for adoption by the governing body was prepared as required by legislation. The code covers both the governing body and local boards. The code sets out the Auckland Council's understanding and expectations of how the mayor, councillors, and local board members relate to one another, to staff, to the media, and to the general public in the course of their duties. It also covers disclosure of information that is received by, or is in the possession of, elected members, and contains details of the sanctions that the council may impose if an individual breaches the code.
 - A number of policy documents were prepared for early adoption in relation to matters such as travel, expenses, entertainment, and use of council-provided technology.
 - Draft local board agreements were written to assist local boards make an early start on these.
 - A draft statement of intent prepared for each substantive CCO reinforces the role of the CCO as part of the overall Auckland Council governance structure and the need for the CCOs to work within the overall planning framework and implement the strategic direction of the council.
- 1-60 In addition the Transition Agency made preparations to assist elected members and reinforce the new model following the elections. A decision was made to hold separate inaugural meetings, which incorporated the swearing-in of members, for the governing body in the Auckland Town Hall, and for

¹⁹ Local Government (Tamaki Makaurau Reorganisation) Standing Orders Regulations 2010 required the Transition Agency to set standing orders for the governing body and local boards of the Auckland Council. The regulations were revoked on the close of 31 October 2010. Local Government (Auckland Transitional Provisions) Standing Orders Regulations 2010 continue the standing orders set by the Transition Agency until the Auckland Council's governing body and local boards adopt their first standing orders under the LGA 2002.

- each local board in its own area. In addition to providing an opportunity to celebrate the coming into being of the new Auckland Council, this helped reinforce the respective roles of the governing body and the local boards and allowed a local community flavour to be incorporated in each event.
- 1-61 Induction programmes were arranged for the governing body and local boards between the election (9 October 2010) and 1 November to assist the members understand their roles under the new model, meet the executive and support teams, and discuss forthcoming work programmes. Where appropriate there were joint induction sessions for councillors and local board members, for example briefing sessions on the legal framework.
- 1-62 Every elected member has been provided with a laptop, printer, and BlackBerry and was offered training as part of the induction process. In addition, 24-hour support has been provided under contract.
- 1-63 The Transition Agency also prepared two complementary draft policy papers containing recommendations for the governing body's consideration. One related to the conduct of hearings and the appointment of independent commissioners and the other recommended powers with respect to bylaws which could be delegated to local boards at an early date. Advice was also provided to the council regarding the role of local boards with respect to Resource Management Act matters.
- 1-64 It is acknowledged that the preparation described above is but a start. The development of constructive working relationships with respect to the roles of the various parties in the new structure will evolve with experience and through a concerted effort by all concerned to make it work. In this regard it is understood that the Auckland Council has already held a number of workshops and is planning more in the near future.
- 1-65 All councils are required by section 40 of the LGA 2002 to adopt a local governance statement within six months after each triennial election. Within the Transition Agency's governance workstream it had been planned to develop a draft governance statement (or statements) for the Auckland Council's consideration. In the end this was not done because there are number of aspects of the statement that cannot be completed ahead of certain decisions of the council. The Transition Agency was of the view that the preparation and adoption of the local governance statement presents the council with an opportunity to create a reference document for internal and external purposes which clearly sets out and reinforces how Auckland's unique governance model is being put into effect.

Preparing for the 2010 local elections

- 1-66 One of the Transition Agency's tasks in ensuring that the Auckland Council was ready to function on 1 November 2010 was coordinating arrangements for the local government elections on Saturday, 9 October 2010.
- 1-67 As required by the Reorganisation Act, the Transition Agency approved the appointment of an electoral officer to coordinate and manage the elections. The appointment of Independent Election Services Ltd, with Dale Ofoske as the Electoral Officer, followed an open request for a proposal and a panel interview with Transition Agency advisers and a former district councillor with considerable experience in elections at local body level.

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- 1-68 Independent Election Services is an experienced provider of electoral services to a number of local authorities in Auckland and elsewhere in New Zealand, and to district health boards and licensing trusts.
- 1-69 The detail of other tasks undertaken by the Transition Agency to prepare Auckland for the 2010 local government elections work is discussed in Chapter 22, “2010 Elections”.
- 1-70 Another task involving the Transition Agency in the lead-up to the elections and Day One was the development of a visual identity for the new council (see “Development of a logo for the Auckland Council” on page 64).

3: The governing body

- 1-71 The governing body is made up of the mayor and 20 councillors. The mayor is elected “at large” by voters across the region, while the councillors are elected from one of 13 wards which make up the Auckland region. Each councillor is elected by the voters who live in that ward.

Role of the governing body

- 1-72 The governing body is responsible for giving effect to the purpose of local government as set out in section 10 of the LGA 2002:
- The purpose of local government is—
- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
 - (b) to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.
- 1-73 However, the Auckland Council governing body role is different from that of any other council in New Zealand in that, with the 21 local boards, it is one of two complementary decision-making parts.
- 1-74 As described above, the Auckland Council Act qualifies the role of the governing body to focus on the big picture and region-wide strategic decisions. Its specific responsibilities are to
- prepare and adopt the long-term council community plan (LTCCP), annual plan, and annual report
 - set rates and make bylaws
 - decide on regulatory matters
 - decide on *region-wide* non-regulatory matters
- (It is the role of local boards to decide on *local* non-regulatory matters. As described in detail in the next chapter, the legislation is quite clear in establishing the role and responsibility of local boards to make decisions on local matters for which they are accountable to the respective local community of interest and which cannot be relitigated or revisited by the governing body.)
- set regional strategies, policies, and plans, including the spatial plan and the district plan
 - govern the CCOs

- consult with and consider the views of local boards before making a (regional) decision that affects the communities in the local board area, or the responsibilities or operations of the local board
- negotiate a local board agreement with each local board
- establish and maintain capacity across the full organisation (i.e. CCOs and local boards) to ensure service provision
- monitor and review the performance of the total organisation.

Role of the mayor

- 1-75 The mayor is the head of the Auckland Council's governing body and expected to provide overall leadership to other elected members and the organisation.
- 1-76 In comparison with other New Zealand mayors, the mayor of Auckland has enhanced responsibilities which are set out in the Auckland Council Act:
- (1) The role of the mayor is to—
 - (a) articulate and promote a vision for Auckland; and
 - (b) provide leadership for the purpose of achieving objectives that will contribute to that vision.²⁰
- 1-77 The role of the mayor also includes
- leading the development of council plans (including the LTCCP and the annual plan), policies, and budgets for consideration by the governing body
 - ensuring there is effective engagement between the Auckland Council and the people of Auckland.
- 1-78 To undertake these roles, the mayor has a number of powers, including to
- establish processes and mechanisms for the Auckland Council to engage with the people of Auckland, whether generally or particularly (for example, the people of a cultural, ethnic, geographic, or other community of interest)
 - appoint the deputy mayor
 - establish committees of the governing body
 - appoint the chairperson of each committee of the governing body and, for that purpose, the mayor may make the appointment before the other members of the committee are determined and may appoint himself or herself
 - establish and maintain an appropriately staffed office of the mayor.
- 1-79 The mayor is also a member of each committee of the governing body.

Transition Agency activity

- 1-80 Section 2 of this chapter describes the work of the Transition Agency in making arrangements for the new governance structure to come into being on 1 November 2010. In many ways the processes and procedures for the governing body are similar to those which generally apply to councils and there were therefore precedents to work to.

²⁰ Local Government (Auckland Council) Act 2009, section 9(1).

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- 1-81 Nevertheless differences exist between individual councils as to how such processes and procedures are implemented. A project team, largely consisting of democracy services managers and staff, worked on examining existing practices and determining what was best to apply to the Auckland Council within the context of the new governance model. Examples mentioned earlier in this report include standing orders, code of conduct, administrative policies, and preparations for inaugural meetings.
- 1-82 It was determined that there was not an existing system used by the existing councils that would adequately facilitate agenda and meeting management for the governing body and its committees and the local boards and their committees. Although two councils were operating electronic systems, they were incompatible with the electronic document and records management system (EDRMS) chosen for the Auckland Council. A separate project was therefore established to introduce an Australian-developed software product, InfoCouncil, which could operate within the council's EDRMS and is used by 33 councils in Australia. The project was completed in time to be operational from Day One.
- 1-83 As mentioned earlier separate management structures were established to support the governing body and local boards. The Democracy Services Department supports the governing body and the Local Board Services Department supports the local boards. The two departments were developed concurrently and by necessity there is close liaison between the two. The Democracy Services Department will provide training and backup for meeting management to the Local Boards Services Department.
- 1-84 In addition to supporting the work of the governing body and its committees, the Democracy Services Department will provide administrative support to the Māori Statutory Board and the Pacific and Ethnic Peoples Advisory Panels. It also manages hearings, Local Government Official Information and Meetings Act requests, and internal cafeteria services, maintains delegation registers, and provides administrative and secretarial support to councillors.
- 1-85 In recognition of the Auckland-wide focus of the governing body and the local focus of local boards the Transition Agency did not provide for offices for individual councillors in their respective wards. However, the local board offices were established on the basis that councillors could make use of meeting facilities in the local board offices when required. Arrangements for support and shared office space for councillors was provided within the Auckland Council's civic administration building in central Auckland. These arrangements are now being reviewed by the council.
- 1-86 Initially the workstream also intended to undertake work on committee structure options and the establishment of the office of the mayor to assist the incoming mayor who would have that responsibility. However, discussions with the offices of both leading mayoral candidates indicated that thinking was well advanced on the structure of the mayor's office and indicative committee structures, although these depended to some extent on the election results and discussions to be held with councillors after the elections. The Transition Agency's focus therefore shifted to ensuring the agency and Auckland Council staff were positioned after the election to assist with employment of staff in the mayor's office and developing terms and reference and delegations for committees once the committee structure had been determined.
- 1-87 Ongoing work will be required to create an effective working relationship between the mayor's office and the rest of the organisation but, as with the relationship between the governing body and the local boards, this will evolve through experience and the commitment of staff.

Delegations

- 1-88 A further project within the workstream was the development of delegations. Delegations to committees could not be developed until after the committee structure had been determined by the mayor. Also, from a practical point of view, the governing body could not be in a position on Day One to make effective delegations to the chief executive and through him to council staff. Yet for the organisation to function delegations had to be in place on and from Day One.
- 1-89 This dilemma was recognised in the legislation. Sections 70 and 71 of the Transitional Provisions Act provided for the interim chief executive to hold on and from 1 November 2010 all the responsibilities, duties, and powers of the Auckland Council that can be delegated to an officer. This included powers of subdelegation. The delegations made under the authority of these provisions remain in place until the earlier of the date on which the Auckland Council resolves otherwise or 30 June 2011.
- 1-90 A comprehensive project was undertaken to develop delegations for the chief executive to make on 1 November. The delegations were based on the model used by Auckland City Council where a detailed analysis of all legislation was undertaken and delegations for each responsibility, duty, and power were allocated to positions or groups of positions within the Auckland Council structure (or commissioners in the case of the Resource Management Act). These delegations were to be available through an online searchable database. A basic principle was to make prudent delegations to the lowest practical level to enable the organisation operate effectively.
- 1-91 Delegations were completed by Day One but in hindsight a less ambitious approach may have been appropriate, at least initially. The approach taken relied heavily on various workstream leaders and staff identifying appropriate positions for delegation in an environment where all workstreams were very busy and, at the start of the project at least, organisation structures were not finalised. Nevertheless, the project was completed and a basis has been provided for the Auckland Council to review delegations going forward.

Conclusion

- 1-92 The Government has legislated for a governance model in Auckland that is unique and is capable of delivering the Government's objectives for Auckland's success. The Transition Agency's role was to develop the model to be operational for 1 November 2010. The legal framework continued to evolve throughout the project as legislation was introduced and modified through the select committee process. The Government's decision to ensure the Transition Agency was consulted on the ongoing development of legislation was critical to the success of the overall project.
- 1-93 The Transition Agency has achieved the key deliverables agreed with the Government. However, because the model is new it will take time to bed in, and modifications will be required to the structures, processes, and support mechanisms put in place by the Transition Agency. A critical ingredient in the future success of the model will be the commitment of elected members, management and staff, CCOs, and other key stakeholders to develop the values, principles, and relationships necessary to make it work.

Development of a logo for the Auckland Council

The development of a logo for the new Auckland Council was an important step in the transition process.

A new visual identity was required for use on the Auckland Council website, on local body election material, and on signage (including fleet vehicles) and print items required before 1 November 2010.

To avoid the inevitable costs associated with developing a brand and logo, and as a mechanism with which to engage the people of Auckland in the changes, it was decided that a public competition would be run to find a design for the new council logo.

A team consisting of Transition Agency representatives and of existing council employees was formed to manage the Auckland Council Logo Competition and a group of high-profile judges was appointed by the Transition Agency to select the winner. The competition judges were Bob Harvey (chair), Dick Frizzell, Karen Walker, Wayne Pihema, Hamish Keith, Bill Ralston, and Emma Tavola.

On 18 February 2010 the competition was launched at the Maritime Rescue Centre at Mechanics Bay. The competition was open to anyone. Details were made available via a website (www.aucklandlogocompetition.co.nz), which received 17,187 visits. The competition was also promoted using council channels and press advertising in the *New Zealand Herald* and Auckland suburban newspapers. Nearly all artwork and website development work was completed using in-house resources.

By the closing date of Friday, 19 March 2010 more than 1,500 entries had been received.

The process

Electronic and hard copy entries were received by staff working at Auckland City Council. Entries were photographed and information logged onto a spreadsheet. Physical copies were stored in a secure area. Council staff also managed questions on the competition via email and telephone.

Batches of entries were couriered to the judges for preselection. All entries were viewed by the judges. On 12 April a judging meeting was held, concentrating on the three entries that had received most votes from judges during preselection. Only one entry received votes from six of the seven judges; this entry was deemed the winner.

Announcement of the winner

On 23 April 2010 a media conference was held at the Gus Fisher Gallery on Shortland Street to announce the winner of the Auckland Council Logo Competition. The winning entry, a simple design based on a pohutakawa flower and wave motif, was unveiled by Jim Dean a 69-year-old retired commercial artist from Cockle Bay, Manukau.

**Auckland
Council**
Te Kaunihera o Tāmaki Makaurau



A logo for the
Auckland Council,
top.
Competition judge
Bob Harvey with
the winner of the
logo competition,
Jim Dean.

For the design Mr Dean drew inspiration from Auckland's coastal environment. The stamen on the pohutakawa represents the seven Auckland cities and districts coming together as one.

Bob Harvey said: "The logo fitted the brief of being compelling, elegant and compact ... it's a stunning design. We love it."

The winning logo received a large amount of media attention, mostly positive.

Development of the winning entry

In accordance with the project plan the winning design was taken to a professional design company (Ogilvy/Redworks) for further development. Jim Dean was also involved with this development work so that the integrity of the original design was protected.

The final design was approved by the Transition Agency Board and Interim Visual Identity Guidelines produced for the Auckland Council. Since this time the new logo has been used on a number of items including the Auckland Council website. A "family" of logos was later produced for the Auckland Council local boards and council-controlled organisations.

2

Auckland Council: Local Boards

There are 21 local boards and 149 local board members in the Auckland Council. Although distinct from the governing body, the boards share geographic boundaries with the wards. Some wards contain more than one local board area. Local boards represent their local communities and make decisions on local issues, activities, and facilities. This chapter outlines the role and responsibilities of the local boards and the work undertaken by the Auckland Transition Agency (ATA, "Transition Agency") to ensure their effective establishment on 1 November 2010.

- 2-1 The chapter has two sections. Section 1 documents key milestones leading to Government's decision to establish 21 local boards across Auckland. It then outlines the programme of work undertaken by the Transition Agency to design and allocate decision-making responsibilities for non-regulatory activities and the consultation undertaken on this. The section concludes with a summary of the resulting finalised structure, role, and responsibilities of local boards as set out in legislation.
- 2-2 Section 2 describes the work undertaken by the Transition Agency across a wide range of areas to establish the local boards, including securing locations for local board offices, preparing initial local board budgets for 2011/2012, designing the structure and role of the Local Board Services Department, and developing an induction programme for newly elected local board members.
- 2-3 Appendices and attachments relevant to this chapter include
- maps of local board areas (Appendix 2-A, page 462), a study on population characteristics of the Auckland local board areas (Appendix 2-B, page 483), and a summary of initial local board budgets for 2011/2012 (Appendix 2-C, page 500)
 - draft supporting documents and templates for local boards developed by the Transition Agency, including a list of facilities, events, and programmes in each local board area (see Volume 4, *Attachments: Local Boards and Advisory Panels*)
 - Auckland Council's first planning document prepared by the Transition Agency (Volume 3, *Attachments: Auckland Council Planning Document*). This includes a section on local boards outlining overall operating and capital expenditure by local board and by local activity for 2011/2012. It also contains a profile of each local board, including information on key statistics and facts.

1: Overview

Context

- 2-4 The governance model for Auckland provides for decision making to be shared between the governing body (mayor and councillors) and local boards. In policy statements underpinning the decision to establish 21 local boards, the Government has acknowledged that for many Aucklanders local boards will be the face of local government – the success of the Auckland Council will rely heavily on the success of the local boards. The local board members will be locally elected people who understand their communities' aspirations and concerns. They will be the people who will make decisions on local matters including place shaping, arts, culture, libraries, recreation, sports, and events. They will also advocate for the interests of their communities on a diverse range of matters, which could range from the need for a new swimming pool to youth unemployment and crime.
- 2-5 The local boards will in many cases represent more people than most New Zealand councils. They will make things happen in their areas and engage Aucklanders in local and regional matters.
- 2-6 Local boards are intended to have a significant and wide-ranging role; they will make decisions on local matters, provide local leadership, and build strong local communities. The local boards will also provide important local input into region-wide strategies and plans including those of council-controlled organisations (CCOs).
- 2-7 There are three ways that legislation gives decision-making responsibilities to local boards:
- directly by legislation – the Local Government (Auckland Council) Act 2009 (“Auckland Council Act”)
 - by allocation from the governing body
 - by delegation from the governing body.

Direct responsibility

- 2-8 Responsibilities given to local boards directly by legislation include preparing local board plans, negotiating and monitoring local board agreements, proposing local bylaws, and the core responsibility for community engagement. In summary, local boards will be responsible for
- preparing triennial local board plans, negotiating annual local board agreements with the governing body, and monitoring local board agreements
 - non-regulatory decision making on local matters including, for example, the specific location and design of new local facilities, local service standards, local events, and local community development programmes
 - identifying community preferences and priorities and representing their communities
 - providing local leadership and developing relationships with the governing body, the community, community organisations, and special interest groups in the local area
 - identifying and communicating to the governing body the views of local people on the content of strategies, policies, plans, and bylaws
 - involvement in the formation of regional strategies, policies, plans, and bylaws
 - providing input to CCO plans and initiatives
 - identifying and developing bylaws for the local board area and proposing them to the governing body
 - any additional responsibilities delegated by the governing body.

Allocation of non-regulatory responsibilities

- 2-9 The governing body is required to allocate responsibility for non-regulatory decision making to local boards in line with principles set out in the legislation.¹ Under these principles local boards are generally responsible for making decisions on non-regulatory activity except where decision making on a region-wide basis would better promote the well-being of communities across Auckland. These exceptions apply when
- the benefits of a coordinated approach across Auckland outweigh those of making a local decision
 - the decision making will be more effective if integrated with other decisions that the governing body has to make
 - the impact of the decision extends beyond one local board area.

Delegation of regulatory responsibilities

- 2-10 Under legislation the governing body is responsible for decision making and oversight of regulatory activities. Regulatory activity includes bylaws, consent processes, licensing, compliance inspection and enforcement, and animal management.
- 2-11 However, the governing body may delegate decision-making responsibility for regulatory activity to local boards, with some exceptions such as the making of bylaws. The governing body retains legal responsibilities for any regulatory activities delegated to local boards.²
- 2-12 The legislation requires the delegation of decision-making responsibility for regulatory activities to be determined by the governing body once it has been elected.

Local board structure – establishment process

- 2-13 The new local board structure has been established in a series of steps over an 18-month period.
- 2-14 In April 2009, the Government announced intentions to establish 20 to 30 local boards across the Auckland region.³ Local boards would be responsible for representing their communities' interests and have more powers than the current community boards, with strengthened community representation through community control of what matters locally.
- 2-15 The main reason given for the decision was to ensure that Auckland's diverse communities with distinct identities had representation at a grassroots level and that individuals had a voice. (Appendix 2-B on page 483 illustrates this diversity of communities.⁴) The job of the local boards would be to provide for strong community representation and the ability for residents and ratepayers to influence local decision making. As noted in Chapter 1, the Local Government Commission was tasked with deciding the numbers and boundaries for the local boards; its determinations that the Auckland region would have 13 wards (to elect 20 councillors to the governing body) and 21 local boards were announced in March 2010.⁵

¹ Local Government (Auckland Council) Act 2009, section 17.

² Local Government (Auckland Council) Act 2009, section 31.

³ The Government's high-level decisions on Auckland governance, *Making Auckland Greater*, April 2009, p. 14.

⁴ *Population characteristics of Auckland regional local board areas – an overview* (see Appendix 2-B) was prepared by the Social and Economic Research and Monitoring Team, Auckland Regional Council, 18 August 2010, and outlines and compares demographic, employment, and socio-economic characteristics across local board areas.

⁵ Local Government Commission, *Auckland governance arrangements: Determinations of wards, local boards and boundaries for Auckland*, March 2010 (available from <http://www.lgc.govt.nz/>, accessed October 2010).

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- 2-16 Meanwhile during 2009, the Government developed its detailed thinking on the initial allocation of decision-making responsibilities of local boards, and signalled through the Local Government (Auckland Law Reform) Bill, introduced in December 2009, that one of the Transition Agency's tasks to set up the new governance arrangements would include making an initial allocation of decision-making responsibility for non-regulatory activities between the governing body and local boards.⁶
- 2-17 The Transition Agency also decided to
- consider the role of local boards in the regulatory activity of Auckland Council
 - outline proposals on how local boards will fulfil their role.
- 2-18 In February 2010, the outcome of the Transition Agency's thinking was published in *Discussion document – Auckland Council local boards*, and feedback sought. In May 2010, a summary report of the feedback received on the discussion document was published, which also included the Transition Agency's final decisions on the decision-making responsibilities of local boards, and a detailed list of actions and areas where further work would take place before 1 November 2010.⁷
- 2-19 The balance of this section summarises the main points in the discussion document, the feedback received, and what changes the Transition Agency made to the proposed role and responsibilities for local boards that resulted from this process.

Discussion document on local boards

- 2-20 The discussion document (available in Volume 4, *Attachments: Local Boards and Advisory Panels*) set out the Transition Agency's proposed allocation of non-regulatory responsibilities to local boards, as well as providing more information on other matters the Transition Agency was considering in setting up the new structure. Feedback was sought on these topics during a one-month feedback period. A summary of the feedback is contained in paragraphs 2-54 to 2-74. The discussion document's view of the role of local boards in respect of transport is covered in Chapter 5, "Auckland Transport".

Determining non-regulatory activities

- 2-21 The Transition Agency's approach to allocating non-regulatory decision making was established by section 19A of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, which required the Transition Agency to make an initial allocation of decision-making responsibility for the non-regulatory activities of the council between the governing body and the local boards, taking into account the principles set out in section 17 of the Auckland Council Act. In doing this, the Transition Agency also took into account the broader purpose of local boards, that is, to enable democratic decision making on behalf of communities within the local board area and better enable the promotion of the social, economic, environmental, and cultural well-being of communities within the area in the present and the future.
- 2-22 For many residents their main link to local government is on non-regulatory activities such as parks, libraries, and events. Non-regulatory activities are where local boards have an important

⁶ The Transition Agency's responsibilities for allocating decision-making responsibility are included in the Local Government (Tamaki Makaurau Reorganisation) Act 2009, section 19A (inserted by the Local Government (Tamaki Makaurau Reorganisation) Amendment Act 2010, section 17), and in the Local Government (Auckland Transitional Provisions) Act 2010, section 48.

⁷ The CCO discussion document and analysis of feedback are provided in Volume 2, *Attachments: Council-Controlled Organisations* and can be viewed on the website www.discussiondocuments.co.nz.

role in understanding community wishes and making decisions that ensure that local services meet community needs.

- 2-23 In allocating the non-regulatory activities, rather than asking, “Why should local boards do certain non-regulatory activities?”, the Transition Agency took the approach of asking, “Why not?”
- 2-24 The Transition Agency believed this was appropriate because
- local decisions are best made at a local level to ensure local knowledge and community input
 - the governing body should focus on region-wide issues
 - from a practical perspective, with 20 councillors and a mayor, the governing body is required to retain a focus on big picture issues.
- 2-25 Accordingly, the process the Transition Agency adopted to allocate non-regulatory decision making involved reviewing all the current activities of local government in Auckland. This work confirmed the impossibility of coming up with a simple list of activities that local boards could be responsible for in their entirety. This was because local and regional government is responsible for a large number of activities, many of which have both a local and a regional component. It is therefore not a simple categorisation but the nature of the decision, and an understanding of the local component versus the regional component of an activity that is important.
- 2-26 The Transition Agency’s allocation process involved
- identifying the responsibilities directly given to either the governing body or local boards under the Auckland Council Act
 - analysing the non-regulatory activities in the long-term council community plans (LTCCPs) of existing Auckland councils
 - grouping these activities together where appropriate
 - allocating decision-making responsibility for non-regulatory activities between the governing body and local boards in line with the principles in the Auckland Council Act
 - applying a consistent approach
 - talking to a range of experts from the existing Auckland councils, to assess the completeness of the activities and the appropriateness of the proposed allocation.
- 2-27 Some additional points noted in the local board discussion document covered
- the roles of the governing body and local boards on regional matters
 - local board input to the Auckland spatial plan
 - the roles of the governing body and local boards on service levels
 - changing non-regulatory responsibilities in the future.

Roles of the governing body and local boards on regional matters

- 2-28 The Auckland Council Act requires the governing body to consider the views of local boards when preparing regional documents. To reflect this, the table of non-regulatory activities presented in the discussion document included an important local board responsibility to identify and communicate local views on the strategies, policies, plans, and bylaws of Auckland Council.⁸
- 2-29 Local boards will be close to their communities and will know what their overall wishes and priorities are. Local boards will help their communities understand how any proposed strategies, policies,

⁸ The finalised table of non-regulatory activities is Table 2-1 (pages 82 to 89).

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plans, and bylaws may affect the local area. The local board will provide the governing body with feedback on the community's views on local impacts and any particular local needs.

Local board input to the Auckland spatial plan

- 2-30 The Auckland Council Act provides for the spatial plan to give strategic direction for the growth and development of the Auckland region for the next 20 to 30 years, to integrate a wide range of objectives and priorities for the region, and to articulate Auckland's role within New Zealand.⁹ The framework will guide decision making of the governing body, local boards, and CCOs.
- 2-31 Bringing local knowledge into the spatial plan and ensuring that local boards have a good understanding of Auckland Council's overarching strategic direction will be critical.
- 2-32 As Auckland Council develops the spatial plan for Auckland, the Transition Agency suggested in the local board discussion document that the participation of local boards in the process be as follows:
- engaging with local communities to identify their interests and preferences for the long-term (20–30 years) direction for the Auckland region and for the local area
 - considering the communities' views and working with Auckland Council staff to develop the content of the draft spatial plan as it relates to the local area (this includes the guidelines in relation to the future mix of land use activities for the local area)
 - working with the governing body and staff to determine what consultation events will take place on the draft spatial plan using the special consultative procedure, and who will be responsible for which events
 - hosting public workshops, supported by staff
 - advocating for changes to the draft spatial plan to reflect feedback received at the public workshops.

Roles of the governing body and local boards on service levels

- 2-33 The Auckland Council Act enables local boards to propose variations to region-wide service levels. The table on non-regulatory activities (Table 2-1, pages 82 to 89) therefore includes a local board responsibility to propose local variations to region-wide service levels for most types of activities.
- 2-34 However, there will be some situations where local boards cannot reduce service levels. Examples are where there is a national standard, or where a reduced service would not meet health and safety or environmental protection standards or result in the prudent management of assets. Furthermore, Auckland Council will also develop policies that are likely to set region-wide minimum service levels across a range of activities.

Changing non-regulatory responsibilities in the future

- 2-35 The Transition Agency's allocation of non-regulatory responsibilities will serve as a minimum allocation until 30 June 2012. During this time, the governing body can choose to add to, but may not take away from, the Transition Agency's initial allocation. The governing body must make any future allocation using the principles in the Auckland Council Act, and after considering the views and preferences of each local board. If a local board does not agree with a proposed allocation,

⁹ Local Government (Auckland Council) Act 2009, Part 6 (inserted by the Local Government (Auckland Council) Amendment Act 2010). The role of the spatial plan is discussed in more detail in Chapter 13, "Planning and Policy".

the Auckland Council Act provides for a process to resolve any differences. The responsibilities of local boards may also change as the role of the governing body and the local boards develops and as regional and local plans are developed. The services provided by Auckland Council will also evolve over time in response to community views, local innovation, and decisions by elected representatives.

- 2-36 Feedback on non-regulatory activities and other topics in the local board discussion document is covered in paragraphs 2-54 to 2-74, and the Transition Agency’s final determinations in respect of decision-making responsibilities for non-regulatory activities of local boards is set out in Table 2-1.

Regulatory responsibilities

- 2-37 The local board discussion document sought feedback on what, if any, regulatory responsibilities should be delegated to local boards by the governing body.
- 2-38 The discussion document acknowledged that many regulatory responsibilities of councils are of significant interest to local communities. These responsibilities include decisions on where brothels are located and whether you can exercise dogs or drink liquor in local parks. Bylaws usually control these matters.
- 2-39 The discussion document noted that many bylaws stem from national legislation requiring councils to regulate activities not covered under their district plans. Often, a council will develop a policy, and then adopt and enforce a bylaw to implement the policy.
- 2-40 The document set out Government’s proposal that the bylaws of existing Auckland councils continue in effect until they are confirmed, amended, or revoked by Auckland Council (or Auckland Transport for transport bylaws). Under this proposal,¹⁰ a review of existing bylaws other than those for solid waste and transport would be required by 31 October 2015.
- 2-41 The discussion document anticipated that the role of local boards in relation to bylaws would likely be quite limited on Day One, but could change over time as Auckland Council reviews existing bylaws and develops new ones.
- 2-42 The feedback received on regulatory delegations, the Government’s finalised legislative decisions, and subsequent actions taken by the Transition Agency in this area are outlined below.

Working with the rest of Auckland Council

- 2-43 The local board discussion document highlighted that local boards would be responsible for a wide range of activities covering many of Auckland Council’s services. To be effective they will need to work closely with the governing body (the mayor and councillors), CCOs, and the Auckland Council organisation, and with other local boards as required. As noted in Chapter 1, the Auckland Council’s local boards, governing body, and CCOs will need to decide how they will work together. The discussion document set out some examples of how these relationships could work.

¹⁰ Now enacted as Local Government (Auckland Transitional Provisions) Act 2010, section 63.

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Working with the governing body

- 2-44 Trust and cooperation will need to form the basis of the relationship between the two complementary parts of Auckland Council.
- 2-45 The local board agreement is a formal way for the local board and governing body to engage on local service delivery and funding. Local boards will also provide input to strategies and policies developed by the governing body.
- 2-46 Other mechanisms such as regular meetings of elected members of the governing body and chairs of the local boards could be used. This would enable councillors to get local views on region-wide strategic matters, and for local boards to share their communities' views and priorities.
- 2-47 It is expected that the two parts of Auckland Council will generally work collaboratively together and reach agreement through consultation and negotiation. If this is not possible, the Auckland Council Act provides a process to resolve different views on the allocation of non-regulatory activities and bylaws proposed by local boards.

Working with the mayor

- 2-48 The mayor needs to ensure that Auckland Council engages effectively with the people of Auckland. The local boards will provide a channel for the mayor to access local communities and understand their wishes and priorities. The mayor will also be able to engage with the local boards on regional priorities. The mayor and chairs of local boards might meet on a scheduled basis, and the mayor may decide that a schedule of visits to local boards is an effective way to engage with local boards.

Working with other local boards

- 2-49 The Auckland Council Act states that local boards should collaborate with other local boards where the interests and preferences of their communities will be better served by doing so.¹¹ They may wish to work together to discuss common issues or an issue affecting more than one local board area. Local boards would be able to decide how best to do this. They might, for example, meet periodically with neighbouring boards or set up joint board committees.

Working with the Auckland Council organisation

- 2-50 The two-part governance model means that some staff will support both the governing body and local boards. It is envisaged that the chief executive and the manager of local board services will agree protocols with local board chairs to ensure effective working relationships and appropriate support to carry out their roles. The role of the Local Board Services Department (see "Local board organisation design" on page 94) includes ensuring that local boards receive the advice they need from subject matter experts from throughout the Auckland Council organisation and its CCOs.

Working with the community

- 2-51 Local boards will need to form close working relationships with the community and those organisations that are important in the local board area. They will need to develop close connections with their communities and actively and regularly engage with them to understand their views.
- 2-52 The local boards will work closely with a wide range of stakeholders to meet the communities' needs, to tackle any local issues such as youth unemployment, settlement of migrants, and crime, and to identify priorities through the local board planning process. These stakeholders might include

¹¹ Local Government (Auckland Council) Act 2009, section 16(3) (inserted by the Local Government (Auckland Council) Amendment Act 2010, section 17).

central government agencies delivering services locally, voluntary organisations and volunteers, business groups, and community groups.

- 2-53 The local board discussion document also acknowledges that local boards will need to work with Māori, the Ethnic Peoples Advisory Panel, the Pacific Peoples Advisory Panel, CCOs, and the Auckland Social Policy Forum initiative, as well as other groups that form part of the wider stakeholder relationship groups associated with the Auckland Council structure.

Summary of feedback

- 2-54 In May 2010, the Transition Agency published a summary of the feedback it had received on *Discussion document – Auckland Council local boards*. The feedback was generally very constructive with many respondents providing high-quality, detailed suggestions. Most feedback was supportive of many of the discussion document proposals. The feedback also raised many issues and good ideas that were drawn on throughout the local board establishment process.
- 2-55 The discussion document attracted 110 responses, 73 from organisations and 37 from individuals. A wide variety of organisations gave feedback, including seven of the eight existing Auckland councils, 15 community boards, and a cross-section of organisations, including the Employers and Manufacturers Association, the Auckland Chamber of Commerce, Vector, Bell Gully, business associations, residents and ratepayers groups, and arts, social, and cultural organisations. Analysis identified almost 1,600 individual issues, which were then aggregated into nine themes and 70 key issues.¹²
- 2-56 While there was feedback across the entire discussion document, most comments and responses related to the decision-making powers of local boards and in particular the non-regulatory responsibilities of local boards. There was also considerable feedback on the relationship between local boards and CCOs, which is discussed in the CCO chapters (Chapters 4–11).

Feedback on non-regulatory activity

- 2-57 There was a positive response to the general approach to the allocation of local and regional non-regulatory activities.

Having come up against a great number of reports, papers and statements, not to mention parliamentary bills, we were particularly encouraged by your simple statement and what looks like serious effort with some of the detail to try out the idea of “why not” which you have applied. [Snells Beach Ratepayers and Residents Association Inc]

- 2-58 The importance of the place-shaping role of local boards was raised, with respondents noting that the allocation of decision-making responsibilities must support this role.

Local boards must play a key role in local place-shaping. In order to achieve this effectively, local boards will need to have decision-making ability and/or influence over a range of non-regulatory and regulatory activities. Local boards will also need to collaborate with the community, the governing body, council-controlled organisations (in particular Auckland Transport), Auckland Council staff and other stakeholders. This will include significant decision-making on town centre upgrades (including elements

¹² See “Summary of feedback and actions – Auckland Council local boards” in Volume 4, *Attachments: Local Boards and Advisory Panels*.

of footpath and roading upgrades), public art procurement, the purchase, disposal, design and management of open spaces, and the purchase and disposal of community facilities. [Tamaki Community Board]

- 2-59 Many respondents were positive that local boards would have a significant role, while acknowledging that further detailed work is still required on the actual allocation of functions.

The allocation provides a significant role for local boards. Further detail is required in relation to actual projects and budgets to allow the role to be better understood. [Community Board Chairs of Auckland City Council]

- 2-60 This reflected a concern from some respondents that the definitions of “local” and “regional” require further clarification in order to avoid conflict.

The dividing line between “regional” and “local” is likely to be mediated as the unitary authority develops. However, without clear guidelines, there is likely to be significant conflict, conflict which should be avoided. [Auckland Regional Council]

- 2-61 The need for consistency in local board responsibilities was raised as an issue. However, some respondents also raised the need for a specific decision-making allocation to their local board area.

We believe that the local board can and should make all decisions that are local to Waiheke – and that all Waiheke decisions are local not regional. [Waiheke Community Board]

Rodney District is not like urban Auckland in the issues its people face, or in the priorities of its communities. Such differences are most likely to affect decision making at the local level, rather than Auckland Council governing body level. The decision-making powers given to local boards is therefore of heightened importance in Rodney District. [Rodney District Council]

- 2-62 Considerable feedback was received on the detail of the table in the discussion document that set out the proposed allocation of non-regulatory activities, and which the Transition Agency took into account in finalising Table 2-1 as published in this report (see pages 82 to 89).

- 2-63 There was also considerable feedback on matters of detail such as the allocation of activities – allocating actual facilities, programmes, services, and events. This feedback was taken into account in a detailed analysis of the activities to be allocated to each local board undertaken by the Transition Agency prior to confirming the specific facilities, programmes, services, and events for which each board would be responsible. (See section 2 below.)

- 2-64 Other suggestions that were incorporated into the Transition Agency’s ongoing work programme related to

- the sale or disposal of assets in the local area
- local board representation on relevant local governance bodies
- the classification of town centre upgrades as regional or local
- identifying regional and local heritage programmes and projects
- local civic identity and branding
- contracting processes and models
- the roll-over and management of existing contracts and leases.

Feedback on regulatory activities and bylaws

2-65 There was considerable support for the delegation of regulatory activities to local boards.

We support the ATA recommending to Auckland Council, roles for local boards in regulatory activities. [Community Board Chairs of Auckland City Council]

We hope that this opportunity to devolve (regulatory) decision-making to the local boards is taken up by the new council. [Bell Gully]

2-66 There was explicit support for delegating decision making on brothels, signs, dog control, environmental health, gambling, and street trading, as well as licensing of cafes, bars, and liquor outlets. Some respondents suggested that local boards should be responsible for building consents and should also participate in resource consent hearings.

Another example is the participation in resource consent hearings of significant interest to local communities. Manukau City Council has a Hearings Committee for this purpose. Such a mechanism could operate at local board level. [Manukau City Council]

There is no doubt that on Waiheke people want their local representatives involved in consenting issues ... local boards should be involved in the issuing of resource consents and/or the hearing of consents because they have local knowledge and experience and are thus best placed to understand the local issues that need to be taken into consideration. [Waiheke Community Board]

2-67 The importance of involvement in district planning was raised.¹³

We believe that local boards should be able to develop district plan changes and propose them to the governing body for adoption. Local board members will hold considerable local knowledge, and have close connections to their local community. This places them in an ideal position to be developing district plan changes, as well as working on other planning matters such as structure plans. [Auckland Regional Council]

Feedback on relationships between members of the Auckland Council group

2-68 Support for the Transition Agency’s observations on the need for strong and collaborative working relationships between the various parts of the Auckland Council group (the governing body, local boards, CCOs, and the Auckland Council organisation) was a key theme running through the submissions.

A high degree of collaboration will be required between the various parts of the Auckland Council, including the governing body, local boards, the mayor, the CCOs, the statutory board for Maori and the panels for ethnic and Pacific peoples. [New Zealand Council for Infrastructure Development]

2-69 Concerns were expressed over the potential for silos within the Auckland Council group. The Transition Agency had emphasised that all entities are part of an “Auckland Inc” organisation and

¹³ The Transition Agency’s activity in respect of district planning is discussed in Chapter 13.

concurred with submissions that clear mechanisms would be needed to ensure collaboration with and engagement between the various governance entities.

We believe there should be a draft code to govern relationships between the local boards and Auckland Council in readiness for the new governance structure on 1 November 2010. [North Shore City Council]

... the Chamber strongly recommends the ATA promote a governance arrangement requiring Auckland Council and local boards to work collaboratively with CCOs – and each other – on “local” activities. The framework for this relationship should be set by providing an inclusive operating arrangement allowing for local boards to contribute to the development of all programmes and services which CCOs and council will deliver (transport, water, regional facilities, economic development, tourism, events and other activities) affecting a local area. [Auckland Chamber of Commerce]

- 2-70 Relationship agreements between the various governance entities were also raised as an option. These relationship agreements will provide structure, enable a common understanding on the nature of each relationship and provide a context for any review of the relationship. The relationship agreements would outline the principles and protocols for working together and would reflect common principles but also be tailored to individual local board situations. [Waitakere City Council]
- 2-71 While many respondents focused on the need to protect the interests of local boards, management of the expectations and requirements of local boards was also raised as an issue. The expectations and requirements of local boards must be clearly set out, with particular attention given to the following:
- To make decisions within budget;
 - To consider and understand the wider community and regional implications of decisions;
 - To be transparent and accountable to the community and ratepayers with a focus on timely decisions and prudent budget management;
 - To collaborate with the governing body, with the understanding that the governing body and local boards need to work together for the collective good of Auckland. [Auckland City Council]
- 2-72 The need for local boards to consider both the local and regional implications of their decisions was also raised.
- 2-73 The possibility of disputes between local boards was raised. Provision needs to be made within the local board agreements for there to be a dispute resolution process should a dispute or matter arise where two or more local boards are unable to agree in relation to projects or other issues. This could be one of the roles of the region wide local board committee of council. [North Shore City Council]
- 2-74 Also raised was the need for a process to resolve disputes between local boards and the governing body and between local boards and CCOs.

Summary of finalised local board structure and powers

- 2-75 With confirmation of the local board boundaries in March 2010 and a greater understanding of the role of local boards arising from the feedback (May 2010), the Government's finalised package of legislation establishing 21 local boards was passed through Parliament in June 2010, giving the Transition Agency just five months to make the detailed arrangements to establish the local boards (see section 2 below).
- 2-76 In addition to the key provisions for local boards already highlighted in this report, a summary of other details in the finalised local board powers, roles, and responsibilities as set out in legislation is as follows.

Membership of local boards

- 2-77 In the 2009 enactment of the Auckland Council Act, each local board would have no fewer than four and no more than nine members, the numbers to be determined by the Local Government Commission. Subsequent amendments to the Act in 2010 made provision for the number of local board members to be between a minimum of five and a maximum of 12.¹⁴ However a review of the number of members for any local board cannot be undertaken until after the completion of the 2013 triennial election, which means the initial number of members for each board remains in force for the first two terms of the Auckland Council.¹⁵
- 2-78 Local board members must be elected in accordance with the Local Electoral Act 2001. Candidates can stand for more than one position (e.g. mayor and council and local board). However, if the candidate is elected to more than one position, the following provisions determine which position or positions must be vacated:
- If elected mayor, the candidate must vacate the ward position on the governing body and/or on the local board, which will be filled by the next highest polling candidate.¹⁶
 - If the candidate is elected to both the governing body as a ward councillor and the local board, he or she must vacate the local board position, which will be filled by the next highest polling candidate.¹⁷
- However, there is nothing to prevent a candidate standing and being elected to more than one local board.
- 2-79 At its first meeting a local board must elect one of its members to be the local board chairperson. All members elected to the local board are eligible for the election to the role of chairperson. The local board chairperson will be responsible for presiding over meetings of the local board.¹⁸

Local boards compared with community boards

- 2-80 As discussed in the previous chapter, the local boards and governing body share the decision-making responsibilities of Auckland Council:
- Local boards represent their local communities and make decisions on local issues, activities, and facilities.

¹⁴ Local Government (Auckland Council) Act 2009, section 11(1A) inserted by the Local Government (Auckland Council) Amendment Act 2010, section 12.

¹⁵ Local Government (Auckland Council) Amendment Act 2010, section 103(1).

¹⁶ Local Electoral Act 2010, section 88.

¹⁷ Local Electoral Act 2010, section 88A.

¹⁸ The provisions described are based on sections 11(2)(b) and 29 of the Auckland Council Act and clause 21 of Schedule 7 of the Local Government Act 2002.

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- The purpose of the governing body is to focus on the big picture and on region-wide strategic decisions.
- 2-81 Local boards will be quite different from current community boards, one of the major differences being that they will be an integral part of the Auckland Council with specific and significant decision-making roles and responsibilities. As noted, they have statutory responsibility for local non-regulatory decision making allocated to them, budgetary responsibility for these activities, and a role in preparing local board plans and a mechanism to agree service levels/funding with the governing body. Further, the 21 local boards provide a consistent representation at local level across the entire region, whereas the coverage by community boards was uneven, and in some cases absent in certain parts of the region.
- 2-82 Overall, the elected local board members have their own distinctive powers, roles, and responsibilities which sit alongside the powers, roles, and responsibilities of the elected members of the governing body.
- 2-83 A number of provisions in the Local Government Act 2002 (LGA 2002) and other Acts apply to local boards as if they were local authorities. This includes most of Part 1 of Schedule 7 of the LGA 2002, which among other things empowers local boards to appoint committees, subcommittees, and joint committees. It also includes the powers conferred on the Minister under sections 254 to 257 of the LGA 2002 to appoint a review authority or a commissioner in circumstances where the Minister considers a local board has significantly or persistently failed to meet its obligations or is unable to do so.¹⁹
- 2-84 The council's chief executive, who is the employer of all council staff, has a statutory obligation to support both parts of the Auckland Council, that is, the governing body (mayor and councillors) and the 21 local boards. Because local boards are an integral part of Auckland Council, they do not need to have their own powers to acquire, hold, or dispose of property, or to appoint, suspend, or remove employees. Those matters are serviced by the Auckland Council organisation through the chief executive.

2: Transition Agency local boards project

- 2-85 The Transition Agency conducted considerable work across a wide range of areas to establish the new local board structure in time to open for business on Day One. This section summarises the key deliverables achieved by the Transition Agency and highlights areas of unfinished business, Transition Agency recommendations, and other matters to which local boards will need to give early attention.

Determining non-regulatory activities

- 2-86 As discussed above, in making an initial allocation of non-regulatory activities to local boards within the principles of the Auckland Council Act as required, the Transition Agency reviewed all the current activities of local government in Auckland and invited further feedback on its preliminary thinking set out in the local board discussion document. As noted in paragraph 2-23, rather than asking, "Why should local boards do certain non-regulatory activities?", the Transition Agency asked, "Why not?"

¹⁹ Auckland Council Act, section 32A inserted by the Auckland Council Amendment Act, section 28.

- 2-87 Further work was undertaken to take account of feedback on the discussion document and align groups of non-regulatory activities as much as possible with how Auckland Council's activities overall would be grouped in the first planning document, which the Transition Agency was also tasked to prepare.
- 2-88 The table following (Table 2-1, pages 82 to 89) is the result of this work. It sets out the Transition Agency's determinations on the initial allocation of decision-making responsibility for the non-regulatory activities of the council between the governing body and the local boards. (Any non-regulatory responsibility not specifically allocated to either the governing body or local boards is allocated to the governing body.) This table will serve as a minimum allocation until 30 June 2012. During this time, the governing body may add to, but may not take away from, the non-regulatory responsibilities allocated by the Transition Agency.

Proposed regulatory delegations to local boards

- 2-89 Under the Auckland Council Act, regulatory activities are the responsibility of the governing body,²⁰ although there is provision for some delegation by the governing body to local boards.
- 2-90 However, during its work outlining the role of local boards, and from the feedback to the local board discussion document and discussions with staff working on regulatory matters, the Transition Agency identified areas where delegating regulatory activities to local boards would fit well with their broader role.
- 2-91 The Transition Agency therefore developed some proposed delegations of regulatory activities to local boards. These are documented in a paper for the attention of the governing body (see Volume 4, *Attachments: Local Boards and Advisory Panels*, "Delegation of bylaw responsibilities to local boards"). It will then be for the governing body to determine which, if any, regulatory activities are delegated to local boards.
- 2-92 The Transition Agency also prepared a policy paper for the governing body's consideration on the conduct of hearings and the use of independent commissioners. (For more information see Chapter 13, "Planning and Policy", paragraphs 13-40 to 13-42.) It is necessary to achieve consistency on this matter and the delegations of powers under bylaws to local boards.

Preparing local board budgets

- 2-93 The Transition Agency was required to prepare a detailed planning document for the Auckland Council for the period from Day One to 30 June 2012 and an outline of forecast financial statements for the remainder of the period of the existing LTCCPs (until 30 June 2019). The document was required to include budgets for each local board area for 2011/2012.²¹ (As noted, the complete long-term plan can be viewed on the Auckland Council's website: www.aucklandcouncil.govt.nz. Appendix 2-C, page 500, provides a summary of the total budgets allocated to local boards, itemised to individual boards and itemised by activity.²²)

²⁰ Local Government (Auckland Council) Act 2009, section 15.

²¹ Local Government (Tamaki Makaurau Reorganisation) Act 2009, section 19A and Schedule 2, inserted by the Local Government (Tamaki Makaurau Reorganisation) Amendment Act 2010

²² See *Your Auckland, Auckland Council's Long-term Plan, 1 November 2010–30 June 2019, Volume 3: Local Boards*, pp. 9–12 (available from www.aucklandcouncil.govt.nz, accessed November 2010). The planning document for Auckland Council is also provided in Volume 3 of this report.

Table 2-1: Allocation of non-regulatory responsibilities to local boards

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Governance, civic duties, leadership, advocacy, place shaping, community and stakeholder engagement and input</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • local place-shaping activities, including local leadership to create a local identity and celebrate community diversity • local strategic visioning, policy making and planning, including through local board plans • development of local policy positions such as determining areas in which activities may take place and local service levels (variations above/below region-wide standard) • community engagement, including with community organisations and special interest groups, to identify community interests, preferences, and priorities across the four well-beings (social, economic, environmental, and cultural) • submissions from local board to government on legislation relevant to local board areas and communities • civic duties, engagements, and functions in the local area, including citizenship ceremonies and recognition of volunteers • communicating the interests and preferences of people in the local board area to the governing body relating to regional matters, including priorities for the region, regional strategies, policies, and plans, the number and general location of community facilities, libraries, and parks, and the delivery of Auckland Council services in the local area • input to the governing body relating to the direction and priorities of CCOs • engagement with Māori, Pacific, and ethnic advisory boards and panels, and other stakeholders • engagement and consultation with Māori, including local iwi and hapū • reports to the governing body on any matters of interest or concern to the board • communicating governing body views to local communities • advocacy to the governing body, CCOs, central government departments, and other agencies for the achievement of community interests, priorities, and preferences. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • region-wide place-shaping activities, including regional leadership to create Auckland's identity and celebrate community diversity • regional strategic visioning, policy making, and planning • development of regional strategies, policies, plans, and bylaws taking into account local interests, preferences, and priorities • submissions to government on legislation, including official submissions of the Auckland Council • governance of CCOs, including statements of intent • allocation of decision making to local boards (except for the initial allocation) • delegations to local boards • regional civic duties, engagements, and functions • public engagement and consultation, including with special interest groups, on regional matters including regional strategies, policies, plans, and bylaws. Note that consultation will often be through and with local boards • advocacy to central government departments and other agencies for achieving regional interests, priorities, and preferences • engagement with CCOs • engagement with Māori, Pacific, and ethnic advisory boards and panels and other engagement and consultation with Māori • engagement with other stakeholders

Table 2-1 cont'd

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Strategic planning framework and policy</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • local board plans • local policies and plans • advocacy to achieve local priorities relating to planning and land use • early involvement and input into the formulation of regional planning strategies, policies, and plans • advocating for draft public plan changes to the governing body. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • regional planning strategies, policies, and plans, including the spatial plan and district plan • public and private plan changes to the district plan and notices of requirements for designations • urban design and sustainable development strategies, policies, and guidelines • integration of local policies and plans with the region-wide planning framework • master plans for key strategic sites.
<p>Arts and culture</p>	<p>Note: Bylaws are an important mechanism to give effect to the strategic planning framework for Auckland. The Act provides a role for both the governing body and local boards on bylaws.</p> <p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • specific location, design, build, and fit-out of local arts and culture facilities • local arts and culture facilities, including changes of use of facilities • new local public artwork and works of art that have a functional purpose • local arts and culture programmes and events • variations to region-wide service levels for the local area, such as opening hours, fees, and charges • advocacy to achieve local priorities relating to arts and culture • early involvement and input into the formulation of regional arts and culture strategy and policy. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • regional arts and culture strategy and policy • number and general location of arts and culture facilities • regional arts and culture facilities such as the Aotea Centre • new regional public artwork and works of art that have a functional purpose • development, maintenance, and access to the regional visual arts collection, including exhibitions and interpretive programmes • regional arts and culture programmes and events • region-wide service levels and guidelines, such as opening hours, fees, and charges. <p>Note: Decisions in relation to some regional arts and culture facilities are likely to be the responsibility of Regional Facilities Auckland. Accordingly, the key role for the governing body in relation to these facilities is likely to relate to the adoption of regional strategies and policies and to the governance of the CCO, including through a statement of intent.</p>

Table 2-1 cont'd

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
Community development	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> specific location, design, build, and fit-out of local community facilities, including citizens advice bureaux local community facilities, including leasing and changes of use tailored community programmes in the local area, such as youth, community safety, graffiti reduction, and migrant advice services community advisory services variations to region-wide service levels for the local area, such as opening hours, fees, and charges advocacy to achieve local priorities relating to community development, including the number and location of community facilities and community safety early involvement and input into the formulation of regional community development strategy and policy, and involvement in health and social impact assessments for local communities allocating funding and operational grants to local community interest organisations, locally focused trusts, and special interest groups. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> regional community development strategy and policy, including community safety number and general location of community facilities, including citizens advice bureaux regional community facilities regional community programmes, which can then be tailored to local needs, such as youth, community safety, graffiti reduction, migrant advice services region-wide service standards and guidelines, such as opening hours, fees, and charges social housing, such as housing for the elderly allocating regional funding and operational grants to community interest organisations.
Libraries	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> specific location, design, build, and fit-out of local libraries such as library furniture, fittings, and artwork design and type of community facilities within libraries such as learning facilities, meeting spaces local exhibitions, programmes, and events within libraries, including prioritisation local collections such as bequests to specific libraries or local areas variations to region-wide service standards for the local area, such as opening hours, fees, and charges advocacy to achieve local priorities relating to library services, including the number and general location of libraries in the local area early involvement and input into the formulation of regional libraries' strategy and policy. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> libraries' strategy and policy number and general location of new libraries the libraries' collection policy and practice (including development and maintenance) region-wide service standards and guidelines for library services such as opening hours, fees, and charges regional exhibitions, programmes, and events within libraries.

Table 2-1 cont'd

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Recreation and sports (including sports stadiums)</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • specific location, design, build, and fit-out of local recreation and sports facilities • local recreation and sports facilities, including variations to regional policy relating to leasing and changes of use • local recreation and sports programmes • variations to region-wide service standards for the local area, such as opening hours, fees, and charges • advocacy to achieve local priorities relating to recreation and sports • early involvement and input into the formulation of regional recreation and sports strategy and policy. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • regional recreation and sports strategy and policy • number and general location of recreation and sports facilities (including sports stadiums) • regional recreation and sports facilities (including sports stadiums) • coordination of the use of recreation and sports facilities on a regional basis • regional recreation and sports programmes, which can then be tailored to local needs • region-wide service standards and guidelines, such as water quality for swimming pools, fees, and charges. <p>Note: Decisions in relation to regional recreation and sports facilities (including sports stadiums) are likely to be the responsibility of Regional Facilities Auckland. Accordingly, the key role for the governing body in relation to these facilities is likely to relate to the adoption of regional strategies and policies and to the governance of the CCO, including through a statement of intent.</p>
<p>Open space (including beaches, volcanic cones, parks, reserves, and farming of regional parks)</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • all local parks (being all parks with the exception of current regional parks and parks containing a volcanic cone or feature) • specific location and naming of new local parks • giving effect to, or having regard to, national legislation and policy in relation to open space as required, such as for the Waitakere Ranges • reserve management plans for local parks • local open space improvements and place shaping, such as park design, type and location of park benches, lighting and landscaping, and other contributions to the distinctiveness of local open spaces • community events in local parks • beaches and camping grounds within local parks • coordination of volunteers, Auckland Council staff, and other agencies working to improve parks in the local area • community planting programmes in local parks 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • all current regional parks and parks containing a volcanic cone or feature • regional open space strategy and policy, including open space network plan and volcanic cones strategy • giving effect to, or having regard to, national legislation and policy in relation to open space as required, such as for the Waitakere Ranges • reserve management plans for regional parks • parks design guidelines • number and general location of new parks, including land acquisitions and divestments • disposal of surplus parks • beaches and camping grounds within regional parks • improvements to, and maintenance and use of, regional parks, walkways, and beaches • farming of regional parks

Table 2-1 *contd*

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Open space (including beaches, volcanic cones, parks, reserves, and farming of regional parks) <i>contd</i></p>	<ul style="list-style-type: none"> • maintenance of local parks, including sports fields, playgrounds, boat ramps, other structures, and landscaping within parks • variations to region-wide service levels for the local area, such as mowing frequency, planting, and weed control • advocacy to achieve local priorities relating to open space • early involvement and input into the formulation of regional open space strategy and policy, and input into regional parks and the classification, purchase, and disposal of parks. 	<ul style="list-style-type: none"> • opportunities for outdoor recreation, accommodation (in baches, lodges, and camping grounds), and events within regional parks • coordination of the use of sports fields on a regional basis • region-wide service levels such as mowing frequency, planting, and weed control.
	<p>Note: The Crown and the Tāmaki Collective of 12 mana whenua iwi and hapū (to be known as Ngā Mana Whenua o Tāmaki Makaurau) signed a framework agreement on 12 February 2010. Under the agreement, Crown-owned parts of 11 maunga/volcanic cones in the Auckland region will be vested in the Tāmaki Collective and governed by a statutory body comprising equal membership of the Collective and Auckland Council. How the governing body and the local boards will be involved in the co-management of the maunga/volcanic cones needs to be worked through.</p>	
<p>Street environment and town centres</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • improvements to local centres and town centres which have a local rather than regional impact • prioritisation of local programmes and events within centres • use of local open spaces for local community events, including temporary occupation and banners and signage • tailored local programmes to target graffiti, such as physical deterrent projects, community education, and volunteer programmes • variations to region-wide service levels for the local area, such as rubbish removal and graffiti and weed control • advocacy to achieve local priorities relating to street environment and town centres • early involvement and input into the formulation of relevant strategy and policy, including the classification of town centres and design guidelines. <p>Note: Auckland Transport will generally be responsible for matters falling within the road corridor; in such cases the governing body or the local boards, as appropriate, will need to work with Auckland Transport. It is possible for Auckland Transport to delegate a range of local decisions to local boards, within parameters that do not unduly compromise traffic flow, traffic safety, and asset integrity.</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • street environment and town centres strategy and policy, including the classification of town centres • centres design guidelines and precinct plans • significant improvements to the CBD, including the CBD fringe, and Newmarket, Albany, Henderson, and Manukau City Centre • region-wide public assets, such as the types of amenities in the CBD • region-wide service levels, such as rubbish removal, graffiti, and weed control • banners and signage for regional community events.

Table 2-1 *cont'd*

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Economic development</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> political representation where requested on local mainstreet associations and business improvement district (BID) programme executive boards local centre branding and marketing local business events allocation of funding for improvements to local mainstreet and business areas by relevant mainstreet and business associations and BID boards, such as street furniture, the look and feel of an area, public art, open space enhancements, and community safety improvements, such as CCTV and lighting advocacy to achieve local priorities relating to economic development and tourism, including engaging with Tourism Auckland early involvement and input into the formulation of regional economic strategy and policy, including mainstreet and BID policy and the location of and controls for business zones input into regional business support and attraction and retention programmes. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> regional economic development strategy and policy, such as Auckland economic development strategy, investment framework, BID policy research, such as infrastructure needs, labour market, industry and sector research advocacy, such as for convention centres, regeneration projects, and submissions on legislation economic sector development programmes, such as in the tourism, creative and biotechnology sectors, as well as support for industry clusters region-wide and principal centres branding and marketing investment attraction and retention programmes regional business events tourism, including engaging with Tourism Auckland international relationships, including sister cities labour market support programmes, such as partnerships with tertiary and vocational providers, as well as migrant attraction CBD Board recommendations business support skills training and enterprise development programmes, such as skills matching and capability building. <p>Note: Many of these activities are likely to be the responsibility of TEED. Accordingly, the key role for the governing body is likely to relate to the adoption of regional strategies and policies and to the governance of the CCO, including through its statement of intent.</p>

Table 2-1 cont'd

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Events</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> local events, including attraction, development, delivery, and promotion local events sponsorship advocacy to achieve local priorities relating to regional events, input into regional events, and input into decisions regarding filming within the local board area early involvement and input into the formulation of regional events strategy and policy. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> regional events strategy and policy, including region-wide events plan events facilities, such as Vector Arena coordinating regional events, including attraction, development, delivery, and promotion regional events sponsorship facilitation of filming, and film consenting/permitting. <p>Notes: (1) Many of these activities are likely to be the responsibility of TEED and/or RFA. Accordingly, the key role for the governing body is likely to relate to the adoption of regional strategies and policies and to the governance of the CCOs, including through statements of intent. (2) The facilitation of filming is a regional responsibility because of the regulatory components of the activity and the benefits of a one-stop shop for filmmakers. Accordingly, fees will go to the governing body or TEED.</p>
<p>Environmental management, protection, and enhancement</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> input into regional natural and cultural heritage and conservation programmes and projects, and tailoring regional programmes to local circumstances, such as Waicare, Enviroschools, tree planting, heritage walks, plant and animal pest management programmes assistance in identifying significant natural and cultural resources for conservation input into regional coastal and freshwater management programmes and projects and tailoring regional programmes to local circumstances, such as beach and stream clean-ups wetland restoration and beautification of waterways in local parks in the local board area input into regional education programmes to improve air, water and stormwater quality, minimise waste, and tailoring regional programmes to local circumstances input into regional programmes relating to climate change, and tailoring regional programmes to local circumstances local stormwater quality projects and local waste management plans and projects, within regional parameters variations to region-wide service levels for the local area such as refuse and recycling services 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> regional environmental strategy and policy, including natural and cultural heritage, biosecurity and pest management, coastal and freshwater management, land and soil management, and air, water, and stormwater quality advocating to protect significant natural and cultural heritage resources through statutory and non-statutory processes regional natural and cultural heritage and conservation programmes and projects, such as Waicare, Enviroschools, tree planting, heritage walks, and plant and animal pest management regional coastal and freshwater management programmes and projects, such as beach and stream clean-ups regional projects and programmes relating to improving air, water, and stormwater quality and minimising waste regional programmes relating to climate change region-wide water quality standards and targets within national parameters region-wide air quality standards and guidelines within national parameters management of the stormwater network, including the stormwater infrastructure investment plan region-wide minimum service levels for stormwater

Table 2-1 *cont'd*

Activity	Local board responsibilities (allocated in accordance with the principles of the Act or directly given by the Act)	Governing body responsibilities
<p>Environmental management, protection, and enhancement <i>cont'd</i></p>	<ul style="list-style-type: none"> • advocating to achieve local priorities to protect the environment • early involvement and input into the formulation of environmental strategy and policy and bylaws. 	<ul style="list-style-type: none"> • governance of Watercare Services Ltd, including statement of intent • integration of four waters (water, stormwater, greywater, wastewater) strategy, policy, and planning • the waste management plan • standards and guidelines for waste management and disposal • region-wide service standards, such as refuse and recycling services • landfill management.
<p>Financial and asset management</p>	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • local board plans, including proposing variations to region-wide service standards for the local area and proposals for local revenue raising, such as targeted rates • local board agreements to be agreed between the governing body of Auckland Council and each local board • implementing local board agreements, including monitoring and reporting • prioritising local capital works projects • approving design specifications for local capital works • advocating to reflect local preferences on financial management • early involvement and input into the formulation of regional financial strategy and policy, such as a development contributions policy • input into asset management plans and the purchase and disposal of local assets. 	<p>Decision making and oversight in respect of</p> <ul style="list-style-type: none"> • regional financial strategy and policy • decisions under the Local Government Act 2002, including raising rates, developing LTCCPs and annual plans and reports, and decisions relating to financial management • implementing LTCCPs and annual plans, including monitoring and reporting (but excluding implementing local board agreements) • capacity of Auckland Council to provide, or ensure the provision of, services and facilities including local activities • local boards funding policy, including a funding formula to allocate funds between local boards • financial support to local boards, including for local board support staff • local board agreements to be agreed between the governing body of Auckland Council and each local board • policy for development contributions and financial contributions. Development contributions are collected from developers to help fund new infrastructure required by growth, and include financial contributions • funding to be allocated to Auckland Transport through the Auckland Regional Land Transport Programme and LTCCP process • asset management planning, including determining region-wide baseline (standard) service levels, and capital works planning • regional capital works projects, including new asset creation, existing asset enhancement, and asset renewals.

Abbreviations: Act, Local Government (Auckland Council) Act 2009; BID, business improvement district; CBD, central business district; CCTV, closed-circuit television; CCO, council-controlled organisation; CCTV, closed-circuit television; RFA, Regional Facilities Auckland; TEED, Auckland Tourism, Events and Economic Development Limited.

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- 2-94 The Transition Agency undertook an extensive exercise to meet these requirements, taking the approach to try and minimise changes to existing budgets, and to reflect, as much as possible, the publicly consulted material on LTCCPs and annual plans of existing councils.
- 2-95 This process involved working with finance staff across the region to assign existing budgets to the governing body, local boards, and CCOs, in line with the responsibilities set by legislation and with the allocation of decision-making responsibilities to local boards set by the Transition Agency.

Key deliverables

- 2-96 The Transition Agency therefore developed budgets for each local board for 2011/2012. In addition to these budgets, the planning document also presents information
- confirming the allocated non-regulatory decision-making responsibilities to local boards
 - describing each local board area (including key statistics)
 - providing examples of projects and priorities for each local board area and their strategic context.
- 2-97 The Auckland Council must adopt its first funding policy for local boards by the time the 2012–2022 LTCCP is adopted. This funding policy will set out the criteria and process for determining how much funding will be available for local activities and a formula for calculating its allocation to each local board. It is the Auckland Council's responsibility, not the Transition Agency's, to develop this policy.
- 2-98 The Transition Agency prepared a handover document for officers. It summarised the work completed by the Transition Agency, and highlighted remaining issues to be resolved prior to 2011/2012. Included in this is a draft set of budget management guidelines on how local board budgets should be managed, and what flexibility there is to use these funds. This will provide the Auckland Council with some initial thinking to kickstart its work on the broader financial policies for the organisation.

Unfinished business

- 2-99 When assigning budgets to the new governance structure, the complexity of splitting existing expenditure by geographically discrete local board areas became apparent. Budgets held by the existing councils for some activities did not lend themselves to be easily allocated on a geographical basis. Expenditure in areas such as parks and streetscapes frequently stems from contracts spanning multiple board areas. In addition, some budgets were held generally at an activity level (e.g. recreation) rather than at a specific project level that could be easily identified as relating to a board area.
- 2-100 The Transition Agency therefore apportioned some budgets to individual boards, using an allocation methodology relevant to the expenditure type (e.g. some parks expenditure was allocated based on park hectares in each board area).
- 2-101 This apportionment methodology will need to be further refined once actual expenditure data from individual board areas is collected and analysed. As this methodology is refined, the amount of budget attributed to activities in each board area may change. The Auckland Council will need to inform local board members about the existence of allocated amounts in their budgets, and manage their expectations on how this budget can be used or changed.

- 2-102 Some budget amounts were not able to be apportioned between board areas in time for the completion of the planning document.²³ These amounts will need to be reviewed and broken down into budgets by board area as soon as practicable after Day One to feed into the drafting of 2011/2012 local board agreements (discussed below).
- 2-103 The Transition Agency took an interim approach to assigning funding for community organisations. Contestable funding for local community organisations was awarded until 30 June 2011, and non-contestable funding awarded until 30 June 2012. The Transition Agency envisaged that after this date local boards would be making decisions on the allocation of funding to local community organisations. However, the budgets for this were initially assigned to the governing body, until a policy is developed that guides how this funding should be allocated across the region.

Monitoring and reporting on local board budgets

- 2-104 The Transition Agency developed a reporting framework for local boards that provides regular reporting to local boards on expenditure against their budget. Reporting will commence after 1 November 2010 on service delivery and capital expenditure in each board area. Reporting on operating expenditure will commence from 1 July 2011 when the local boards' first full budget year commences.
- 2-105 The Transition Agency also arranged for modifications to SAP (the enterprise resource planning (ERP) system chosen for the Auckland Council) to meet local board reporting needs and enable purchases and timesheet entries to be coded to a local board. (The complexities and issues surrounding the establishment of a unified SAP system are described in Chapter 21, "Business Processes and Systems".)

Unfinished business

- 2-106 The challenge of reporting actual expenditure data by local board area should not be underestimated. Although the Transition Agency was able to put in place some modifications to SAP to support the local board establishment process in the time available and the access it had to existing systems, significant work remained to be completed on key business processes to capture data accurately to support the reporting requirements. In particular, contract management, purchasing process, asset accounting, assigning staff costs to local activities, and assigning local revenue to local boards required further work after Auckland Council's commencement.

Contract management

- 2-107 Ultimately, suppliers fulfilling contracts spanning more than one local board area will need to be able to provide a breakdown of costs in each board area, where expenditure relates to a local activity. This presents several challenges:
- modifying the terms and conditions of a large number of existing contracts to require contractors to provide expenditure data by local board area
 - incorporating a similar requirement into the new Auckland Council contract template to capture this for new suppliers
 - providing guidance to suppliers on how to break down expenditure data in this way (e.g. what is a local activity and what are the local board areas).

²³ See *Your Auckland, Auckland Council's Long-term Plan, 1 November 2010–30 June 2019, Volume 3: Local Boards*, pp. 13–14.

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Purchasing process

- 2-108 A key challenge needing further attention is to modify the purchasing processes to enable Auckland Council to accurately capture expenditure data by board area. In particular, purchasing processes need to be created that can set up purchase orders, receipt goods, and post invoices in a consistent way by board area.
- 2-109 As part of the implementation of the SAP system, a local board indicator was added to enable purchasing processes to tag items to individual board areas. However, staff will need guidance on when to use this field if accurate reporting is to be produced.
- 2-110 Detailed business rules will therefore be required to guide purchasing and accounts payable staff on how to assign expenditure to local board areas (where necessary). The Transition Agency provided high-level guidance material which forms part of the initial ERP training being rolled out to purchasing staff, but more detailed guidance will need to be issued.

Asset accounting

- 2-111 Depreciation on assets employed in local activities needs to be tagged to each local board budget, as this is a key cost of providing each local activity.
- 2-112 To do this accurately, each asset involved in a local activity will need to be assigned to a local board area in SAP. This will be a significant task given the number of assets in the Auckland Council. The council may wish to progress this as part of the asset management planning processes preceding the preparation of the 2012–2022 long-term plan.

Assigning staff costs to local activities

- 2-113 The costs of staff working on local activities need to be accurately captured in SAP. For some staff, this will be straightforward, as the majority of their work will occur in one local board area (for example library staff) and a default local board can be assigned in SAP. Other staff, working in multiple areas, may need to complete a timesheet and indicate how their time has been spent across local board areas.

Assigning local revenue to local boards

- 2-114 During the transition period, revenue from local sources (for example library fees and charges) was captured from a variety of systems. There was no system solution in place to automatically assign this revenue to individual local boards. Therefore the Auckland Council initially needs to use a manual process to assign this revenue to individual local board areas.

Local board accommodation

- 2-115 The Transition Agency put into place the accommodation arrangements for each of the 21 local boards. (The locations arranged for local board offices are shown in Table 2-2 opposite.)
- 2-116 The Transition Agency's work progressed under the following key principles:
- There will be a local board presence in each local board area as local board members will want to meet and engage with their communities locally.
 - Local board accommodation will be of a standard that reflects the role and importance of local boards in the new governance structure.
 - Local boards will conduct their meetings in a formal manner and in a way that keeps the community informed and involved in their work.

Table 2-2: Location of offices of the 21 local boards

Waitakere Ranges Local Board 39 Glen Mall Place Glen Eden	Henderson-Massey Local Board 6 Henderson Valley Road Henderson (within the former Waitakere City Council civic administration building)
Whau Local Board 31 Totara Avenue New Lynn	Rodney Local Board¹ Orewa Service Centre 50 Centreway Orewa (within the former Rodney District Council civic administration building)
Hibiscus and Bays Local Board Browns Bay Service Centre 2 Glen Road Browns Bay	Upper Harbour Local Board 229 State Highway 17 (Access off Kell Road) Albany
Kaipatiki Local Board 90 Bentley Avenue Glenfield	Devonport-Takapuna Local Board 1 The Strand Takapuna 0622 (within the former North Shore City Council civic administration building)
Great Barrier Local Board 75 Hector Sanderson Road Claris	Waiheke Local Board 10 Belgium Street Ostend
Waitemata Local Board 35 Graham Street Auckland Central	Albert-Eden Local Board 135 Dominion Rd Mt Eden
Maungakiekie-Tāmaki Local Board Panmure Community Library 7-13 Pilkington Road Panmure	Ōrākei Local Board 35 St Johns Road Meadowbank
Puketapapa Local Board 560 Mt Albert Road Three Kings	Mangere-Otahuhu Local Board Mangere Town Centre 93 Bader Drive Mangere
Otara-Papatoetoe Local Board Level 1 Manukau Civic Building 31-33 Wiri Station Road Manukau (within the former Manukau City Council civic administration building)	Howick Local Board 1 Aylesbury Street Pakuranga (The Plaza, Pakuranga)
Manurewa Local Board Manurewa Town Centre 7 Hill Road Manurewa	Papakura Local Board 35 Coles Crescent Papakura (within the former Papakura District Council civic administration building)
Franklin Local Board 82 Manukau Road Pukekohe (within the former Franklin District Council civic administration building)	

¹ The location of the Rodney Local Board office is the one exception from each local board office being within the local board area. The Transition Agency had planned to locate the Rodney Local Board office in Warkworth, but following the election the local board decided that Orewa was the most accessible location for the majority of the local board area.

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- Local board offices will be branded as part of the Auckland Council, have a consistent look and feel, and be of a quality appropriate to their role as part of the governance structure of the Auckland Council.
 - The offices will be part of the communities' network of access points to the council.
- 2-117 Based on these principles, the Transition Agency identified locations for local board offices that met the following minimum specification:
- work space for the chair of the local board and for the local board members
 - work space for staff supporting the local board or for other staff working with the community
 - a customer service area if the local board offices were not co-located with an Auckland Council service centre
 - a reception area
 - a small meeting room for members to meet the public
 - meeting space for the local board and for 20–30 members of the public to attend local board meetings.
- 2-118 The Transition Agency also identified alternative meeting venues for use when a local board's primary office cannot accommodate regular board meetings or larger numbers are expected at the meetings.
- 2-119 The Transition Agency sought to ensure that most local board offices would be available for use by board members from 1 November 2010. However, the fit-out of some local board offices was unable to be completed by 1 November, generally in areas where there were no suitable existing council premises and the availability of new premises in preferred locations was constrained. Some local boards need to work from and meet in interim accommodation for a short time.
- 2-120 Wherever possible, local board offices were established in properties owned by existing Auckland local authorities. Some new properties were leased where there were no suitable properties in a board area.

Local board organisation design

- 2-121 As part of its responsibility for determining the organisational structure of the Auckland Council, the Transition Agency established a dedicated Local Board Services Department to provide specialist assistance to local boards and help them to achieve their purpose. The department will draw on other Auckland Council and CCO staff to provide subject matter and specialist advice where required.
- 2-122 The role of the department is to provide a leadership and advocacy role within the organisation on behalf of the local boards and at the request and direction of the local boards that it serves. The department will
- assist each board with community engagement and development of stakeholder relations
 - lead the organisational effort required by each board to develop local board plans and agreements
 - assist each board to make effective contributions to regional strategic policies and plans
 - ensure each board has access to the necessary skills and resources from the council organisation and CCOs
 - assist in preparing agendas and material for board meetings and workshops
 - record the minutes and provide secretarial support to each board chair and administrative support generally for board members.

Table 2-3: Locations for teams of the Local Board Services Department of Auckland Council

Location	Cluster	Local boards
Orewa	1	Hibiscus & Bays Rodney
Takapuna	2	Devonport-Takapuna Kaipatiki Upper Harbour
Henderson	3	Henderson-Massey Waitakere Ranges Whau
Central	4	Albert-Eden Great Barrier Waiheke Waitemata
	5	Maungakiekie-Tāmaki Ōrākei Puketapapa
Manukau	6	Mangere-Otahuhu Otara-Papatoetoe
	7	Howick Manurewa
Papakura	8	Franklin Papakura

2-123 The department structure was planned with a total of 76 staff in eight teams based in six different locations across the region: Orewa, Takapuna, Henderson, the central business district, Manukau, and Papakura (see Table 2-3). Each team supports between two and four local boards and is led by a relationship manager. This model was chosen to assemble a good mix of seniority and skills available to clusters of boards, which would be difficult to achieve by creating 21 smaller teams. Staff will also be expected to develop and share best practice processes and systems as they evolve across all local boards. The department will provide locally accessible, senior points of contact with the rest of the Auckland Council, including council departments and CCOs.

2-124 Reinforcing the role of the local boards within the context of the new governance model is the fact that the Auckland Council's chief executive, who is the employer of all council staff, has a statutory obligation to provide advice and support to local boards and to implement their decisions and local board agreements.²⁴

2-125 Through the chief executive, the whole organisation supports the governing body and the local boards. In the development of workforce plans and structures, each workstream of the Transition Agency was required to consider the requirements of local boards. A review of those workforce plans revealed that there are approximately 500 positions in addition to those in the Local Boards Services Department with job descriptions that have accountability to support or advise local boards. A number of these are wholly dedicated to local boards.

²⁴ Local Government (Auckland Council) Act 2009, section 32.

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- 2-126 Examples of staff available to support or advise local boards include the following:
- customer services staff to be located in local board offices not included in existing service centres
 - finance staff
 - communications staff
 - staff in Auckland Transport including eight dedicated local board liaison officers and 13 traffic operations leaders and engineers
 - community development, arts and culture, and local events staff
 - infrastructure and environmental services staff
 - managers of various operations in different parts of the region, for example libraries, parks, sport, and recreation
 - regional and local planning staff.
- 2-127 Many of these staff are based in the six full service centres and they will develop close working relations with staff in the Local Boards Services Department.
- 2-128 In summary, the Transition Agency's work delivered the design for the department, and recruited staff into the following roles, ready to start their work on 1 November 2010:
- eight relationship managers to provide a senior contact point for boards and lead each of the geographically distributed units in the department
 - a principal advisor, eight senior advisors, and 16 advisors to provide strategic and policy advice to local boards, and help prepare local board plans
 - 12 committee secretaries to ensure the smooth conduct of local board meetings
 - 21 secretarial support staff for local board members to coordinate their engagement with the public and help provide front-line customer contact points for the board
 - nine administrative staff to support the operation of the department
 - six local board service team centres, with staff clustered as noted in Table 2-3.
- 2-129 At 1 November 2010, it had not been possible to fill all positions from existing council staff. Recruitment activity is continuing.

Induction programme

- 2-130 The Transition Agency developed an induction programme to prepare local board members and staff for their roles in the new Auckland Council.
- 2-131 For local board members the induction programme consisted of three formal induction sessions for each member, held before 1 November 2010:
- Session One focused on the role of local boards, what areas they will make decisions on, and the decision-making framework in local government.
 - Session Two focused on the legal information that members need to be briefed on ahead of taking up office, and was held in conjunction with members of the governing body.
 - Session Three provided an opportunity for local boards to meet members of the Auckland Council's executive leadership team.
- 2-132 The sessions were held in four locations across the region.
- 2-133 For Local Board Services Department staff, the induction programme held ahead of 1 November consisted of a one- to two-day induction, dependent on the role within the department. These

sessions focused on ensuring that staff could support local board members to effectively carry out their roles, that staff were familiar with key systems and processes, and how to support staff in building relationships with key stakeholders.

- 2-134 To support delivery of the induction programme the Transition Agency developed a guide to local boards. This provides essential reference information about the role of local boards and members, key systems and processes (for example members' expenses), and local area information. By way of example, a copy of the guide for local board members for the Henderson-Massey Board appears in Volume 4, *Attachments: Local Boards and Advisory Panels*.
- 2-135 In addition to the guide to local boards, staff have access to a staff information pack containing handover material on local board matters. The pack includes policy papers, other important information such as legal advice, detailed area information for each board, and process maps of critical systems.
- 2-136 Induction material was also prepared to give an overview of the role of local boards for staff across Auckland Council and in the CCOs. This was delivered via an overall Auckland Council corporate induction, the intranet, and through presentations to key groups of staff. The induction processes will need to continue after 1 November to reflect the local board work programme and to ensure staff and board members can fulfil their roles.
- 2-137 For example, induction on local board plans took place before the end of 2010, as developing local board plans will be a priority for all local boards. A tour of the local board area was also included early in the post-Day One induction programme. Training was held in November for newly elected local board chairpersons.
- 2-138 The Local Board Services Department will also need to work with other departments and key stakeholders after 1 November to ensure they have a good understanding of the new role of local boards.

Inaugural meetings

- 2-139 The Transition Agency put into place arrangements to enable 21 local board inaugural meetings between 2 and 8 November 2010 (i.e. in the first week of the establishment of the Auckland Council). The meetings were held at a local venue in each local board area and included the swearing-in of newly elected members, local entertainment, and the opportunity for members of the public to witness a ceremonial beginning of the first local board in their area.
- 2-140 This work was undertaken with significant local input and advice from events and democracy services staff across the region.
- 2-141 The programme for each meeting included the following:
 - the swearing in of the local board members
 - the election of the chairperson and deputy chairperson
 - the opening of the first meeting
 - an explanation of local government legislation
 - local entertainment and refreshments.

Local board agreements

- 2-142 As noted previously, the Transition Agency was required to develop a detailed planning document which serves as the long-term plan of the Auckland Council until 30 June 2012, by which stage the council is required to adopt a new long-term plan. The planning document (Volume 3) included 2011/2012 budgets for each local board.
- 2-143 Auckland Council is required to adopt an annual plan by 30 June 2011, which will update and include any modifications the council wishes to make to the planning document prepared by the Transition Agency. The council is required to follow a special consultative procedure before adopting the annual plan, which in practice means a draft of the plan has to be notified in February/March 2011.
- 2-144 For each financial year the Auckland Council is required to have a local board agreement (as agreed between the governing body and the local board) for each local board area.²⁵ The local board and the governing body are expected to work closely together to reach agreement on the delivery and funding of services in the local area. Local board agreements must be included in the Auckland Council's LTCCP and each annual plan.²⁶ The local board must monitor the implementation of its local board agreement.²⁷
- 2-145 In future years the local board agreements will be informed by local board plans, which are required to be developed every three years ahead of the council's adoption of the LTCCP (also required every three years). However, the first local board plans are not required to be adopted until 31 October 2011²⁸ so that the first local board agreements will be based on the planning document prepared by the Transition Agency.²⁹
- 2-146 The timeline for the first annual plan and local board agreements requires an immediate start by the governing body and the local boards on the preparation of drafts for consultation in February–March 2011. The Transition Agency therefore developed a local board agreement template and draft local board agreements for the consideration of each local board. The proposed process for developing local board agreements is set out in Table 2-4 opposite.

Local board plans

- 2-147 The legislation gives local boards an important initiating role in the Auckland Council's planning process. Local boards must prepare, every three years, a local board plan that will inform the Auckland Council's LTCCP and form the basis for the negotiation of subsequent local board agreements with the governing body.³⁰ The local board plan describes the local communities' aspirations, preferences, and priorities for the next three years. Local board plans set out standard levels of service for local activities and a local board indicative budget.
- 2-148 Each local board will be developing a local board plan for adoption by 31 October 2011, which sets out the aspirations of its local communities. These plans will inform the development of the annual local board agreements, as well as the Auckland Council's subsequent 10-year long-term plan.

²⁵ Auckland Council Act, section 21, substituted by the Auckland Council Amendment Act, section 22.

²⁶ Local Government (Auckland Council) Act 2009, section 22.

²⁷ Local Government (Auckland Council) Act 2009, section 23.

²⁸ Local Government (Auckland Transitional Provisions) Act 2010, section 49.

²⁹ Local Government (Auckland Transitional Provisions) Act 2010, section 50.

³⁰ Local Government (Auckland Council) Act 2009, section 20.

Table 2-4: Process for negotiation and agreement of local board agreements for 2011/2012

Step	Discussion	When
Draft agreements	<ul style="list-style-type: none"> Agreements drafted by staff on the basis of year 2 of the Auckland Council planning document and forwarded to each local board. 	late November 2010
Identification of issues for negotiation	<ul style="list-style-type: none"> Local board reviews draft agreement and considers the outcome of the governing body's annual plan direction setting meeting (late November, early December). Local board identifies issues, priorities, projects that need to be negotiated with the governing body. 	December 2010
Analysis of issues	<ul style="list-style-type: none"> Staff undertake an analysis of all issues priorities, projects, and cost implications for local boards individually and as a whole. Implications are categorised (e.g. minor, moderate, significant) with minor changes incorporated into draft local board agreements. 	January 2011
Notification of draft annual plan	<ul style="list-style-type: none"> The governing body receives the list of issues, projects priorities, etc that need to be negotiated with each local board. The governing body considers those, and any with which it agrees will be incorporated into the draft agreements. The governing body delegates negotiations to a committee or subcommittee within agreed parameters. The governing body approves the statement of proposal for the annual plan and for each local board agreement. Where there are matters that have not been agreed, the draft agreement that is released with the statement of proposal will set out both the governing body position and the local board position. 	February–March 2011
Negotiations	<ul style="list-style-type: none"> Negotiations are undertaken between governing body delegates and each local board chair. Where agreement is reached, it is included in the draft agreement. Note: This process runs alongside the annual plan submission period. 	March 2011
Hearings and deliberations	<ul style="list-style-type: none"> The outcome of the negotiations is reported to the governing body and local boards, including noting outstanding issues. Joint hearings are held on annual plan/local board agreements. All outstanding issues are considered as part of deliberations on the annual plan, following oral submissions. 	mid April–early May 2011
Final round of negotiations	<ul style="list-style-type: none"> Final round of negotiations takes place (deputy mayor, committee chair, and local board chair, possibly also the mayor). 	May 2011
Decision making	<ul style="list-style-type: none"> Local boards consider and resolve to adopt the local board agreements. Those resolutions are reported to the governing body. The governing body resolves to adopt the annual plan, including the local board agreements, to the extent that they have been agreed between the parties. Any aspects that have not been agreed will be noted as outstanding in the annual plan. 	June 2011
Further negotiation	<ul style="list-style-type: none"> The governing body and local board undertake further negotiation of any outstanding matters and seek to reach agreement. 	July 2011–

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2-149 When developing its first local board plan and agreement, each local board will need to use as a foundation the budget allocated to it in the planning document that the Transition Agency prepared for the Auckland Council.

2-150 The Transition Agency prepared a framework setting out guidelines including a timeline for the 21 local boards to consider using to prepare their initial local board plans. The objective of these guidelines is

- to ensure that the local boards (and the staff supporting them) are well equipped to commence the development of their first local board plans and are able to complete within the statutory time frames
- to ensure a consistent generic framework for the plans, while allowing for local board specific innovation and focus.

2-151 A summary of the general approach proposed by the Transition Agency for developing the local board plans is as follows.

Local vision

2-152 The plans should provide a vision for the local area/place, which should reflect the diversity of their communities of interest and, in turn, contribute to achieving the Auckland Council's broader vision for Auckland. The plans will focus on the actions that the local board will take. They will also constitute an important advocacy tool for activities undertaken by other parts of Auckland Council (governing body, CCOs).

Time frame for the plans

2-153 Although the plans cover a three-year period, there would be considerable benefit in a 10-year focus (or even longer) in the plans, particularly as they will be an important input into the development of the Auckland Council's LTCCP.

Relationship with regional strategies, plans, and policies (including spatial plan, land transport strategy)

2-154 The local board plans will identify and describe the interests and preferences of the people within the local board area in relation to the content of the strategies, policies, plans, and bylaws of the Auckland Council.³¹ They will help guide the local board input into those documents as well as considering the local board's response to these strategies, plans, and policies (once they have been developed). With regional strategies and priorities, it is expected that local boards would determine which priorities are most relevant to that local board area and focus on those. (It is noted, though, that regional strategies, policies, and plans will be developed at the same time or after the first local board plans.)

Link between local board plans and local policies

2-155 The plans are the strategic documents at the local level that link to local policies and plans as appropriate. Local policies would be developed subsequent to, and in order to give effect to, the local board plan.

Extent to which the plans are "aspirational"

2-156 The plans inform the development of the local board agreements so it would make sense for the plans to be "achievable". However, there is no reason why they cannot be aspirational.

³¹ Local Government (Auckland Council) Act 2009, section 20(2)(b).

Extent to which the local boards can take a “blue skies” approach in their local board plans

2-157 Considerable planning and policy work has been undertaken by existing councils, and it would be preferable to draw on this work wherever possible. Moreover, there will not be sufficient time for the first plans to be completely “blue skies” in thinking and approach. However, new approaches and aspirations should be flagged in the plans where these are important to the local boards and their communities. This will help inform the development of the broader Auckland Council planning framework and in turn guide the development of subsequent local board plans.

Areas where consistency is required between the plans

2-158 The generic framework is a set of guidelines rather than a template. Consistency of format is needed where information needs to be compared across plans:

- levels of service (including proposed variations)
- budgets and financial information
- local activities, projects, and programmes
- areas where local boards will be inputting into governing body functions (bylaws, regional strategies, policies, and plans).

Values and aspirations

2-159 Many communities have extensively engaged over time to determine aspirations and values (through the community outcomes, LTCCP, annual plan, and other planning processes). These values and aspirations tend to be enduring. In preparing the plans, outcomes from any previous consultation will provide an important foundation.

2-160 The Transition Agency developed a complete framework and guidelines to enable local boards to prepare draft local plans as required by the legislation.

Local board stakeholders

2-161 In undertaking its tasks, the Transition Agency met with a large number of key stakeholders to discuss and action a range of matters affecting their ongoing arrangements, role, and relationship with the 21 local boards. These stakeholders included

- Government departments and agencies, including the Department of Internal Affairs, Ministry of Social Development, and Remuneration Authority
- subject matter experts from across the existing Auckland local authorities
- council and community board forums
- the chair and deputy chair of the Auckland/Northland Community Boards Association
- local and community organisations, such as the Tāmaki Transformation project team, Inspiring Communities Forum, and Waiheke Island Community Planning Group
- business and mainstreet organisation managers.

2-162 The many ideas and suggestions from this engagement assisted the Transition Agency’s thinking across a range of tasks from allocating the non-regulatory activities to deciding locations for local board offices and establishing an ongoing database of key contacts for each new local board.

2-163 Meanwhile the Transition Agency worked with the existing Auckland local authorities of the transition period to develop a list of key stakeholders by local board area, identify any council support these stakeholders were currently receiving, and determine whether there were any existing engagement commitments for 2010 or 2011. For example the list of identified key stakeholders for the Henderson-Massey Local Board appears in part 4 of the guide for local board members (see

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Volume 4, *Attachments: Local Boards and Advisory Panels*, "Guide for local board members", October 2010).

- 2-164 The Transition Agency suggested that the Local Board Services Department complete stakeholder engagement planning after 1 November 2010, using the key stakeholder and contact lists prepared by the Transition Agency for each local board area as a starting point.

3

Māori Statutory Board and Advisory Panels

In recognition of the status of Māori in New Zealand and to ensure effective engagement with all communities in Auckland, a Māori Statutory Board and several specific advisory groups are being established. Although they will be independent bodies, each will have a distinctive and special relationship with Auckland Council.

- 3-1 This chapter describes the development of four independent bodies, each of which will have an important relationship with the Auckland Council:
- a Māori Statutory Board
 - Pacific Peoples Advisory Panel
 - Ethnic Peoples Advisory Panel
 - Auckland Social Policy Forum.

Arrangements for a Māori Statutory Board

- 3-2 The participation of Māori in local government requires special consideration under the Treaty of Waitangi and other law, including the Local Government Act 2002 (LGA 2002) and the Resource Management Act 1991. In particular, the LGA 2002 requires that local authorities provide ways for Māori to contribute to decision making, and the Resource Management Act 1991 requires local authorities to take into account the principles of the Treaty of Waitangi.

Royal Commission recommendations

- 3-3 The Royal Commission on Auckland Governance recommended that provision be made for the election to the Auckland Council of two councillors by voters on the Māori electoral roll; and one councillor appointed by mana whenua through a proposed regional Mana Whenua Forum.
- 3-4 The Royal Commission considered that the provision of three safeguarded seats for Māori was consistent with the spirit and intent of the LGA 2002 for Māori to contribute to decision making. "It will ensure that there is an effective Māori voice at the decision-making table, and that the special status of mana whenua, and their obligations of kaitiakitanga and manākitanga, are recognised."¹

Government response to the recommendations

- 3-5 The Government rejected the recommendations and expressed the view that Māori representation was already provided for through the existing mechanism in the Local Electoral Act 2001 allowing for dedicated Māori seats. Throughout 2009, there were three Cabinet papers exploring options for Māori participation in the Auckland Council. The Minister of Local Government's preference was that there was no statutory provision for Māori participation. The Minister of Māori Affairs preferred an independent statutory board model rather than the other option proposed of a statutory committee

¹ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, p. 8 at para. 40.

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of the council. This was with the proviso that it was clear that he considered both of these options inferior to guaranteed seats on the Auckland Council.

- 3-6 The outcome was legislation establishing a board to promote issues of significance for mana whenua groups and mataawaka of Tāmaki Makaurau.²

Purpose of the board

- 3-7 The Local Government (Auckland Council) Act 2009 (“Auckland Council Act”) provides for the establishment of a board that is independent of the Auckland Council, but which is intended to ensure that the Auckland Council takes the views of Māori into account when making decisions.
- 3-8 The board is also statutorily independent of the mana whenua groups represented on the selection body that appoints the board members.
- 3-9 Section 81 of the Auckland Council Act sets out the purpose of the board as being to assist the Auckland Council to make decisions, perform functions, and exercise powers by—
- (a) promoting cultural, economic, environmental, and social issues of significance for—
 - (i) mana whenua groups; and
 - (ii) mataawaka of Tamaki Makaurau; and
 - (b) ensuring that the Council acts in accordance with statutory provisions referring to the Treaty of Waitangi.
- 3-10 The board is composed of seven mana whenua representatives and two mataawaka representatives. Board members were selected by a selection body comprising mana whenua groups, each of which was invited by the Minister of Māori Affairs to choose one person as its mandated representative. The selection body developed its own processes and procedures for appointing the members of the board, subject to some key minimum requirements that are set down in the Act.

Other features of the legislation

- 3-11 The board has an obligation to appoint members to certain Auckland Council committees, and the ability to appoint members to other committees if invited to do so; it may also accept delegations from the council if it wishes. The board is able to establish its own committees, and to exercise any powers it needs to carry out its purpose.
- 3-12 Another feature of the legislation is the obligations that are placed on the council with respect to the board. In summary, the Auckland Council must³
- provide the board with the information it needs to identify business of the council that relates to the board’s purpose
 - consult the board on matters affecting Māori
 - take into account the board’s advice on ensuring that the input of Māori is reflected in the council’s strategies, policies, and plans
 - take into account the board’s advice on other matters

² Auckland Council Act, Part 7, inserted by the Auckland Council Amendment Act.

³ Auckland Council Act, section 88(1), inserted by the Auckland Council Amendment Act.

- make an agreement each year to provide the board with the funding it needs to carry out its purpose
 - work with the board on the design and execution of documents and processes that relate to seeking the input of Māori.
- 3-13 The council and the board must meet at least four times in each financial year to discuss the board's performance of its functions and the Auckland Council's performance of its duties.
- 3-14 The board is to be supported by a secretariat and its staff are to be employed by the council but instructed and directed by the board. The council must meet the reasonable costs of the board's operations, its secretariat, and its seeking and obtaining of advice. The board and the council must make a funding agreement every year on the amount of money and the level of servicing that the Auckland Council is to provide to the board. This agreement must include the board's work plan for the year.

Initial milestones and responsibilities

- 3-15 The legislation provides that the members of the first board must be appointed by 1 November 2010 and that the board must hold its first meeting by 15 November 2010. The board's first funding agreement with the Auckland Council must be made within three months of the board's first meeting.
- 3-16 The project work by the Auckland Transition Agency ("Transition Agency") on the establishment of the statutory board had two distinct phases: board selection through support of the selection body; and board establishment.

Selection support

- 3-17 Responsibility for support of the selection process was split between Te Puni Kōkiri (supporting the Minister of Māori Affairs) and the Transition Agency. The role of the Minister of Māori Affairs in the selection process was to invite representatives of mana whenua to form a selection body to make the board appointments. This involved the preparation of some explanatory material and convening the first meeting of the selection body. This initial meeting took place on 27 August 2010.
- 3-18 The Transition Agency supported the selection body to
- develop a process for selecting mana whenua representatives (seven members)
 - develop a process for selecting mataawaka representatives (two members)
 - prepare public notices and publicity to support the mataawaka selection process
 - set up a website for the mataawaka selection process
 - verify eligibility of appointees.
- 3-19 The support included procuring legal advice and communications support.
- 3-20 The selection panel completed its task of appointing board members within the statutory deadline of 1 November 2010 and advised the Minister and mayor-elect of the appointments on 28 October 2010. The mana whenua representatives are Anahera Morehu (Ngati Whatua), Glenn Wilcox (Ngati Whatua), David Taipari (Ngati Maru, Ngati Whanaunga, Ngati Tamatera, Ngati Paoa), Glen Tupuhi (Ngati Paoa/Waikato), James Brown (Ngai Tai Ki Tamaki, Ngati Paoa, Ngati Porou, Nga Puhi), Wayne Knox (Te Kawerau a Maki, Ngati te Ata), and Patience Te Ao (Waikato/Ngati Wai); the mataawaka

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representatives are Tony Kake (Nga Puhi, Waikato/Tainui) and John Tamihere (Ngati Porou, Whakatohea, Tainui).⁴

Establishment

3-21 Auckland Council will work with the Māori Statutory Board on the following matters:

Office setup

- establishment of initial secretariat requirement
- recruitment of an executive officer and secretariat
- accommodation for the Māori Statutory Board, executive officer, and secretariat
- initial office logistics, desks, computers, stationery, and so forth

Interface with Auckland Council

- processes to give effect to council's obligations to the Māori Statutory Board
- negotiate a funding agreement with the board

Induction

- induction programme for incoming Māori Statutory Board
- induction information for Auckland Council and staff on role of Māori Statutory Board

Governance

- inaugural meeting of board
- board structure (including potential committees and delegations)
- board policies and processes for meeting and accountability
- processes for membership of council committees
- conflicts of interest register
- delegations register
- draft list of matters of significance and associated draft work programme
- draft protocol on how to obtain independent advice (e.g. legal, Resource Management Act).

3-22 The Transition Agency established a project team to ensure that the key deliverables were in place from Day One. A key decision was that the secretariat for the board would be located in the Democracy Services Department of the Auckland Council but that the initial recruitment would be of temporary personnel who will work with the board to confirm its ongoing requirements. This is designed to ensure there is a high degree of ownership of the support arrangements for the board.

3-23 The Māori Statutory board held its inaugural meeting on 15 November 2010 and elected Mr Taipari as the chairperson and Ms Te Ao as the deputy chairperson.

Pacific Peoples Advisory Panel and Ethnic Peoples Advisory Panel

3-24 Acknowledging that the large population of Pacific peoples – around 200,000 or 14.4 percent of Auckland's total population – and the range of other different cultural communities contribute to what is distinctive about Auckland⁵ as a major city in the Asia-Pacific region, the Government

⁴ Dr Pita Sharples, Minister of Māori Affairs, "Māori Statutory Board members announced", Beehive media release, 29 October 2010.

⁵ Data from the 2006 Census indicates that of Auckland's population of 1.3 million, 56.5% or 737,000 are of European descent, 11.1% or 145,000 are Māori, 14.4% or 200,000 are Pacific, 18.9% or 247,000 of Asian descent, and 9.6% or 125,000 are of other ethnic groups.

adopted a recommendation of the Royal Commission that two advisory panels to the Auckland Council be established: a Pacific Advisory Panel and an Ethnic Advisory Panel.⁶

Pacific Peoples Advisory Panel

- 3-25 The Waitakere, Manukau, Auckland, and North Shore City Councils had Pacific advisory panels, with each advisory body having its own election methods. The Royal Commission considered it sensible to replicate these current arrangements at the regional level of the Auckland Council. "This will help to ensure that the voices of those communities are heard at a strategic, regional level of decision making."⁷
- 3-26 Section 86 of the Local Government (Auckland Transitional Provisions) Act 2010 ("Transitional Provisions Act") requires the new mayor to establish and appoint members of the Pacific Peoples Advisory Panel no later than 31 March 2011. The purposes of the panel are to
- identify and communicate to the Auckland Council the interests and preferences of Auckland's Pacific peoples in relation to
 - the content of the strategies, policies, plans, and bylaws of the council
 - any matter the panel considers to be of particular interest or concern to the Pacific peoples of Auckland
 - advise the mayor, and the council's governing body and local boards, of the council processes and mechanisms for engagement with Pacific peoples and communities in Auckland.
- 3-27 Section 50 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009 ("Reorganisation Act") requires the chief executive of the Ministry of Pacific Island Affairs to develop proposals for consideration of the mayor in relation to the establishment of the panel. The proposals were required to be developed by 1 November 2010 in consultation with the Transition Agency and each existing local authority.
- 3-28 As well as consultation with the Transition Agency and existing councils, the ministry issued a discussion document,⁸ held a series of meetings with Pacific peoples community groups to hear their views, and received written submissions. The discussion document sought feedback on the make-up and skills of the panel, selection criteria and process, and especially whether the panel should be elected, appointed, or be a mix of elected and appointed.
- 3-29 The other major matter canvassed included the size of the panel. This is because Auckland's Pacific peoples comprise many diverse ethnic groups. Considerations included ensuring as much as possible the need for a fair representation of the interests of all Pacific peoples balanced against the need to ensure the panel was reasonably restricted to a manageable size.
- 3-30 The Chief Executive of the Ministry of Pacific Island Affairs, Dr Colin Tukuitonga, presented his proposals to the mayor-elect, Len Brown, on 22 October 2010. The proposal is included in Volume 4, *Attachments: Local Boards and Advisory Panels*.

⁶ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, recommendation 23B, p. 34, p. 511.

⁷ Op. cit., p. 508 at para. 23.46.

⁸ Ministry of Pacific Island Affairs, *Discussion Document for the Auckland Pacific Peoples Panel*, July 2010.

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Ethnic Peoples Advisory Panel

- 3-31 Currently more than a quarter of Auckland's population (28.5 percent or 372,000 Aucklanders) are of an ethnic grouping other than European, Māori, or Pacific peoples.
- 3-32 Section 86 of the Transitional Provisions Act requires the new mayor to establish and appoint members of the Ethnic Peoples Advisory Panel no later than 31 March 2011. The purposes of the panel are to
- identify and communicate to the Auckland Council the interests and preferences of Auckland's ethnic peoples in relation to
 - the content of the strategies, policies, plans, and bylaws of the council
 - any matter the panel considers to be of particular interest or concern to the ethnic peoples of Auckland
 - advise the mayor, and the council's governing body and local boards, of the council processes and mechanisms for engagement with ethnic peoples and communities in Auckland.
- 3-33 Section 13(1)(cc) of the Reorganisation Act required the Transition Agency to develop proposals on the establishment of the panel for consideration of the mayor following the election. The agency was required to do this in consultation with the Secretary of Internal Affairs. The secretary, Mr Brendan Boyle, advised the Transition Agency to work with the Office of Ethnic Affairs, a division of the Department of Internal Affairs.
- 3-34 In August 2010 the Transition Agency hosted an Ethnic Peoples Advisory Panel consultation workshop attended by 86 participants representing some 60 organisations. The workshop involved small group discussion around six themes, including
- skills, knowledge, and experience needed on the panel
 - selection criteria and process
 - panel size to ensure a workable number
 - how the panel could best link with ethnic communities and not become seen as bureaucratic
 - support needed to ensure the panel would be effective
 - how to build a strong relationship with the mayor, governing body, and local boards.
- 3-35 While a wide range of skills, experience, and criteria were proposed, the single most important quality identified was for members to be able to represent all ethnic communities, not just their own.
- 3-36 As well, balance on the panel was sought in terms of gender, a range of ethnic groups (with some concern that only the major groups would be represented), refugee representation, a range of ages and languages, people who have been in New Zealand for a while, and representation from across the continents and people who live across the region.
- 3-37 Seven broad options for selecting the panel members were identified, including calling for applications followed by interview and a selection process, an open call for applications followed by a council vote, a "mayor only" selection process, and each community selecting a representative.
- 3-38 There was an overall preference for an option involving an open call for applications based on clear criteria, followed by short-listing by an interview panel that included the council and independent advice. After short-listing and interviewing, the interview panel would recommend the members to be appointed to the mayor, who would make the final decision.

- 3-39 Suggestions on the size of the panel ranged from seven to more than 100 (to ensure all ethnic groups were represented), with most in the eight to 21 range.
- 3-40 Key suggestions to ensure the panel is accessible to communities, easy to reach, and not seen as bureaucratic were that an engagement plan be developed providing for two-way communication and linking between the panel and ethnic communities and that this process should be supported by council staff and a budget for communications, including taking account of translation and language issues.
- 3-41 There was also strong support for formally linking the panel into the Auckland Council system, and reinforcing this by being proactive by, for example, developing a work plan setting out what the panel would do each year; building a working relationship with the mayor, senior management, local boards, and CCOs; and developing links with the Pacific Peoples Advisory Panel, Māori Statutory Board, and Social Policy Forum.
- 3-42 The Transition Agency approved proposals for the establishment of the panel at its board meeting on 29 September 2010. These were forwarded under covering letter from the Executive Chairman, Mark Ford, to the mayor-elect, Len Brown, on 19 October 2010. The proposal is included in Volume 4, *Attachments: Local Boards and Advisory Panels*.

Auckland Social Policy Forum

- 3-43 The Royal Commission on Auckland Governance considered that the social well-being spend and other activities with social impacts in Auckland were poorly coordinated and lacked a coherent strategy, and that there were gaps and duplication in the ways the central and local government addressed social needs in the region.
- 3-44 The Royal Commission proposed a Social Issues Board where local and central government would share decision making and accountability for improving social well-being. This board, envisaged as the main governance body for social issues, was to be a direction-setting body responsible for developing a Social Well-Being Strategy for Auckland and an implementation/funding plan. However, for a number of reasons, Government decided this proposal was problematic. (For example, it would cut across the constitutional and key governmental processes by which central government prioritising and funding decisions are made and accounted for; and it would require a dedicated organisational structure to support it.)
- 3-45 Instead, Cabinet agreed to establish an Auckland Social Policy Forum (“the Forum”) supported by an Auckland Social Policy Advisory Group.⁹
- 3-46 Hon Paula Bennett (Minister for Social Development and Employment) met with the Transition Agency’s Mark Ford (Executive Chairman) to discuss the Forum in late 2009. Decisions on the function and form of the Forum are, in part, dependent on decisions to be taken by the mayor. These decisions include council committee structure (e.g. whether there will be a Social Issues Committee or similar), local board representation arrangements, and mayoral priorities. Minister Bennett met with the mayor in late 2010 to discuss further development of the proposals for the Forum.

⁹ Cabinet minute, “Royal Commission on Auckland Governance: Social issues”, CAB Min (09) 15/12, 4 May 2009.

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Purpose of the Auckland Social Policy Forum

- 3-47 Cabinet agreed that the Forum would be a high-level meeting between Government and Auckland Council chaired by the Minister for Social Development and Employment. The Forum's role will be to advance social issues in Auckland at the political level through demonstrating strong leadership, setting a clear strategic direction, highlighting the roles and responsibilities of central and local government, and driving alignment of thinking.
- 3-48 The Forum is one of the key engagement forums between central Government and Auckland Council. These relationships, and the links between different forums are still emerging and are likely to be finalised over time.

4

Council-Controlled Organisations: Overview

A particular feature of the work of the Auckland Transition Agency (ATA, "Transition Agency") and demanding considerable time and energy was the rationalisation of the approximately 40 council-controlled organisations (CCOs)¹ to enable the new Auckland Council to operate effectively and efficiently.

- 4-1 Auckland Council has six substantive CCOs. Substantive CCOs are a new class of CCO that are wholly owned or controlled by the Auckland Council and either undertake major service delivery functions or own or manage assets with a value of more than \$10 million.² Auckland Council also owns Watercare Services Limited, a council organisation that meets those criteria.³ It will become a substantive CCO from 1 July 2012. The council also has a number of smaller CCOs.
- 4-2 This chapter outlines arrangements for the substantive CCOs that have been established as an integral part of the Auckland Council structure. The chapter is in three sections. Section 1 documents key milestones and decisions to establish a tier of CCOs commencing with the Royal Commission on Auckland Governance recommendations, the Government's high-level response, and the task given to the Transition Agency to establish the CCOs. The section includes a summary of the submissions made to the Transition Agency regarding the proposed role and responsibilities of CCOs, and concludes with an outline of the finalised legislative framework and change management approach applied by the Transition Agency to ensure the CCOs were in place and ready to commence on Day One (1 November 2010) of the new Auckland Council.
- 4-3 Section 2 outlines the CCO structure and how each CCO is expected to align its activities with Auckland Council's long-term vision and goals. The section describes how accountability and reporting provisions have been strengthened, including for oversight to be provided by a committee of the Auckland Council, and requirements for the CCOs to give effect to Auckland Council's long-term plan and act consistently with relevant aspects of the spatial plan and other policies and strategies. The section sets out how the CCOs are expected to collaborate with the governing body and local boards, as well as each other, to achieve aligned outcomes.
- 4-4 Section 3 describes the process for appointment of members of the boards of directors of the CCOs, the chief executives, and senior management.
- 4-5 Subsequent chapters (Chapters 5–11) outline the purpose, objectives, and responsibilities of each CCO.

¹ A council-controlled organisation is a company or organisation in which one or more local authorities control 50% or more of the votes or have the right to appoint 50% or more of the directors (or trustees) of the company or organisation – i.e. the company or organisation is controlled by one or more councils. A council-controlled trading organisation is a CCO that operates as a trading undertaking for the purpose of making a profit. A council organisation is a company or organisation in which one or more local authorities have voting rights or the right to appoint one or more directors or trustees.

² Local Government (Auckland Council) Act, section 4.

³ Watercare will remain a council organisation until 30 June 2012 when it will become a CCO. Watercare has its own specific accountability requirements set out in legislation, which are similar to the statutory requirements of a CCO. For ease of reference it is referred to as a CCO in this report although it is not one of the six new CCOs formed by the Transition Agency.

1: Overview

The Royal Commission on Auckland Governance recommendations

- 4-6 The report of the Royal Commission on Auckland Governance (“the Report”), published in March 2009, includes a chapter on council organisations (COs) and CCOs (Chapter 21), which describes the principal objectives and the benefits of placing activities into CCOs. The Royal Commission anticipated that the then current 41 COs and CCOs⁴ would be rationalised into seven CCOs as detailed below,⁵ and set out considerable analysis in support including the following statement:
- For the Auckland Council to plan and deliver the infrastructure and services to meet its requirements, it will need access to the best commercial and engineering expertise and resources. CCO structures and boards of directors can bring these required skills and expertise.⁶
- 4-7 The Report (paragraph 21.13) described the principal objectives of a CCO, which are set out in section 59(1) of the Local Government Act 2002 (LGA 2002), as being to
- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent (SOI)
 - be a good employer
 - exhibit a sense of social and environmental responsibility
 - if the CCO is a council-controlled trading organisation (CCTO; i.e. a CCO that trades for profit), to conduct its affairs in accordance with sound business practice.
- 4-8 In an assessment of 63 submissions that commented about CCOs, the Royal Commission noted that critics of the use of CCOs argued that devolvement of functions to CCOs is undemocratic and that all services should be provided by employees directly answerable to elected councils. The belief underpinning these views is that CCOs work too independently and the council and general public is powerless to influence them (paragraph 21.35 of the Report).
- 4-9 The Report (paragraph 21.14) described the perceived benefits of placing activities in CCOs, which include the following:
- improved commercial focus, that is, operating a company with a professional board of directors with the objective of achieving greater operating efficiency
 - ring-fencing financial risk using an incorporated structure to insulate a council from financial liability for an activity or venture involving other parties such as a joint venture
 - empowering local communities, that is, creating a trust with a set budget funded by a council but managed by a community for a specific purpose such as maintaining a community centre
 - tax effectiveness, that is, obtaining dividend imputation credits on the tax that councils pay on dividend income.
- 4-10 The Royal Commission (paragraph 21.48) anticipated that there would be six major commercial infrastructure CCOs to manage
- integrated water and wastewater services
 - transportation services
 - solid waste management services

⁴ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, pp. 474–475.

⁵ The similarities and differences in the seven CCOs proposed by the Royal Commission and the six CCOs subsequently established by government are described later in this chapter.

⁶ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, p. 466 at para. 21.46.

- urban development (property)
 - city centre and waterfront development
 - major events facilities.
- 4-11 In addition, the Royal Commission anticipated that Auckland Regional Holdings would continue to operate as a CCO to manage the Auckland Council’s long-term financial investments.⁷
- 4-12 The Royal Commission further anticipated (paragraph 21.54) that the new corporate structure would
- operate at arm’s length from Auckland Council
 - have independent professional boards that were accountable for their performance
 - be subject to best commercial governance and reporting practices.
- 4-13 The Report (paragraph 21.56) indicated that the Royal Commission expected the board of directors of each CCO would make major decisions, including decisions on prices, major capital investment, and major business initiatives in line with objectives set out in the SOI agreed three yearly (matching the electoral cycle) between CCO boards and Auckland Council.
- 4-14 However, the Royal Commission (paragraph 21.61) expressed the view that the statutory provisions governing CCOs and their SOIs were inadequate, and called for the deficiencies identified in a 2007 report by the Auditor-General⁸ to be addressed. The Report (paragraph 21.62) proposed that CCOs be subject to quarterly reporting and annual performance review, and indicated that SOIs should clearly set out the policy objectives, strategies, operating requirements, major capital expenditures, performance measures and targets (including financial targets), debt and equity structure, human resource management, and environmental policies.
- 4-15 The recommendations of the Royal Commission (paragraphs 21A to 21F) included that
- all Auckland Council’s major commercial trading and infrastructure activities should be undertaken through CCOs
 - larger commercial and infrastructure CCOs of the Auckland Council should have an obligation to operate as a successful business as required under the State-Owned Enterprises Act with a clear set of financial targets and objectives
 - Auckland Council CCOs and their SOIs should be subject to performance review by a proposed Auckland Services Performance Auditor (to be appointed by the elected Auckland Council) to provide assurance to the council and the public that the Auckland Council is providing high-quality services in a cost-effective way.
- 4-16 The Royal Commission also recommended (paragraphs 21G to 21I) early action by a proposed Establishment Board (subsequently established as the Transition Agency) to address a number of transition matters, such as the following:
- All existing CCOs and COs should be reviewed in order to position the Auckland Council to make an early decision on which CCOs and COs should be continued.
 - Work should be undertaken to enable CCOs for transport, water, and wastewater services, and to manage the Auckland Council’s long-term financial investments to be in place on Day One of the establishment of Auckland Council.

⁷ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, p. 466 at para. 21.49. The similarities and differences between the Royal Commission’s proposed seven CCOs and the seven substantive CCOs established by the Government are described in “Finalised legislative framework” on page 130.

⁸ Controller and Auditor-General, *Statements of corporate intent: Legislative compliance and performance reporting, 2007* (available at www.oag.govt.nz/2007, accessed September 2010).

The Government's high-level decisions on CCOs

- 4-17 Within a month of the Royal Commission delivering its report (March 2009), Government agreed with the Royal Commission's recommendation that there needed to be bold change to address Auckland's problems, including agreeing to the establishment in principle of dedicated entities for transport and water and wastewater services, and consideration of issues affecting Auckland's waterfront and its connection to the central city.⁹
- 4-18 At the same announcement (7 April 2009) of Government's high-level decisions on the Royal Commission's recommendations, the Government confirmed the establishment of an independent Establishment Board – the Auckland Transition Agency – with statutory powers and responsibilities to manage the transition to the new structure. The scope of the Transition Agency's tasks confirmed by the Government included managing the transition of CCO responsibilities.
- 4-19 With the establishment of the Transition Agency (25 May 2009), a stocktake of existing Auckland local authorities was commenced immediately. This identified over 300 entities consisting primarily of
- 41 CCOs, including five CCTOs
 - 37 COs
 - 205 independent organisations that are not CCOs but rely on local authority funding and/or support
 - 33 other entities.¹⁰
- 4-20 In respect of the Royal Commission's suggestions that the number of CCOs be rationalised and measures be introduced to ensure that CCOs were able to operate on an independent and professional basis,¹¹ Cabinet agreed to a process for approving new Auckland Council CCOs¹²:
- First, the Transition Agency should review and rationalise the wholly local authority-owned entities prior to 1 November 2010 and any new entities agreed should remain until July 2012, when Auckland Council would produce its first full long-term council community plan (LTCCP).¹³
 - Second, Cabinet agreed in principle to a CCO structure for the Auckland Council proposed by the Transition Agency.¹⁴ It was also agreed that when the Transition Agency had finalised each CCO it would make specific recommendations to Cabinet for its establishment. Assessment of each CCO proposal would include an assessment against agreed criteria,¹⁵ and identification of benefits, risk, and other consequences for consideration by Cabinet.¹⁶ The Transition Agency

⁹ The Government's high-level decisions on Auckland governance, *Making Auckland Greater*, April 2009 (available at <http://www.aucklandcouncil.govt.nz/SiteCollectionDocuments/Making-Auckland-Greater-government-decisions-20042009.pdf>, accessed October 2010).

¹⁰ Cabinet paper, "Auckland Transition Agency proposals for the structure of council-controlled organisations for the Auckland Council", 26 November 2009, CAB (09) 722.

¹¹ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, p. 13 at para. 61.

¹² Cabinet minute, "Auckland Transition Agency proposals: Structure of council-controlled organisations for the Auckland Council", 30 November 2009, CAB Min (09) 42/21.

¹³ Cabinet Committee on Implementation of Auckland Governance Reforms minute, "Local Government (Auckland Law Reform) Bill: Entities, assets and liabilities, taxation and staff", 29 October 2009, AGR Min (09) 12/1.

¹⁴ Cabinet Committee on Implementation of Auckland Governance Reforms minute, "Local Government (Auckland Law Reform) Bill: Overview of process and assessment of issues for inclusion", 15 October 2009, AGR Min (09) 10/2.

¹⁵ These criteria are elaborated later in the chapter, but briefly they concerned meeting good governance principles (democratic, efficient, effective); being feasible to implement; being consistent with other government programmes; recognising the Treaty of Waitangi; fitting the existing local government legislative framework wherever possible; addressing inconsistencies in service delivery; and eliminating multiple CCOs with the same purpose.

¹⁶ AGR Min (09) 12/1.

was also directed that in putting these proposals together it should seek to ensure local matters were protected and the funding arrangements were not disturbed.

- 4-21 The Cabinet minute setting out the Transition Agency proposals for the structure of CCOs for the Auckland Council¹⁷ summarised decisions already agreed by Cabinet, including provisions for the continued operations of Watercare Services Limited (“Watercare”)¹⁸ as the provider of integrated water and wastewater services and the establishment of two CCOs – a regional transport authority¹⁹ and a waterfront development agency,²⁰ details of which are provided later in this chapter. Also among those decisions already agreed by Cabinet was that the Auckland Council would be able to require, in respect of a substantive CCO,²¹ at its discretion
- a long-term plan covering a minimum 10-year period that would set out how the CCO intended to
 - manage, maintain, and invest in its assets
 - maintain or improve service levels
 - respond to population growth and other changing environmental factors
 - give effect to Auckland Council strategy, plans, and priorities, including the spatial plan
 - additions to a CCO’s SOI to include a narrative on how the CCO contributed to and/or aligned with the council’s, and where appropriate the Government’s, wider objectives and priorities for Auckland (for example, the spatial plan)
 - quarterly reporting against the CCO’s SOI.²²
- 4-22 As well as the above-mentioned three CCOs already approved by Cabinet and included in the provisions of the Local Government (Auckland Law Reform) Bill,²³ the Transition Agency proposed four other substantive CCOs as follows:
- Economic Development, Tourism and Events
 - Property Holdings and Development
 - Major Regional Facilities
 - Council Investments.
- 4-23 The four additional CCOs proposed by the Transition Agency and agreed in principle by Cabinet were based primarily on the rationalisation of like activities that presently operate independently from local authorities, through CCOs, trusts, or business units.²⁴
- 4-24 Cabinet agreed that the following criteria should be used to assess proposals for the establishment of new CCOs:
- The proposals would address inconsistencies in service delivery methods across the existing local authorities to achieve a consistent approach for the new Auckland Council
 - The proposals would eliminate multiple CCOs with the same purpose to provide the Auckland Council with a consolidation of existing entities.²⁵

¹⁷ CAB Min (09) 42/21.

¹⁸ Cabinet minute, “Auckland Reorganisation Bill: Policy content”, 4 May 2009, CAB Min (09) 15/11.

¹⁹ Cabinet minute, “Auckland Governance: Regional Transport Authority”, 24 August 2009, CAB Min (09) 30/10.

²⁰ Cabinet minute, “Royal Commission on Auckland Governance: Proposed high level Government response”, 6 April 2009, CAB Min (09) 12/7.

²¹ As noted at the beginning of this chapter, substantive CCOs are CCOs that are wholly owned by the Auckland Council and either undertake major service delivery functions or own or manage assets with a value of more than \$10 million.

²² Cabinet minute, “Local Government (Auckland Law Reform) Bill: Outstanding policy issues”, 23 November 2009, CAB Min (09) 41/16.

²³ This bill was enacted in June 2010 as three separate Acts (see Chapter 12, “Legislative framework”).

²⁴ CAB paper (09) 722, para. 21.

²⁵ AGR Min (09) 12/1.

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- 4-25 These criteria were in addition to the criteria approved earlier by Cabinet for assessment of provisions for the Local Government (Auckland Law Reform) Bill.²⁶ Under these criteria, proposals for the establishment of new CCOs should
- meet good governance principles of being
 - democratic – including accountable and transparent decision making, effective leadership, stewardship, and ratepayer and citizen redress
 - efficient and effective – including vertical alignment of strategic planning, funding, asset management and implementation (integrated decision making), maximising value for money, alignment of costs and benefits, arrangements remaining effective over time, economies of scale, and decision makers taking a long-term view in their decision making
 - be feasible to implement within desirable time frames – transitional arrangements should enable any new organisations to conduct “business as usual” and be in place by, or soon after, the Auckland elections in October 2010
 - be consistent with other government programmes and initiatives – including the resource management reforms and broader local government framework changes
 - recognise the Treaty of Waitangi.
- 4-26 At the same time a diagram was released by the Transition Agency showing the proposed CCO framework, which anticipated the appointment of an advisory board to advise on board appointments and governance and monitoring unit with Auckland Council to provide governance advice and support to the relevant council committee providing oversight of CCOs. Figure 4-1 opposite depicts the finalised CCO framework.
- 4-27 After 30 November 2009, when Cabinet reached agreement in principle to the Transition Agency’s proposals on structure of CCOs for the Auckland Council, the Transition Agency was able to proceed with consultation on the structure and governance framework for CCOs.²⁷
- 4-28 The finalised role and responsibilities of the council committee, governance and monitoring unit, and advisory board recommended by the Transition Agency are described in section 2 below, and the role of the governing body is set out in Chapter 1.

CCO discussion document

- 4-29 On 1 March 2010 the Transition Agency published *Discussion document: Council-controlled organisations of Auckland Council* (“CCO discussion document”) outlining the proposals of the Transition Agency for the rationalisation of CCOs in the new Auckland Council structure and posing a number of questions on which feedback was sought.²⁸
- 4-30 The document set out the Transition Agency’s proposals and sought feedback in respect of five of the seven proposed substantive CCOs: Council Investments; Economic Development, Tourism and Events; Major Regional Facilities; Property Holdings; and Waterfront Development Agency. A separate discussion document and consultation process was invoked for Auckland Transport (see below). Watercare Services was not included in the CCO discussion document and/or feedback process because it is a continuing council organisation, and was already subject to consultation and submission through the Local Government (Auckland Law Reform) Bill process.

²⁶ AGR Min (09) 10/2.

²⁷ CAB Min (09) 42/21.

²⁸ Auckland Transition Agency, *Discussion document: Council-controlled organisations of Auckland Council*, March 2010 (“CCO discussion document”).

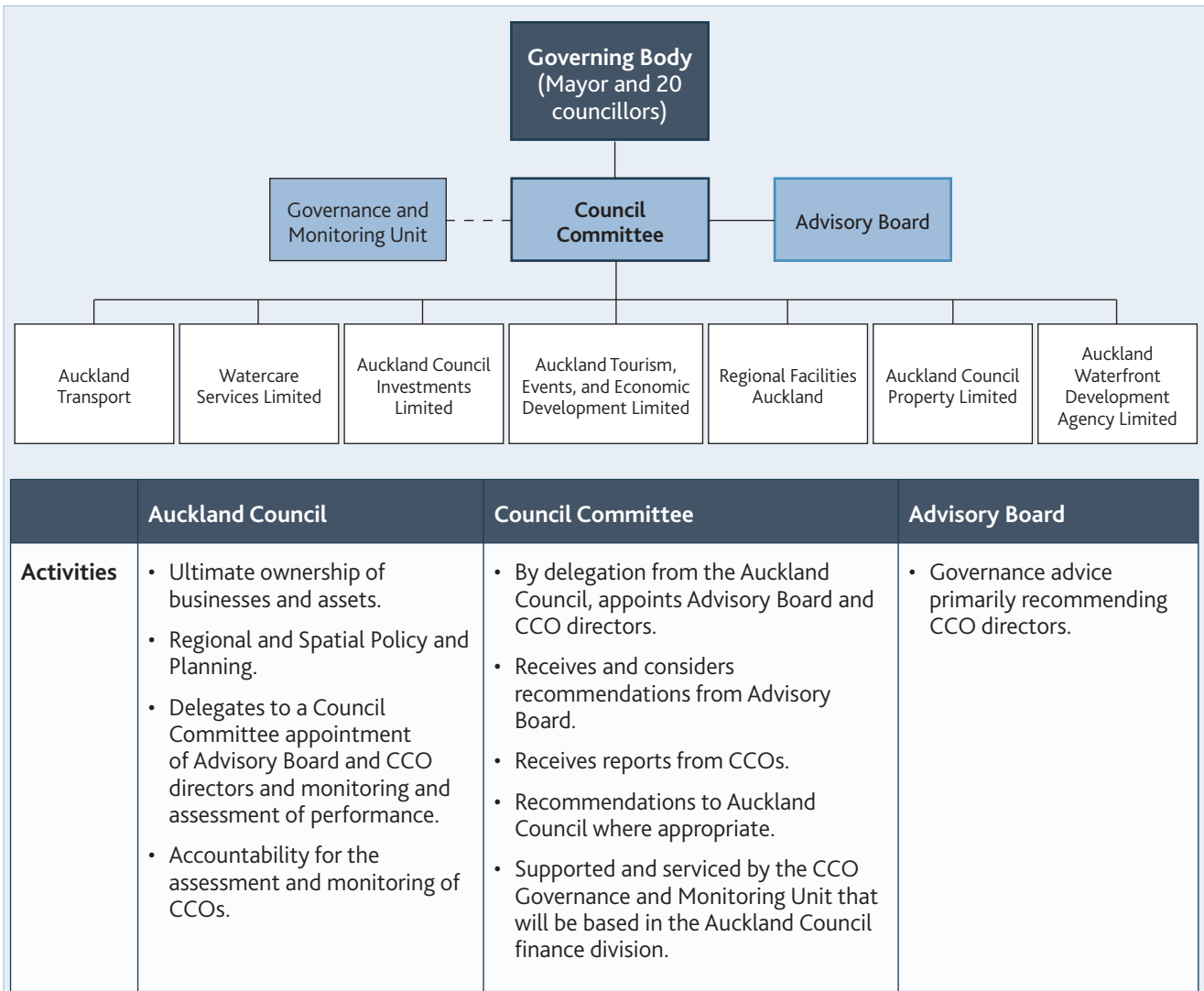


Figure 4-1: Framework for council-controlled organisations

- 4-31 The CCO discussion document is provided in Volume 2, *Attachments: Council-Controlled Organisations* and can be viewed on the website www.discussiondocuments.co.nz. The following is a summary of the document’s main points.
- 4-32 The document highlighted the matters agreed in principle by Cabinet in respect of the Transition Agency’s proposals for the structure of CCOs in the Auckland Council and stressed the point that the Local Government (Auckland Council) Act 2009 (“Auckland Council Act”) makes it very clear that Auckland Council would be a unitary authority unlike any other in that decision making is shared between the governing body (the mayor and 20 elected councillors) and local boards.”²⁹
- 4-33 Consequently CCOs will need to recognise the unique nature of decision making by Auckland Council³⁰ and act accordingly. The discussion document described how CCOs would be accountable to the Auckland Council and other stakeholders, and in particular noted that because the legislation required decision making by the Auckland Council to be shared between the governing body and

²⁹ The governance structure of the Auckland Council is set out in section 7 of the Local Government (Auckland Council) Act 2009.

³⁰ The unique nature of the Auckland Council local government model is described in detail in Chapter 1, “Auckland Council: Overview and Governing Body”.

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local boards the Transition Agency had recommended that the SOI agreed with Auckland Council would require CCOs to take account of the views of local boards.³¹

- 4-34 The document canvassed the general characteristics of CCOs, identified a range of design factors that the Transition Agency believed needed to be taken into account in establishing each CCO, and summarised the perceived advantages and disadvantages of CCOs, elaborating on the Royal Commission's views on the benefits of placing council activities into CCOs.

Design factors

- 4-35 The Transition Agency took into account a number of design factors in the development of the draft structure for the CCOs. These design factors are set out in detail in the CCO discussion document and included the following:
- The structure must promote efficiency, leadership, and decision making. This approach is consistent with the Royal Commission's recommendations and the Government's response in its *Making Auckland Greater* document. This means, for example,
 - The Auckland Council will not simply replicate the current practices or structures within existing councils.
 - Management roles will be significant and meaningful.
 - The number of management tiers will be minimised.
 - The structure must promote clear accountability from each CCO to the Auckland Council. This requires each CCO to have clearly stated objectives that are set and agreed in alignment with the strategic goals of the Auckland Council. That, in turn, requires clear performance measures and regular reporting.
 - Working relationships and accountabilities between each CCO and local boards and other stakeholders must be clearly defined.
 - The primary focus must be on maintaining and enhancing service delivery to citizens in the Auckland region. This means
 - the structure must allow for the progressive integration of systems and processes over time
 - to the extent a CCO needs them, the Auckland Council may provide shared services support via commercial service agreements.
- 4-36 The intention of the new CCO structure is to ensure not only that regional and local matters are managed appropriately through their respective constituent authorities – the governing body and local boards respectively – but that funding arrangements are not disrupted and accountability is lifted to a higher level based on the achievement of specified outcomes. The role of the governance and monitoring unit – described in detail below – is to ensure the CCOs give effect to the governing body's strategies and plans, and collaborate with council on achieving agreed outcomes.

Benefits

- 4-37 As well as the benefits of CCOs identified by the Royal Commission, the CCO discussion document summarised a number of other benefits of CCOs identified by different stakeholders. Examples follow:
- CCOs achieve economies of scale by aggregating similar activities of various local authorities into one regional CCO.
 - CCOs have the ability to streamline bureaucracy.

³¹ CCO discussion document, p. 4.

- CCOs provide an enhanced ability to recruit and retain highly skilled professional staff where the structures and culture of a council are seen as less attractive than those of a CCO.
- 4-38 Further strengths of CCOs identified in the document and on which feedback was invited included the following:
- CCOs are a model for introducing, through board appointments, commercial disciplines and specialist expertise. These disciplines and expertise can supplement what is available within the council. Using these skills, CCO boards are able to add value to CCOs and help them to better achieve their objectives and the council's long-term strategies.
 - In contrast to councils, CCOs are focused on achieving a constrained set of business objectives. This brings a unifying focus to the organisation along with efficiencies through a corresponding drive to align resources with the required outcomes.
 - As opposed to the multifaceted nature of councils, efficiency gains can be made in CCOs through the alignment of systems and processes to the specific needs of the business. In the same way, integrating multiple existing CCOs into a single entity will mean that further efficiencies are possible through the rationalisation of common support functions.
- 4-39 The formation of partnerships and alliances was another strength of the CCO model cited in the document. Commonly perceived as being more commercial and flexible than a council, CCOs are often able to collaborate more effectively, especially with the private sector.
- 4-40 From a council perspective, CCOs are a mechanism by which operations can be managed efficiently allowing council to focus on other matters such as strategy, policy, or regulatory functions. This is particularly important given the primary role of Auckland Council to develop policies, strategies, and plans to drive Auckland forward.
- 4-41 As noted above, over time, councils in the Auckland region have established a significant number of CCOs. The CCO discussion document set out the proposals agreed in principle by Cabinet for the rationalisation of existing CCOs and the structure of proposed new CCOs that will be owned by, and report to, Auckland Council. Accordingly, the document set out a proposed CCO structure and accountability provisions on the four CCOs that Cabinet had still to give final approval to establish: Council Investments; Economic Development, Tourism and Events; Major Regional Facilities; and Property Holdings. It also included the Waterfront Development Agency.
- 4-42 For each of these CCOs, the document outlined the benefits of having that CCO, the main functions, what existing entities could transfer to the CCO, how other entities might be dealt with, and other matters.

Feedback on CCO discussion document

- 4-43 By closure of the feedback period on 26 March 2010, 174 responses were received through a combination of email, online survey, and hard copy.
- 4-44 Feedback was received from a wide range of stakeholders, including councils, existing CCOs, business and community groups, and members of the public. The feedback was analysed to identify 953 issues, which were then aggregated into 150 themes. A full summary of feedback received was published in May 2010 in a report titled "Analysis of feedback on the discussion document on council controlled organisations (CCOs)" (provided in Volume 2, *Attachments: Council-Controlled Organisations*).

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- 4-45 The feedback received was then passed to the relevant workstreams of the Transition Agency and helped inform the organisational design work for each of the CCOs, which was then submitted to Government for its consideration on the final form and number of CCOs to be established.
- 4-46 The balance of this section highlights some of the main themes raised by respondents concerning the proposed role and responsibilities of CCOs within Auckland Council. CCO-specific comments can be viewed in the feedback report (at pages 14–20) forming part of Volume 2.
- 4-47 Most feedback did not distinguish between COs, CCOs, and CCTOs, which are defined separately in section 6 of the LGA 2002. Therefore, for the purpose of summarising the feedback, the different types of council-controlled commercial entities are grouped together and referred to in this section as CCOs.
- 4-48 Among the feedback supporting the use of CCOs by Auckland Council, there were many calls for strengthened accountability among all CCOs compared with that of the CCOs then in existence, including the CCTOs. Most feedback supportive of a CCO role within Auckland Council also accepted the proposed rationalisation of the 40 or so wholly local authority-owned entities in Auckland into seven CCOs, as set out in the CCO discussion document. However, some feedback suggested other services such as building consents could also be managed by CCOs rather than a service within Auckland Council.
- 4-49 There was also feedback making specific suggestions and recommendations on how individual CCOs featured in the discussion document could be structured to work in a timely, efficient, and effective basis, and in accordance with industry best practice.
- 4-50 Overall, feedback that supported the use of CCOs by Auckland Council saw value in them for streamlining bureaucracy and their potential to spread benefits evenly to the whole region. Most respondents accepted that change is needed to deliver on the Government’s goals for Auckland. Thus the CCOs need to bring a new culture and leadership that can partner with all stakeholders – the Auckland Council’s governing body and local boards and the wider community – and not just be an expansion or restructure of an existing entity. There was an expectation that the CCOs would bring commercial disciplines, be accountable and entrepreneurial in nature, and not be an additional burden on the ratepayer or service users. The tier of CCOs should work together to add “lift” not “drag” to Auckland as a great place to live, work, and invest in.

Feedback on accountability of CCOs

- 4-51 Considerable feedback commented about the level of accountability of the proposed CCOs. There was a general view that accountability for all CCOs needed to be transparently mandated by the Auckland Council.
- 4-52 The Auckland Chamber of Commerce offered the following assessment of the overall accountability of CCOs within the new Auckland Council framework:

Intended outcomes of Auckland’s reform process from its inception and strongly advocated for by the Chamber has been a structure that provides strong accountable leadership able to speak with one voice on behalf of Auckland, and clarity of role and function so that it is clear which element of local government (and central government) are responsible for what activities within the Auckland Region.³²

³² Submission to the Transition Agency from Auckland Chamber of Commerce, March 2010, p. 3.

- 4-53 The Chamber of Commerce said that with Auckland Council as a unitary authority, the CCOs and other constituent organisations – the 21 elected local boards and the Māori, Pacific peoples, ethnic peoples, and social issues boards – were all interdependent parts of an integrated and cohesive organisation that represented Auckland in the national and international arena and delivered meaningful and efficient (“value for money”) local democracy. The Chamber of Commerce urged the Transition Agency to support an organisational structure and corporate culture in which all component organisations making up the unitary Auckland Council structure are controlled by and accountable to the council’s governance body (i.e. the executive mayor and 20 councillors) consistent with good corporate governance.
- 4-54 The Chamber feedback recommended the establishment of a unitary Auckland Council structure in which all component parts are aligned and adopt the shared principles of the whole organisation and which provides a framework that allows for transparent and appropriate delegations of roles and responsibilities across the total organisation – the governing body and local boards, other boards (Māori, Pacific, and social issues), and the CCOs.
- 4-55 Some feedback suggested that aspects of the State-owned enterprise (SOE) model should be adopted. The Institute of Public Policy (IPP) was concerned by the wording in the Local Government (Auckland Law Reform) Bill, which allowed for the Auckland Council to require a substantive CCO to include in its statement of intent a narrative on how the organisation will contribute to the council’s and, where appropriate, the Government’s objectives and priorities for Auckland.³³
- 4-56 The IPP pointed out that this did not require a CCO to adhere to the objectives and priorities of its shareholding owner, the Auckland Council, but only contribute; nor did it require the CCO to implement the strategies and policies of the Auckland Council. Whereas section 103 of the Crown Entities Act 2004 provides for the responsible Minister of a Crown agent to direct an entity to give effect to a government policy that relates to the entity’s functions and objectives, there was no similar power for Auckland Council within the legislation as drafted.
- 4-57 IPP suggested that, to overcome these significant gaps in the legislation, it was critical that the SOI for all the CCOs makes it crystal clear that the organisations are required to “give effect” to all the objectives, strategies, and policies of the Auckland Council where they relate to the CCO’s functions and that performance indicators of adherence are applied.
- 4-58 The IPP noted references within the CCO discussion document to CCOs giving effect to plans:
Going forward, CCOs will also play an important role in giving effect to the Auckland Council’s strategic direction, including the Spatial Plan and associated strategies relevant to each CCO ...
This model therefore relies on strong, effective accountability mechanisms between the council and the CCO. These include:
• being required to give effect to the Spatial and other Auckland Council plans³⁴
- 4-59 IPP said there appeared to be no substance to that assertion in the legislation of that time [March 2010], so it would require inclusion in the initial documents establishing the CCOs and/or the SOI. The IPP recommended that the requirement to “give effect” be made generic to all objectives, strategies, policies, and plans of the new Auckland Council.

³³ The IPP’s quotation refers to the bill at March 2010. This is now enacted as the Local Government (Auckland Council) Act 2009, section 91(1)(a) (inserted by the Local Government (Auckland Council) Amendment Act 2010, section 31).

³⁴ CCO discussion document, p. 3.

Feedback on statements of intent

- 4-60 Considerable feedback reinforced the view that existing SOI provisions need to be strengthened to ensure that Auckland Council and all CCOs work together in a collaborative manner.
- 4-61 The New Zealand Council for Infrastructure Development (NZCID) was representative of feedback supporting CCOs having their SOI agreed by the council and made public: “The SOI will publicly state the activities and intentions of the CCO for the year and the objectives to which these activities will contribute.”
- 4-62 NZCID also supported proposals of Cabinet giving Auckland Council the option to set out in SOI for all CCOs some common outcomes for all to achieve that reflect principles and values applying to all parts of the council organisation.
- 4-63 As in a number of other submissions,³⁵ NZCID supported the key points in regard to SOIs set out in the CCO discussion document and in particular that the SOI should
- explicitly provide for an expectation that the CCO will “give effect” to the Auckland Council strategy, plans and priorities, including the spatial plan
 - include a narrative on how the CCO contributes to and/or aligns with the council’s and, where appropriate, the Government’s wider objectives and priorities for Auckland
 - clearly set out the policy objectives, strategies, operating requirements, major capital expenditures, performance measures and targets (including financial targets), debt and equity structure, human resource management, and environmental/community policies.
- 4-64 NZCID also endorsed the Transition Agency’s recommendation that the CCOs take account of the views expressed by local boards as a requirement of the SOI approved by Auckland Council. It suggested a common set of guiding principles and values for the council bureaucracy and CCOs. NZCID submitted that this would need to be supported by a set of performance indicators to measure each CCO’s performance against the achievement of strengthened regional governance, integrated decision making, greater community engagement, and improved efficiency and value for money:
- In short, the process proposed by the Royal Commission and implied in the Auckland Law Reform Bill anticipates a cascading, interdependent linkage between policy, governance and management culture set down by the Auckland Council and implementation – in that order – by the CCOs.
- 4-65 Sea + City Projects Ltd (“Sea+City”) noted the purpose of the SOI to enable CCOs to be accountable to Auckland Council and stressed the importance of the process of discussion and negotiation between a CCO and Auckland Council (the shareholder) as a key means to ensure full understanding by both parties of the needs and expectations each has of the other.
- 4-66 Sea+City submitted that from its experience of working with multiple councils and related entities,
- We believe there is very strong merit in establishing clear protocols for communication and accountability between each CCO, local boards and other stakeholders. While it is important that these are clearly defined in the SOI, we consider some other forum is essential in terms of being able to progress key matters in respect of the waterfront, city and region.

³⁵ See paragraph 4-57, with comments by the Institute of Public Policy on the importance of the SOI specifying that CCOs “give effect” to all the objectives, strategies, and policies of the Auckland Council where they relate to the CCO’s functions and the application of performance indicators.

This is especially important given that when reviewing the specific functions of each of the individual CCOs, there are significant areas of overlap and shared responsibility. A CCO forum together with representation from the Council Committee, Advisory Board and Local Boards may be an appropriate means to ensuring the necessary working relationships. Without such a mechanism, there is a very real risk that the existing geographical silos that exist between the present local councils will be exchanged for seven functional [CCO] silos.³⁶

Feedback on operational structure for CCO accountability within Auckland Council

- 4-67 Age Concern North Shore was representative of feedback supporting the proposal for the CCOs to be accountable to the elected Auckland Council via a council committee and corresponding advisory board, and acknowledging the potential for improved efficiency and improved service delivery by reducing the current approximately 40 CCOs to seven with leaner operations. The submission added that “this should be good for the ratepayers of Auckland”.
- 4-68 Like a number of other respondents Age Concern North Shore highlighted that for the CCOs to meet good governance principles included being democratic (with accountable and transparent decision making, effective leadership, stewardship, and ratepayer and citizen redress) and efficient and effective³⁷. Auckland Council should also ensure CCOs take account of the triple bottom line approach by setting an objective for each CCO to “exhibit a sense of social and environmental responsibility”.³⁸
- 4-69 A number of submitters were concerned that the principal tools for achieving public accountability – SOIs and retrospective reporting – would be ineffective for ensuring CCOs stay focused on achieving outcomes agreed with Auckland Council. One submission suggested a regular system of reporting to the council committee to disclose operational plans for the coming quarter based on the Model Publication Scheme applied in monitoring the performance of public authorities in the United Kingdom.³⁹

Feedback on opposition to use of CCOs

- 4-70 Feedback from opponents of the use of CCOs was along similar lines to submissions made to the Royal Commission,⁴⁰ including suggestions that councillors should not be allowed to devolve their jobs to independent CCO boards as this was undemocratic, and that CCOs strategised behind closed doors and lacked transparency – and the public was powerless to influence them.
- 4-71 The Public Service Association indicated a core belief that services (and assets) should, in principle, be retained in-house rather than be outsourced or removed to a CCO.
- Our concern is the Discussion Document CCO proposals are at odds with our key principles. Our members want to deliver high quality public services (principle 4). They believe the best way to do that is through democratic public institutions (principle 3). They see that the CCO proposal is contrary to this principle, and principle 2 (safeguarding democratic process and enhancing community engagement).

³⁶ Attachment to submission to the Transition Agency from Sea + City Projects Ltd, pp. 4–5.

³⁷ See paragraph 4-25.

³⁸ See LGA 2002, section 59(1)(c); CCO discussion document, p. 7.

³⁹ See http://www.ico.gov.uk/what_we_cover/freedom_of_information/publication_schemes.aspx, accessed September 2010.

⁴⁰ Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, pp. 257–259.

Our members also have real concerns that their future job security and maintenance of their terms and conditions will be affected if the CCO proposals are put in place. These concerns are greatly increased when we see the extent of the CCOs being proposed and the breadth of service delivery and asset control they will have. We recognise that the ATA does not set the framework for CCOs; that is the role of the legislation. However, our strong view is that the framework is deeply flawed and will not serve the people of Auckland well.

The focus on having a majority of external (usually business sector) CCO board directors, can mean that a private sector, for-profit ethos prevails, notwithstanding any minority Council or community representation on the board. This governance structure creates the management climate within which terms and conditions for employees can be driven down over time.⁴¹

4-72 Papakura District Council contended that many of the functions described under the proposed CCOs could easily be undertaken within Auckland Council and that to do so would ensure better synergies with Auckland Council's ethos, and its policies, strategies, and operations. "Every opportunity should be taken to mitigate any 'silo effect', through bringing activities within the Auckland Council umbrella wherever possible."

4-73 North Shore City Council was concerned at estimates that at least 75 percent of all council activities could be absorbed by CCOs:

In principle we are against such a significant shift in service delivery from direct democratic control to unelected organisations that are only accountable to the new Auckland Council at arm's length, and thus to ratepayers remotely.

It is our Council's view that an essential role of local government is that of place-shaping. We are extremely concerned that the ability of elected members to perform this role is compromised by the removal of any real influence over key drivers in this regard. In particular, there appears to be little opportunity for elected members to influence the activities of Auckland Transport, including over such important issues as road corridors.⁴²

Feedback on CCOs' relationship with Auckland Council – governing body

4-74 A number of respondents stressed the importance of CCOs working closely with Auckland Council and each other on a number of levels – setting policy, planning, and operational. For example, Auckland Regional Physical Activity and Sport Strategy (ARPASS) noted that there was no formal mechanism stated to ensure CCOs work together. ARPASS recommended that the requirement for CCOs to work together be included in the purpose and objectives of the CCOs and shared objectives for some activities (e.g. Rugby World Cup outcomes) to be negotiated as part of the SOIs.

4-75 NZCID proposed a formalised relationship between CCOs and Auckland Council by way of establishing an Executive Management Board (EMB).

⁴¹ Submission to the Transition Agency from Public Service Association (PSA), March 2010, p. 3.

⁴² Submission to the Transition Agency from North Shore City Council, March 2010, p. 1.

4-76 NZCID contended that there is a risk that the Auckland Council, as an extremely large organisation by New Zealand standards, could start its life with each component entity possibly acting at cross purposes to the mayoral vision and/or various council policies.

To avoid this, the development of the Council's operating structure needs to proceed on the basis that the incoming mayor and councillors will have a guiding vision and principles which will need to be communicated clearly to constituent organisations – who will be expected to deliver services aligned to this vision and strategic direction.⁴³

4-77 NZCID proposed establishing an EMB with a role to secure and maintain “unity” within the overall Auckland Council structure in the performance of its services. The EMB would be chaired by the mayor and comprise the chief executive officer (CEO) of Auckland Council and the CEOs and chairs of the seven CCOs. The EMB would be responsible for ensuring collaboration and alignment of the respective organisations (particularly the implementation of the Auckland spatial plan set by the Auckland Council). The EMB could also be complemented with a CEO Forum, comprising the CEOs of the Auckland Council and CCOs (and perhaps the mayor's office).

4-78 NZCID considered that critical to the successful performance of the EMB would be its adoption of Auckland Council-endorsed shared corporate values, culture, and code of conduct. Equally critical would be the reporting processes – via the respective governance arms of the Auckland Council (i.e. the mayor, councillors, and local boards) and the CCOs (i.e. the respective boards of directors) – to the various constituent organisations that represent the wider regional communities of interest.

4-79 In summary, the EMB would have a critical role to play in

- establishing and maintaining the Auckland Council's sense of corporate unity and alignment to achieving a shared objective
- ensuring a full and transparent information flow between the CCOs and the council administration (headed by the Auckland Council chief executive).

4-80 The feedback contained a range of other views on the proposed relationship between the Auckland Council and CCOs.

4-81 At one end of the spectrum, the Heart of the City said that the Auckland Council should provide governance oversight of the CCOs directly by way of a structure and process in which the CEO of each CCO reported to the corresponding council committee. That is, the elected committee would be the board of each CCO. Each council committee would instruct the CEO and would also be advised by the CEO (who would report mainly on implementation matters) and by council officials, consultants (kept to a minimum), and an industry panel; it would also be informed directly by the Auckland public both directly in public forum and through other consultative processes and via the local boards. “Sound difficult. It's not, it's simply democracy.”⁴⁴

4-82 Heart of the City argued that having the CEO of each CCO reporting directly to an elected committee would inject a degree of democracy into arrangements, which is not in the proposed model in which the board is unelected.

The important point is that the CEO and the CCO remain and have a clear implementation focus. We recommend this option ahead of having separate elections for the CCO, as is currently done for the District Health Boards and the Auckland Energy Consumer Trust. We have previously argued that the WDA [Waterfront

⁴³ Submission to the Transition Agency from New Zealand Council for Infrastructure Development (NZCID), March 2010, para. 3.29.

⁴⁴ Submission to the Transition Agency from Heart of the City, March 2010, p. 9.

Development Agency], for instance, will work best if there is a very direct level of accountability to our elected leaders.

- 4-83 To reinforce this model Heart of the City recommended that it be made clear in SOIs that the CCOs take instruction from the Auckland Council. Such instruction could be at policy, plan, and project levels. Delegations and committee resolutions might appropriately replace SOIs in some cases.
- 4-84 Enterprise North Shore also strongly supported the establishment of Auckland Council under a unified arrangement that provided for the executive mayor, the council, local boards, and CCOs to be focused on a consistent “one plan” for Auckland. However, Enterprise North Shore strongly supported separating the city’s governance (Auckland Council) and its operational functions (CCOs), because in its view, “it allows the elected representatives to develop policy and strategy in a democratic and effective manner, and council services to be delivered effectively and efficiently.”⁴⁵

Feedback on CCOs’ relationship with Auckland Council – local boards

- 4-85 As previously noted, the Auckland Council Act⁴⁶ makes it clear that decision making by Auckland Council is shared between the governing body (the executive mayor and 20 elected councillors) and the 21 local boards (made up from 149 elected members).
- 4-86 Considerable feedback supported the CCO discussion document’s recommendations that CCOs take account of the views of local boards as a requirement of the SOI approved by Auckland Council. Sea+City added:

We support this view on the basis that this is consistent with a design-led approach and the principles contained in cornerstone documents such as the Spatial Plan, Urban Design Framework and the Sustainable Development Framework.⁴⁷

- 4-87 ARPASS noted that it was stated in various parts of the CCO discussion document that CCOs were required to take account of the views of local boards through collaborative relationships and in other places that the local boards’ views would be reflected through Auckland Council’s negotiation of the SOI. ARPASS suggested that clarity was required as to where the responsibility lay to ensure the views of local boards were indeed reflected in the CCO’s SOI and how the channels of communication and relationships would work.⁴⁸
- 4-88 Other feedback strongly recommended strengthened provisions to enable a direct one-to-one relationship to be established between CCOs and local boards rather than having a relationship based around a third party, the Auckland Council.⁴⁹
- 4-89 The Birkenhead-Northcote Community Board submitted that if feedback from local boards to CCOs had to be diverted through the Auckland Council it could prove to be very costly and time consuming:

CCOs will be the main deliverer of local projects and services in Local Board areas. It is imperative that Local Boards develop strong relationships with the CCOs to ensure that service delivery is in line with the views and wishes of the local community. CCOs should be required to keep Local Boards informed of the work they are undertaking in

⁴⁵ Submission to the Transition Agency from Enterprise North Shore, March 2010, p. 1.

⁴⁶ Local Government (Auckland Council) Act 2009, section 14(2).

⁴⁷ Attachment to submission to the Transition Agency from Sea + City Projects, p. 7.

⁴⁸ Submission to the Transition Agency from ARPASS, March 2010, p. 2.

⁴⁹ Feedback in response to statements on p. 13 of CCO discussion document.

their Local Board area and take into account and respond to any concerns raised. We believe that a memorandum of understanding should be developed between the Local Boards and the CCOs.

We believe that Local Boards should be able to deal directly with CCOs on issues. ... Currently Council officers submit reports to Community Boards on activities taking place within their area. CCOs should be required to also provide reports to the Local Boards. Local Boards can then provide feedback or suggestions on how to improve the services within the area. If feedback from Local Boards is diverted through the Auckland Council then this could prove to be very costly and time-consuming.⁵⁰

- 4-90 The Birkenhead-Northcote Community Board also stressed the importance of the relationship between the local boards and CCOs being monitored, and suggested this be undertaken by the governance and monitoring unit. "This monitoring should include the extent to which CCOs take account and action the views, opinions, and requests of the Local Boards."
- 4-91 A number of other community board organisations provided similar feedback.
- 4-92 Auckland Region and Far North Community Boards Inc requested the Transition Agency to establish a clearly defined relationship and link from the local boards to the CCOs, "either directly if a local matter, or for regional matters through the Council Committee, whose activities should include liaison between CCOs and Local Boards."⁵¹ This submission also suggested that among the governance and monitoring unit's accountabilities should be monitoring, analysing, and reporting on the relationship between local boards and CCOs, including the extent to which CCOs are responsive to views expressed by local boards.
- 4-93 Likewise the Waiheke Community Board was heartened by the Transition Agency's suggestion that CCOs would need to interact with local boards, but suggested that good mechanisms would be required to ensure CCOs worked with and engaged with local boards:
- CCOs must work closely with local boards when developing their overall statement of intent and budgets. They would benefit from local knowledge and input, where a project or decision affects local communities. It is essential that this is a key performance requirement for all CCOs, expressly contained in their statements of intent and monitored. Local Boards should be directly involved in setting those. Direct negotiation between each Local Board and CCO is required to fulfil this.
- 4-94 The New Zealand Community Boards' Executive Committee requested that in the absence of legislative requirements regarding CCOs and their responsibilities towards the local boards (as distinct from their relationships with the governing body), the Transition Agency should propose to include specific requirements for the Auckland Council to ensure local boards are provided with meaningful delegations, advocacy, and required reporting and dispute procedures, through the SOI of the CCOs.

Feedback on CCOs' relationship with specific "communities of interest"

- 4-95 The importance of CCOs engaging directly with particular communities of interest and focusing on improving service delivery tailored to the needs of those communities was recognised in a number of submissions.

⁵⁰ Submission to the Transition Agency from Birkenhead-Northcote Community Board, March 2010, p. 1.

⁵¹ Submission to the Transition Agency from Auckland Region and Far North Community Boards, March 2010, p. 2.

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- 4-96 The Pacific Island Advisory Committee (PIAC) established by Manukau City Council noted that since the formation of Manukau Leisure Services Ltd as a CCO there had been not only a marked increase in revenue but also, “more importantly”, a 27 percent increase in levels of participation by the community in activities and programmes. PIAC strongly supported the continued operation of Manukau Leisure Services as a CCO within the new Auckland Council structure “to ensure not only continuity in terms of the economic gains and growth, but also to retain their valuable knowledge and understanding of key fundamental operational factors such as local community expectations, socio-economic trends and multi-cultural dynamics.”⁵²
- 4-97 Feedback from several of the 41 business associations in the Auckland region raised concerns, as expressed by the Newmarket Business Association, that business communities might be “relegated to reporting to a low-level departmental official in a non-elected CCO charged with the region’s wider economic development.” The submission suggested that the best way business associations could continue to be effective would be by having a direct and senior relationship with the Auckland Council itself, and proposed a three-year status quo of the existing targeted rate funding structure to enable each mainstreet or business improvement district association to work through the governance changes positively over time.
- 4-98 The Franklin District Enterprise Board highlighted what it described as the important role for rural economic development agencies to work alongside councils in ensuring that planning, laws, and regulations were appropriately designed so as not to adversely affect the productive activities occurring within the rural sector of Auckland. “As issues that arise are primarily land-based it requires different thinking, understandings and mechanisms to arrive at often unique strategies that may not necessarily be applied across the whole Auckland Region.” The board therefore recommended that, “where ‘land’ based activities are occurring that a focus on rural economic development is enabled in the Economic Development CCO.” It pointed out that many of the characteristics of business environments vary significantly among rural regions, and these differences appeared to be important in explaining a particular rural community’s economic performance. Rural economic development, the submission said, must focus on the unique strengths of each area, rather than concentrating on ameliorating generic weaknesses.⁵³

Feedback on other themes and concerns

- 4-99 Some of the other themes and concerns covered by the feedback on the CCO discussion document are briefly outlined below.

Greater use of CCOs – building control services

- 4-100 The feedback included suggestions for greater use of CCOs than is currently proposed. For example Professional Building Consultants Ltd (PBC) saw the current amalgamation of the seven Auckland councils as a significant opportunity to reconsider the way building control services are delivered, and by whom.

⁵² Submission to the Transition Agency from Pacific Island Advisory Committee, March 2010, p. 2

⁵³ Submission to the Transition Agency from Franklin District Enterprise Board, March 2010, p. 1.

- 4-101 PBC argued that if the Transition Agency adopted the recommended proposal to dissolve the Manukau Building Consultants Ltd Board and reintegrate building control services back into the Auckland Council⁵⁴, the consequences would be as follows:
- the loss of a competitive, contestable model that had been proven to be very successful over the past four years since its inception
 - the loss of the ability for the ratepayers and development community and other consumers to have a choice in who provided them with building control services
 - a return to a monopolistic building consenting system, with an inherent lack of transparency, customer focus, and service delivery
 - the potential for significant loss of knowledge and experience that is currently provided to the Auckland area by the current private building consent authorities
 - the possible loss of valuable support and resources currently utilised by other building consent authorities around New Zealand, including the Department of Building and Housing's Multiproof team
 - the loss of a significant opportunity for an innovative change and approach in a high-profile sector of the council's core services, in favour of a same but larger approach.⁵⁵
- 4-102 PBC argued that the CCTO model operated by Manukau City Council had been very successful in delivering an efficient, effective, customer-focused service without compromising on quality or exposing ratepayers to further risk, which, it claimed, could occur if the services were transferred in-house to Auckland Council.
- 4-103 PBC submitted that Manukau Building Consultants be left in its current form, as a CCTO of the Auckland Council, and that the current contestable model implemented by Manukau City Council be maintained and supported until such time as a detailed analysis of the options for building control service delivery can be undertaken by the new Auckland Council.

Transfer of assets

- 4-104 A number of submitters questioned the need to transfer assets to the proposed CCOs. Some of the feedback repeated submissions made to the Royal Commission.⁵⁶ Other feedback noted that many generations of Aucklanders had paid for Auckland's assets and suggested they should therefore be "owned by the Auckland Council, under the direct control of elected officials. It should [then] be up to the council to decide whether or not assets are transferred to CCOs and to be able to impose binding conditions on the CCOs to prevent asset sales without Council authorisation."⁵⁷

Continuity and certainty of funding

- 4-105 A number of submissions noted that CCOs would be substantially dependent on funding from Auckland Council. Among the concerns expressed were the following:
- not losing sight of the scope for CCOs to self-fund activity
 - ensuring tax implications are managed in a way that does not reduce effective use of ratepayer funds

⁵⁴ Refer CCO discussion document, p. 19.

⁵⁵ Submission to the Transition Agency from Professional Building Consultants, March 2010, p.3.

⁵⁶ See Royal Commission on Auckland Governance, *Report, Volume 3: Summary of Submissions*, Auckland, 2009, p. 259 at para. 24.20.

⁵⁷ Personal submission to the Transition Agency, no 36, p. 1.

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- ensuring funding continues for major developments, especially when the responsibility for implementing the project – but not the responsibility for sourcing the required funding – is to be moved into an “arm’s length” CCO
- ensuring funding allocations by Auckland Council enable CCOs to achieve milestones and meet contractual obligations.

In turn, CCOs would be expected to apply commercial disciplines, be accountable and entrepreneurial in nature, and not be an additional burden on the ratepayer.

Board appointments

- 4-106 Feedback suggestions on appointment of directors to CCOs included that there be board members appointed who could balance commercial objectives with social, cultural, and economic objectives to ensure non-financial as well as financial targets are met.
- 4-107 As noted earlier, the feedback was used positively by the Transition Agency’s workstreams to inform the agency’s recommendations for Government’s final decisions on CCOs.

Finalised legislative framework

- 4-108 After the assessment of feedback on the CCO discussion document, on 5 July 2010, Cabinet agreed to the final structure of Auckland Council’s CCO structure.⁵⁸
- 4-109 The finalised structure agreed by Cabinet endorsed the Transition Agency’s recommendations to have a structure made up of seven substantive CCOs with oversight provided by a council committee of the Auckland Council.
- 4-110 The seven substantive CCOs include a statutory entity, Auckland Transport, the existing water entity, Watercare Services Limited (a CO until 30 June 2012 when it will become a CCO), and five others:
- Auckland Council Investments Limited (ACIL)
 - Auckland Tourism, Events and Economic Development Limited (TEED)
 - Regional Facilities Auckland (RFA)
 - Auckland Council Property Limited (ACPL)
 - Auckland Waterfront Development Agency Limited (AWDA).
- 4-111 The CCO model that the Transition Agency developed and Government subsequently legislated for is significantly in accord with the CCO proposals recommended by the Royal Commission. The Royal Commission recommended that all major commercial trading and infrastructure activities should be undertaken through CCOs.⁵⁹ The Royal Commission also recommended that the CCOs should have the same obligations and reporting requirements as State-owned enterprises, and that their SOIs should clearly set out (Auckland Council’s) policy objectives, strategies, operating requirements, major capital expenditures, performance measures and targets, debt and equity structure, human resource management, and environmental policies. The Transition Agency has acted to enable these outcomes.
- 4-112 Although Government did not accept all of the Royal Commission’s recommendations, it immediately agreed in principle on the establishment of a single transport CCO accountable to

⁵⁸ Cabinet minute, “Local Government Auckland Governance Reform: Council-controlled organisation structure”, 5 July 2010, CAB Min (10) 24/8.

⁵⁹ Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, p. 486 at para. 21.45.

the Auckland Council, a single water and wastewater provider for the region (i.e. Watercare), and a waterfront development agency.⁶⁰ Subsequent legislation provided for the establishment of Auckland Transport and AWDA by the Transition Agency, as well as the establishment of other CCOs as determined by the Transition Agency.

- 4-113 There were two major differences between the outcome set out in legislation and the Royal Commission's recommendations.
- 4-114 First, the Royal Commission anticipated that the transport, Watercare, and council investment (created from Auckland Regional Holdings) CCOs would be in place on 1 November, but that the CCOs managing urban development (property), the waterfront, and major event facilities would be established as appropriate by the new Auckland Council. However, the Government tasked the Transition Agency to establish all six new CCOs so they could commence from Day One, 1 November 2010.
- 4-115 Second, the scope of some of the CCOs has been refined from the original proposals of the Royal Commission.⁶¹ For example, the scope of AWDA has been focused squarely on the central Auckland waterfront precinct, whereas the Royal Commission recommended it also include the Auckland city centre. The urban development CCO proposed by the Royal Commission has been redesigned as a property holding CCO. Finally, Government has established an economic development CCO (TEED) that incorporates tourism and events, with regional facilities established as a distinctive CCO in its own right (RFA), whereas the Royal Commission made no provision for economic development within a CCO framework.
- 4-116 Separate chapters follow looking at each of the seven CCOs in detail.
- 4-117 In summary, there are four Acts that provide the legislative framework for the establishment of Auckland Council's CCOs, and their ongoing operation:⁶²
- Local Government (Tamaki Makaurau Reorganisation) Act 2009 ("Reorganisation Act")
 - Local Government (Auckland Council) Act 2009 ("Auckland Council Act")
 - Local Government (Auckland Transitional Provisions) Act 2010 ("Transitional Provisions Act")
 - Local Government Act 2002.

Establishment of CCOs and legislation specific to particular CCOs

- 4-118 Auckland Transport is established as a CCO under Part 4 of the Auckland Council Act, with effect from 1 November 2010. Part 4 also sets out Auckland Transport's statutory purpose, operating principles, functions, and numerous other matters affecting its operations.
- 4-119 Watercare is dealt with in Part 5 of the Auckland Council Act (which also covers any other future CCO of Auckland Council that provides water and/or wastewater services). Watercare was an existing council-owned company providing bulk water and wastewater services, but its functions and powers are considerably extended under the Auckland Council Act. From 1 November 2010, Watercare is the provider of integrated water and wastewater services to Auckland (at both the bulk and retail level). Part 5 contains detailed provisions relating to the operations of Watercare and

⁶⁰ *Making Auckland Greater*, p. 8.

⁶¹ Only the Royal Commission's solid waste management CCO proposal did not proceed. Instead, solid waste management services has been retained within a council department – Infrastructure and Environmental Services.

⁶² For more information on the overall legislative framework establishing Auckland Council see Chapter 12, "Legislative Framework".

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the water and wastewater networks. There are additional provisions applying to Watercare for a transitional period only (until 30 June 2012 or 30 June 2015) in sections 17 to 27 of the Transitional Provisions Act.

- 4-120 AWDA, with responsibility for the development of the Auckland waterfront, was established by the Transition Agency as directed under section 19B of the Reorganisation Act. Its objectives and governance structure, and other details concerning AWDA, are specified in an Order in Council made under that section.
- 4-121 Four other CCOs – TEED, RFA, ACIL, and ACPL – were also established by the Transition Agency under the Reorganisation Act. Under section 44 of the Act, Orders in Council directed the Transition Agency to establish each of those CCOs, which occurred under section 19C.
- 4-122 Unlike Auckland Transport and Watercare, there are no statutory provisions governing the specific operations of AWDA, TEED, RFA, ACIL, and ACPL. Those matters are primarily addressed through each CCO's constitution and statement of intent.

Directors

- 4-123 Under section 48 of the Reorganisation Act, the Minister of Local Government appointed the initial directors of AWDA and the other four CCOs established by the Transition Agency under section 19C. The initial directors of Auckland Transport were appointed by the Minister of Transport and the Minister of Local Government under section 49 of the Reorganisation Act. (Further detail of these appointments are in the individual CCO chapters following.) In each case there was prior consultation about the appointment with the Transition Agency, as required by those sections. From 1 November 2010, Auckland Council may deal with (including dismiss or replace) these directors under its normal LGA 2002 powers and the CCO's constitution (Transitional Provisions Act, section 16).
- 4-124 The directors of Watercare, as an existing company, have remained in place.

CCO meetings

- 4-125 For all Auckland Council CCOs, not just "substantive" CCOs (see below), two of the CCO's meetings each year must be open to members of the public: one at the time of considering its draft statement of intent and one in order to consider the CCO's performance over the previous financial year. A reasonable amount of time must be allocated for members of the public to address the meeting.

General CCO statutory framework

- 4-126 The normal CCO operating provisions, contained in part 5 of the LGA 2002, also apply to all Auckland Council CCOs. These cover
- appointment of directors
 - CCO objectives
 - provisions dealing with the relationship between the CCO and its council owner
 - the content and process for adopting the CCO's statement of intent
 - the requirement that the CCO act in accordance with its statement of intent and constitution
 - performance monitoring and reporting requirements
 - being subject to the official information provisions in the Local Government Official Information and Meetings Act 1987.

Special accountability obligations for “substantive” CCOs

- 4-127 In addition, Part 8 of the Auckland Council Act establishes an enhanced accountability regime for “substantive” CCOs. As noted, a substantive CCO is a CCO that is wholly owned or controlled by Auckland Council and is either responsible for the delivery of a significant service or activity on behalf of the council or owns or manages assets with a value of more than \$10 million.⁶³
- 4-128 Auckland Council is required to have an accountability policy for substantive CCOs, which must address various matters listed in section 90 of the Auckland Council Act, including the council’s expectations in respect of the CCO’s contributions to, and alignment with, the council’s objectives and priorities. There are other provisions affecting substantive CCOs:⁶⁴
- Auckland Council may impose additional accountability requirements on the CCO, for example quarterly reporting, the preparation of a 10-year plan, and requirements for the management of the CCO’s strategic assets, including major transactions in relation to those assets.
 - Substantive CCOs are required to give effect to the council’s LTCCP and act consistently with other plans or strategies as specified by the Auckland Council.
 - Councillors and local board members may not be directors of a substantive CCO (except for Auckland Transport).
 - Auckland Council may appoint the CCO’s chairperson and deputy chairperson.

Change management approach

- 4-129 In early July 2010 the Transition Agency was given the go-ahead to design and establish five of the seven substantive CCOs.⁶⁵ In the following five months it was necessary to do the work required to have them ready to open for business on 1 November 2010. A change management plan was developed based on an approach to identify the absolute essential tasks required to be completed by Day One. A task run sheet template was developed for each CCO (see Figure 4-2 overleaf). The Transition Agency used the run sheet to systematically address critical establishment issues with urgency and speed, including determining the structure and resource requirements for each CCO, such as staff, preparing a chart of accounts including establishing funding requirements from the governing body, business systems, and accommodation. Appendix 4-A on page 504 shows the final run sheet at the end of the transition period with all five CCO columns in green indicating task completion.
- 4-130 The establishment pathway also required protocols and processes to be followed in managing the transition of assets and liabilities from existing entities to the new entities and determining which existing organisations would be disestablished on 1 November 2010, as well as setting up an appropriate legal framework ensuring that relevant statutes had been identified that the CCO would need take into account.
- 4-131 Other critical establishment tasks included the processes and documents to create a fully functioning CCO from Day One, such as to enable the inaugural boards to be appointed, prepare trust deeds, a draft constitution and SOI, service level agreements, and Day One operational plans

⁶³ Local Government (Auckland Council) Act 2009, section 4(1), “substantive council-controlled organisation”, inserted by the Local Government (Auckland Council) Amendment Act 2010, section 7.

⁶⁴ Local Government (Auckland Council) Act 2009, sections 91–95, inserted by the Local Government (Auckland Council) Amendment Act 2010.

⁶⁵ The five were Auckland Waterfront Development Agency, Regional Facilities Auckland, Auckland Council Property, Auckland Council Investments, and Auckland Tourism, Events and Economic Development. The go-ahead to establish Auckland Transport as a new CCO and to make Watercare the sole provider of water and wastewater services was given in April 2009.

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Key milestones	Forecast due date	Sub-work stream	AWDA	RFA	ACP	ACI	TEED	KEY
• CCO Detailed Designs Approved	May 14	Work stream						Not started
• Draft legal implementation plan	May 26	Legal						Completed
• Business systems discovery completed	May 28	Business systems						Under way
• Prepare draft Statement of Intent template	May 28	Legal						Delayed
• Complete draft chart of accounts	June 11	Finance						Potential Milestone Failure
• Project execution plans developed	June 11	Work stream						Not started
• Agree Board selection process	June 17	Legal						Completed
• SLA Project Agreed	June 18	Business systems						Under way
• Provide day 1 business systems requirements	June 18	Business systems						Delayed
• Prepare draft Trust Deed	June 19	Legal						Potential Milestone Failure
• Reserve company name	June 19	Legal						Not started
• Prepare draft SOIs	June 23	Legal						Completed
• Prepare draft Constitutions	June 23	Legal						Under way
• SLA template developed	June 25	Business systems						Delayed
• Verification of draft chart of accounts	June 25	Finance						Potential Milestone Failure
• Draft Asset Register completed	June 25	Finance						Not started
• Project execution plans approved	June 25	Work stream						Completed
• Planning document to RAPP	June 30	Finance						Under way
• Identify potential Board members	July 1	Legal						Delayed
• Final Cabinet Paper Agreed	July 1	Work stream						Potential Milestone Failure
• Draft Workforce Plan Completed	July 2	Human Resource						Not started
• Position Descriptions Drafted	July 2	Human Resource						Completed
• Workforce Plan Approved	July 5	Human Resource						Under way
• Cabinet approval gained	July 5	Work stream						Delayed
• Determine detailed requirements for accommodation	July 7	Accommodation						Potential Milestone Failure
• Staff receive letters (not / in change)	July 9	Human Resource						Not started
• WFPs published and presented	July 9	Human Resource						Completed
• Boards of terminating entities notified of obligations	July 9	Legal						Under way
• Order in Council to create CCO	July 9	Legal						Delayed
• CE and second tier roles advertised	July 10	Human Resource						Potential Milestone Failure
• Find and secure office premises	July 16	Accommodation						Not started
• Approve business systems statement of work	July 16	Business systems						Completed
• Group feedback sessions undertaken	July 16	Human Resource						Under way
• Determine Board remuneration	July 16	Legal						Delayed
• Final legal Implementation Plans	July 20	Legal						Potential Milestone Failure
• CCO accommodation plan approved	July 23	Accommodation						Not started
• SLA Work stream workshops completed	July 23	Business systems						Completed
• Assess workforce plan feedback	July 23	Human Resource						Under way
• Contestable positions made available	July 23	Human Resource						Delayed
• Sizing and pricing of roles completed	July 23	Human Resource						Potential Milestone Failure
• Submit Trust Deed to Charities Commission	July 23	Legal		Not required	Not required	Not required	Not required	Not started
• Company incorporation / administration processes determined	July 23	Legal						Completed
• Exec Chair sign-off of workforce plans	July 26	Human Resource						Under way
• Advertising of jobs below tier 2	July 28	Human Resource						Delayed
• CE and Second Tier Applications close	July 30	Human Resource						Potential Milestone Failure
• ATA to forward list of preferred Board candidates	July 30	Human Resource						Not started
• SLA drafts completed	August 6	Business systems						Completed
• ATA proposes Board Membership	August 6	Legal						Under way
• CCO Financials finalised	August 6	Finance						Delayed
• SOIs finalised	August 27	Legal						Potential Milestone Failure
• Constitutions finalised	August 27	Legal						Not started
• ATA signoff of SLAs	August 27	Business systems						Completed
• Creation of financial and organisational policies and delegations	August 31	Finance						Under way
• Apply for GST and IRD numbers for entity	September 1	Finance						Delayed
• Build technology environment (HR/Payroll Finance & reporting, Customer services)	September 1	Business systems						Potential Milestone Failure
• CCO Induction / training programmes commences	September 1	Human Resource						Not started
• Board Membership Gazetted	September 2	Legal						Completed
• CCO Induction Programme Developed	September 3	Human Resource						Under way
• Financial and organisational policies agreed by ATA	September 10	Finance						Delayed
• Form 2: Director consents to be completed	September 17	Legal						Potential Milestone Failure
• Form 3: Shareholder consent to be completed	September 17	Legal						Not started
• Contestable positions appointed	September 30	Human Resource						Completed
• CE and Second Tier short-listing and selection interviews	September 30	Human Resource						Under way
• CE and Second Tier appointment decisions communicated	September 30	Human Resource						Delayed
• CCOs legally formed	September 30	Legal						Potential Milestone Failure
• Order in Council naming Terminating Organisations.	September 30	Legal						Not started
• Order in Council specifying all transferring assets and liabilities	September 30	Legal						Completed
• Prepare Board Policies	September 30	Legal						Under way
• Prepare Meeting Procedures	September 30	Legal						Delayed
• Incorporate company (register director and shareholder consents and constitution with Companies Office)	September 30	Legal						Potential Milestone Failure
• Transfer of shares from ATA to Auckland Council, complete any further director consents and register any board changes with Companies Office.	September 30	Legal						Not started
• Prepare company records	September 30	Legal						Completed
• CCO handover documents	September 30	Work stream						Under way
• User acceptance and testing	October 29	Business systems						Delayed
• Staff transfer complete	October 29	Human Resource						Potential Milestone Failure
• Refurbishment and set up of premises and move	October 31	Accommodation						Not started
• Transfer of entities to new systems/processes implemented	1 November	Business systems						Completed

Figure 4-2: Task management by the CCO workstream of the Auckland Transition Agency

This illustration represents a snapshot in mid-August 2010 of the run sheet recording progress on key milestones in the design and establishment of five of the seven substantive CCOs. The key (*top right*) has categories of not started, completed, under way, delayed, and potential milestone failure. The five columns to the right represent (*left to right*) Auckland Waterfront Development Agency, Regional Facilities Auckland, Auckland Council Property, Auckland Council Investments, and Auckland Tourism, Events and Economic Development. By 29 October 2010, the only colour in the spreadsheet was green (completed) – see Appendix 4-A on page 504.

and activities.⁶⁶ The status and progress made by the Transition Agency in respect of these tasks is described in more detail in the chapters below on each CCO.

Disestablished CCOs

- 4-132 Under the Reorganisation Act as amended by the Local Government (Tamaki Makaurau Reorganisation) Terminating Organisations Order 2010, a number of CCOs of the previous councils were dissolved on 1 November 2010. At this date, the property, interests, rights, liabilities, etc, of each terminated CCO became the property, interests, rights, liabilities, etc, of its receiving entity. The terminated organisations and their receiving entities are listed in Table 12-1 on page 241.
- 4-133 As noted above, Auckland Council also has a number of smaller CCOs including
- The City of Manukau Education Trust
 - Highbrook Park Trust
 - Manukau Beautification Charitable Trust
 - Pakuranga Arts and Cultural Trust
 - Safer Papakura Trust
 - Te Puru Community Charitable Trust.

2: Operational framework

- 4-134 This section describes the CCO framework that the Transition Agency delivered to Auckland Council for commencement on 1 November 2010, including
- the overall accountability of CCOs to the governing body
 - accountability mechanisms
 - relationship to local boards
 - role of the council committee
 - role of the governance and monitoring unit and advisory board.

Overall accountability of CCOs to the governing body

- 4-135 As already noted, the shared governance model for Auckland Council is a first in New Zealand.
- 4-136 Its unique features include the strengthened accountability requirements for the overall direction and activities of the CCOs to be set by the governing body within the LTCCP process and other relevant policies and strategies. This process is required to integrate local board plans and where applicable Government policy statements.
- 4-137 The governing body, in confirming the SOI for CCOs, must ensure each CCO *gives effect* to relevant aspects of the LTCCP and *acts consistently* with other plans (including a local board plan) or strategies of the Auckland Council to the extent specified in writing by the governing body.

⁶⁶ The Transition Agency prepared an induction document for each of the board members appointed to the CCOs established under the Reorganisation Act. This material included the CCO design paper prepared for Cabinet, a workforce plan, position descriptions, a draft statement of intent, draft constitution, a service level agreement overview and other material relevant to the specific CCO. An example with respect to AWDA is provided in Volume 2, *Attachments: Council-Controlled Organisations*.

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- 4-138 A series of accountability measures discussed below, and in particular the SOI as agreed between the governing body and the CCO, have been designed by the Transition Agency as required by the legislation to ensure that the CCOs will give effect to the council's planning decisions.
- 4-139 The special accountability provisions set out in the Auckland Council Act (see paragraph 4-128) make it clear that the seven substantive CCOs exist under the democratic process and the ultimate accountability of the elected councillors to the ratepayers. It is Auckland Council's governing body, with input from the local boards, which sets the objectives and accounts to the ratepayers for the performance of the CCOs. This model therefore relies on strong, effective accountability mechanisms between the elected councillors – i.e. the governing body and local boards – and each of the CCOs.

Accountability mechanisms: outcome-based approach

- 4-140 To enable Auckland Council – both the governing body and local boards – and CCOs to adopt best practice in the performance of its role and responsibilities in a way that meets its unique governance model and legislative requirements, the Transition Agency developed a tool box of accountability mechanisms.
- 4-141 They include the mayor's letter of expectations (requiring CCOs to give effect to the mayoral vision and from 1 July 2012, the spatial plan), constitution, SOI, and specified key performance indicators, memoranda of understanding, and other performance measures that may be set out in the SOI.
- 4-142 The principles underpinning the development of these accountability mechanisms were designed by the Transition Agency to reflect the Government's ambitions for local government in Auckland – that it undergo a paradigm shift that will allow Auckland's civic leaders "to think regionally, plan strategically, and act decisively"⁶⁷ and "to create one Auckland, which has strong regional governance, integrated decision making, greater community engagement, and improved value for money"⁶⁸. The accountability mechanisms were shaped to enable the new governance structure to give effect to those ambitions.
- 4-143 The Transition Agency's thinking began with identifying three key needs reflected in the Government's intentions:
- the need to move from short-term thinking and planning that reflected annual funding arrangements
 - the need for better quality monitoring
 - given the sensitivity surrounding setting up Auckland Council's CCOs, the need for more obvious accountability to a range of key stakeholders.
- 4-144 At every step through the Royal Commission process, and the resulting policy and legislative initiatives, Government has been seeking a fresh approach to enable Auckland to lift the performance of local government across the region. The ultimate goal for each CCO is, therefore, to create some type of positive change – to contribute to transforming the region for the better.
- 4-145 Added to this is thinking on outcome-based evaluations and planning that has been adopted by a number of cities, as well as state and provincial governments, in the United States, Canada, and Australia. Outcomes-based evaluation replaces the question, "What have we done to accomplish our

⁶⁷ *Making Auckland Greater*, containing the Government's high-level decisions on Auckland Governance, April 2009, Prime Minister's Foreword, p. 4.

⁶⁸ Local Government (Auckland Law Reform) Bill 112-1 (2009), general policy statement, p. 2.

goals?” with the question “What has changed as a result of our work?”, the focus being on measuring the effects of an institution’s work on its public (outcomes) rather than on the services provided (outputs):⁶⁹

[Outcomes] are benefits or changes for individuals or populations during or after participating in program activities. They are influenced by a program’s outputs. Outcomes may relate to knowledge, attitudes, values, skills, behavior, condition or other attributes. They are what participants know, think, or can do; or how they behave; or what their condition is, that is different following the program.⁷⁰

- 4-146 These concepts have been adapted by the Transition Agency in setting out some underlying principles for the preparation of draft accountability mechanisms for the Auckland Council. The purpose and other generic details of each of these mechanisms are described below and drafts provided in Volume 2, *Attachments: Council-Controlled Organisations*, in respect of AWDA.

Letter of expectations

- 4-147 A letter of expectations from the mayor requires CCOs to give effect to the mayoral vision and from 1 July 2012 the spatial plan.

Constitution

- 4-148 The Transition Agency prepared a draft constitution for each relevant CCO. An example is provided in Volume 2 of this report. The constitution sets out the objectives, accountability, and reporting requirements, and the process for the appointment of directors and their powers and responsibilities.
- 4-149 In general terms, the constitution of each CCO provides for them to be 100 percent owned by Auckland Council with independent directors with the skills and experience to govern each of them.⁷¹ They are required to agree an annual SOI and operating plan and report performance against it in two public meetings a year. Overall, the constitution of each CCO establishes a performance expectation that to act in shareholders’ interests, it must act in the council’s interests.

Statement of intent

- 4-150 Similarly, the Transition Agency decided a fresh approach to SOIs was called for. This fresh approach is underpinned by three key responses:
- moving to a multi-year appropriation (or bulk funding)
 - focusing on outcomes rather than outputs
 - adopting a plain English style given the range of key stakeholders who may read the SOI.
- 4-151 Accordingly, the SOI is founded on three key pillars, all of which are consistent with the letter of expectations produced annually by Auckland Council. These three pillars are as follows:
- the mission for the CCO, which must take into account the vision and relevant policies and strategies of the Auckland Council
 - the guiding responsibilities, which are set out in detail in each draft SOI (briefly summarised in each CCO-specific chapter following) and which draw on SOE thinking (requiring the CCO

⁶⁹ Beverly Sheppard, *Perspectives on outcome based evaluation for libraries and museums*, Institute of Museum and Library Services, Washington, Introduction, p. 4 (available at www.imls.gov/pdf/pubobe.pdf, accessed September 2010).

⁷⁰ Stephen E. Weil (citing a 1995 publication by United Way of America), in “Transformed from a cemetery of bric-a-brac”, essay in *Perspectives on outcome based evaluation for libraries and museums*, Institute of Museum and Library Services, Washington, p. 9.

⁷¹ However, two councillors may sit on the Auckland Transport Board (see Chapter 5, “Auckland Transport”, page 151).

to operate an efficient, effective business; be a good employer; be a good investor; exhibit a sense of social, cultural, and environmental responsibility; and adopt a “no surprises” approach in relationships with Auckland Council)

- the key goals, which are intended to achieve the CCO’s vision and meet its guiding responsibilities and which should reflect an outcome rather than just an output, having regard to the three-year nature of the SOI and the three-year funding appropriation.
- 4-152 Among the biggest changes to the way in which SOIs have traditionally been constructed in the local government environment is a focus on clearer measurement of performance and, importantly given the multi-year approach, progress in achieving key goals and greater clarity of reporting expectations to key stakeholders.
- 4-153 Other important design features of the SOI template prepared by the Transition Agency include
- provision for each CCO to identify how it will contribute to the objectives and priorities of other CCOs
 - giving effect to any local board agreement with Auckland Council to the extent required
 - making the SOI public within one month after the date it is delivered completed to the Auckland Council
 - the requirement to give effect to the LTCCP and other Auckland Council strategies and plans.
- 4-154 In summary, the Auckland Council sets the high-level outcome for each CCO to achieve, and the CCO makes the decisions on how it will deliver the outcome in the most efficient, effective, and innovative manner.
- 4-155 Aside from Watercare, which already has an agreed SOI, the initial statements of intent will be agreed between each CCO and Auckland Council. The first opportunity for public input will come at the first meeting of the CCO, which must be held in public before 30 June 2011.

Service level agreements

- 4-156 The Transition Agency has arranged for service level agreements to be in place for each CCO to cover the period from 1 November 2010 until 30 June 2012.
- 4-157 The service level agreements identify the high-level service requirements and provide for Auckland Council and CCOs to agree to work together to better define and continuously improve shared services, delivery and measurement, as well as improve the transparency of costs.
- 4-158 Because of a number of constraints (e.g. newly created organisation structures, systems and processes, as well as limited historical information relating to them), the inaugural service level agreements provide for the Auckland Council and CCOs to take a pragmatic approach in respect of reaching a complete and full understanding of the services needed, including associated measures and costs.
- 4-159 Accordingly, the service level agreement overview prepared by the Transition Agency provides for Auckland Council to develop a more detailed understanding of the services through policies and procedures and for the CCOs to follow them. The service level agreements provide for Auckland Council and the CCOs to agree to monitor the actual use of the services, particularly through the first three to six months of the relationship, to better estimate the associated pricing.

Relationship to local boards

- 4-160 The Auckland Council Act makes it clear that decision making by Auckland Council is shared between the governing body and the local boards,⁷² and CCOs therefore will need to take account of the views of 21 local boards within a managed process.
- 4-161 While the governing body has the responsibility to agree an SOI annually with each CCO, the Transition Agency has recommended and provided for each SOI to require a collaborative day-to-day working relationship between the three groups – the governing body, local boards, and the CCOs.
- 4-162 Further, the draft SOI template prepared by the Transition Agency requires each CCO to give effect to any local board agreement with Auckland Council to the extent the agreement requires, seek input from local boards (via Auckland Council) on its draft SOI, and provide the local boards with access to information relevant to performing its function. In addition local board representatives may attend CCO board meetings as appropriate.
- 4-163 Local boards may wish to vary a level of service, or project, based on the priorities and preferences identified in the local board plans. The governing body, the relevant CCOs, and local boards will need to collaborate on the CCO's work programme, and in this be mindful that local board – as well as CCO – funding is allocated through a process involving the governing body. Before a local board seeks a change to an approved plan, all parties will need to work through implications for a CCO's work programme and funding certainty.
- 4-164 Local boards can advocate for their communities in relation to the adequacy of services being delivered by the CCO.
- 4-165 The Transition Agency also expected that the general public will relate directly with CCOs where the service delivered by the CCO directly affects particular members of the public. This aligns with practice in the old system where, for example, the general public was able to directly contact Metrowater's customer services team.
- 4-166 The public also has opportunities to comment on the service delivery of CCOs either through the governing body or local boards.
- 4-167 It should be noted that the relationship between local boards and Auckland Transport is formalised. This is discussed in Chapter 5.

Role of the council committee

- 4-168 The council committee recommended by the Transition Agency will
- set direction and monitor the performance of CCOs
 - have governance oversight in the appointment of directors to CCOs (where appropriate it would make recommendations to the governing body in accordance with the delegations to the committee)
 - receive and make decisions on the recommendations of the advisory board (which does not have decision-making powers)
 - be assisted by the governance and monitoring unit.

⁷² Local Government (Auckland Council) Act 2009, section 7.

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- 4-169 With the mayor as chair, this committee is positioned to provide the critical oversight role of the performance of the CCOs and to ensure alignment of what they are doing with the long-term vision and goals of Auckland Council.

Role of the advisory board

- 4-170 The advisory board recommended by the Transition Agency will
- comprise three to four members appointed by the council committee for their particular expertise and experience
 - recommend the appointment of CCO directors to the council committee
 - provide advice as requested by the council committee.
- 4-171 The intention is to have a board composed of experienced, independent, private sector practitioners able to advise on future appointments to CCO boards and assist the council committee address any relationship issues with CCOs.

Role of the CCO governance and monitoring unit

- 4-172 A CCO governance and monitoring unit is based in the Auckland Council's Finance Department under the chief financial officer. The unit has a number of accountabilities, which include the following:
- ensuring the SOIs of the CCOs give effect to the governing body's long-term plan, including the strategic plan documents as directed by the governing body
 - monitoring, analysing, and reporting on the performance of the Auckland Council's CCOs, and providing advice to the advisory board and/or Auckland Council on any issues arising
 - identifying/developing objectives for the Auckland Council's CCOs through their SOIs and developing strategies for ensuring the CCOs achieve the council's objectives for them
 - ensuring that the Auckland Council's monitoring activities meet the relevant requirements of the LGA 2002 or any other applicable Act
 - providing input into directors/advisory board members' appointment and review processes, or board composition reviews
 - developing and maintaining good relationships with Auckland Council's CCOs (at different levels)
 - providing ad hoc specialist governance advice to the advisory board or Auckland Council
 - facilitating the CCOs' input to the Auckland Council's annual plan and LTCCP budgeting process, and assessing CCO funding requests (both general operating funding and funding for specific capital projects)
 - providing advice to the Auckland Council or advisory board on other accountability documents (e.g. Watercare's asset management plan, Watercare's funding plan) or other CCO proposals (e.g. borrowing).
- 4-173 The design of the governance and monitoring unit focused on addressing the issues raised with the Royal Commission and in the feedback to the Transition Agency regarding the current perceived lack of accountability and control of existing CCOs. The Transition Agency also undertook an informal review of current practice. Existing SOIs appeared to include a large number of detail focused "management style" key performance indicators. Existing CCOs commented on the intrusiveness of monitoring practices – time intensive and very "prefect" oriented.

- 4-174 At the same time, however, CCOs commonly had internal business plans (their “real” work plan) which included goals and objectives far in excess of the SOI targets. In comparison, as noted earlier, central government monitoring of SOEs appears to have moved to a much more outcome-focused system. This approach was seen as being desirable for Auckland Council governing body’s oversight of its CCOs in that it should lift conversations between the council committee and CCOs to a more high-level governance level: “What do we want achieved?” rather than “How do we want it done?”
- 4-175 The intent of the design of the governance and monitoring unit was, therefore, in shaping a role to constructively and expertly monitor outcome performance on behalf of the council committee, to focus on the employment of a smaller number of highly experienced professionals who could develop sound working relationships with boards, chief executives, and other senior CCO staff. The focus and business culture the Transition Agency has sought to put in place has been on establishing a highly collaborative ongoing professional relationship.
- 4-176 The governance and monitoring unit CCO portfolio would be divided across three key staff (as in the State Services Commission model). These staff would be backed by a small team of advisers. The Transition Agency also envisaged that governance and monitoring unit staff would also access highly specialist advice on a consultancy basis. Such advice would enable the design of sensitive measures and the setting of “stretch” but achievable targets.
- 4-177 To reinforce the intentions of the new Auckland governance model to embrace the CCOs’ role to focus on delivering outcomes aligned with the council’s overall vision, strategies, and policies, the Transition Agency introduced the concept of commencing the accountability process with a letter of expectations. This additional accountability mechanism would clearly articulate the council’s requirements. It is anticipated that the governance and monitoring unit will work with the council committee to formulate these letters. The SOI, developed by the CCOs in consultation with relevant entities, policies, and plans of the council, would be a response to these letters. The monitoring process throughout the year would be formative with governance and monitoring unit staff using their experience to validate the reliability and validity of observations.
- 4-178 The above operational suggestions and recommendations on how the council committee, the governance and monitoring unit, and the CCO’s board should work together in order to perform professionally, deliver effective, efficient, and accountable governance, and contribute to desired outcomes may be a (perhaps *the*) critical success factor for the new Auckland Council and its wider perception and acceptance long term by the public. It will be through adoption of this kind of new mind-set and collaborative approach of a unified Auckland Council having one set of core policies, systems, and shared (CCO) services that will enable Auckland to lift its game.
- 4-179 The adoption of the new consultative and collaborative attitudes and working practices required will take time to achieve. There is expected to be a period of transition of at least 12–18 months in which
- new CCO arrangements will bed down
 - some CCOs that have entities associated with them will progressively rationalise these entities subsequent to the establishment of the CCO
 - processes and systems will become more streamlined as the CCOs go on.

3: Appointment process for significant roles in CCOs

Appointments to boards of directors

- 4-180 The Auckland Transition Agency was required to make recommendations to the Ministers of Local Government and Transport for the chairs and directors for six council-controlled organisations. The seventh CCO, Watercare Services Limited, was to retain its existing board (see Chapter 6, “Watercare Services Limited”).
- 4-181 A recruitment agency, Sheffield, was engaged by the Transition Agency to carry out a CV-based evaluation of the nominated directors. The Transition Agency also engaged Sheffield to liaise with the nominees and the Department of Internal Affairs to ensure all the necessary documentation and information for the Cabinet Appointments and Honours Committee was obtained.
- 4-182 The Minister of Local Government wrote to the mayors and chief executives of the existing Auckland councils asking for nominations. Requests for nominations were also sent to Ministers and chief executives of key Government departments including the Ministry of Women’s Affairs, Te Puni Kōkiri, and the Ministry of Pacific Island Affairs. In addition, a number of individuals independently put themselves forward for consideration. All nominations were received and acknowledged by the Transition Agency.
- 4-183 In total over 220 nominations were received, the majority indicating a willingness to be considered for any of the six boards. In addition, the Transition Agency provided Sheffield with the details of current boards of CCOs (e.g. those of Auckland Regional Holdings, Auckland Regional Transport Authority, Sea+City) and other entities such as the property companies and Enterprise Board for consideration.
- 4-184 Sheffield developed a competency matrix (see page 144) against which to assess nominees, in consultation with the Transition Agency. Candidates were assessed against this matrix, and an evaluation template was completed for every candidate. This has been kept by Sheffield to protect the privacy of individuals. Where competency gaps existed, Sheffield put forward the names of others with the required skills for consideration.
- 4-185 In establishing the list, regard was given to the directors of existing CCOs to provide a level of continuity and retention of institutional knowledge. Regard has also been given to women’s representation on boards of CCOs. Both matters were referred to in the commentary to the Third Bill for the reform of Auckland’s local government.
- 4-186 After the completion of the competency matrix, a “shortlist” of recommended directors and chairs for each board was developed by the Transition Agency and Sheffield, and was then reviewed by the Ministers of Local Government and Transport, as well as the Prime Minister. Suggestions from the Ministers were incorporated into the recommendations, resulting in a final group of nominated candidates that was put forward to the Appointments and Honours Committee.

4-187 Two remuneration consultancies (the Institute of Directors and Moyle Consulting) were engaged to make recommendations as to the appropriate remuneration for the boards. The Transition Agency and Sheffield discussed both reports in setting the remuneration levels for each board.

Appointments of chief executives and senior management

4-188 After working on the senior management appointments for Auckland Council, the Transition Agency was required to appoint senior managers for five of the seven CCOs. (Auckland Transport staff had been appointed earlier, and Watercare was not affected.)

4-189 Sheffield was engaged to assist with a competitive process for the recruitment of 17 roles in the two upper tiers of CCO management. Position descriptions were developed by the Transition Agency workstream leaders and were reviewed by Sheffield. The vacancies were advertised nationally, as well as within the existing Auckland councils. In total over 560 applications were received, of which approximately half could be considered “internal”.

4-190 Sheffield worked with the Transition Agency to assess applications against the criteria specified in the job descriptions. The “longlisted” candidates were initially interviewed by senior consultants at Sheffield. Based on these interviews, a final shortlist of between two and four candidates per role was developed.

4-191 Shortlist interviews were conducted by a panel of senior managers and consultants chosen by the Transition Agency. For the chief executive appointments the panel included a Transition Agency Board member, the interim chief executive of the Auckland Council, and, where possible, the newly appointed chair of the relevant CCO.

4-192 In line with the agreement between the Transition Agency and Sheffield, the Transition Agency took responsibility for communication with candidates from the shortlist stage. The panel chairs were primarily responsible for carrying out reference checking and other due diligence. On occasion the panel chairs engaged Sheffield to carry out reference checks on their behalf.

Competency matrix for CCO boards

4-193 Following is a draft set of competencies/skills for the establishment boards of the CCOs. These were drafted by Sheffield as a starting point for discussion with the Transition Agency. In developing these competencies the requirements of the relevant Local Government Acts and the Local Government (Auckland Law Reform) Bill commentary were considered.

4-194 All candidates were required to be resident in Auckland and to have at least some initial governance experience, with the majority having a solid governance background. When reporting back on the Local Government (Auckland Law Reform) Bill the Auckland Governance Legislation Committee commented that it would be desirable to appoint at least some existing directors from the disestablished CCOs to ensure institutional knowledge would be retained, and in particular that women have greater representation, was also considered in the assessment.

Assessment process for candidate selection to CCO boards

Technical competencies (initially assessed from CV)		
Competencies/skills	Description	Required by
Governance experience	<ul style="list-style-type: none"> • Previous board membership and directorship experience • Understands board member obligations to shareholders/stakeholders and potential liabilities under relevant New Zealand law • Understands legal duties of a director and displays objectivity and willingness to take an independent viewpoint • Commercial and risk management understanding 	All board members
Leadership ability and strategic experience	<ul style="list-style-type: none"> • Strategic and leadership experience within a significant and complex organisation 	All board members
Commercial skills and experience	<ul style="list-style-type: none"> • Experience as an executive in a commercial organisation of reasonable size and complexity • In-depth experience of long- and short-term business planning and delivering commercial outcomes 	At least 2 board members
Understanding of public sector governance	<ul style="list-style-type: none"> • Knowledge and understanding of the public sector, including governance, stakeholder management, and the political environment 	At least 2 board members
Relevant sector experience	<ul style="list-style-type: none"> • Knowledge and understanding of industries and/or organisations relevant to the individual CCOs • Current service on a CCO board 	At least 2 board members Ideally at least 1 board member
Financial expertise	<ul style="list-style-type: none"> • Financial acumen and literacy • Audit committee experience • Understanding of board requirements /obligations under the various legislation, including compliance and statutory requirements 	One or more board members
Legal expertise	<ul style="list-style-type: none"> • Broad legal knowledge and experience relevant to CCO legislative and regulatory environment 	One board member

Assessment process for candidate selection to CCO boards, *contd*

Personal attributes (to be established at interview and in further assessment)		
Attributes	Description	Required by
Integrity	<ul style="list-style-type: none"> • Demonstrates high standards of business ethics • Accepts collective responsibility and board room confidentiality • Exhibits an appropriate level of understanding with regard to the legal and ethical responsibilities of the board 	All board members
Communication	<ul style="list-style-type: none"> • Listen actively and accurately, encouraging input from others • Keeps colleagues well informed • Demonstrates ability to debate in a reasoned manner 	All board members
Decision making	<ul style="list-style-type: none"> • Demonstrates sophisticated, analytically based decision-making skills • Demonstrates the intellectual rigour required to work in a complex and ambiguous environment • In-depth strategic and analytical skills, able to take a broad perspective, both short and long term • Commits to decisions and action after fully considering the available options and circumstances 	All board members
Teamwork/ collaboration	<ul style="list-style-type: none"> • Actively participates in and facilitates team effectiveness of the board • Works productively and openly with colleagues to achieve results and resolve problems 	All board members
Leadership	<ul style="list-style-type: none"> • Proven skills and willingness to take leadership role and to provide leadership to business matters • Demonstrated leadership in diverse ethnic communities • Experience in organisational matters requiring leadership and political astuteness 	<p>All board members</p> <p>One or more board members</p>

5

Auckland Transport

This chapter outlines arrangements for Auckland Transport, one of the substantive council-controlled organisations (CCOs) established within the Auckland Council governance structure.

- 5-1 The chapter is in three sections. Section 1 provides a general overview of the CCO including the rationale for its establishment, its purpose, and objectives. Section 2 outlines Auckland Transport's structure, including governance arrangements, management structure and responsibilities, and key working relationships. Section 3 canvasses important transition and other matters affecting the CCO's establishment and early performance, which need to be taken into account during the period to 30 June 2012.

1: Overview

- 5-2 Auckland Transport was established under the provisions of Part 4 of the Local Government (Auckland Council) Act 2009 ("Auckland Council Act") as amended in 2010.¹ It has responsibility for all of the local roading and public transport activities in Auckland formerly performed by territorial authorities and the Auckland Regional Transport Authority.

Establishment process

- 5-3 The establishment process for Auckland Transport commenced in April 2009, with the release of the Government's high-level decisions on the report of the Royal Commission on Auckland Governance.
- 5-4 The primary objective of the Commission's recommendations was to bring all elements of transport, including roading, rail, public transport, and planning for pedestrians and cyclists, under the management of one body, which would be a CCO owned by the proposed Auckland Council.²
- 5-5 The Government's April 2009 announcement confirmed the establishment of one regional transport CCO of Auckland Council responsible for all local government transport functions. However, whereas the Commission recommended a move to outcome-based funding, the Government decided to establish the CCO under the current funding system, in which Auckland Council provides local funding and Government agencies allocate land transport and rail funding.³
- 5-6 In August 2009 the Government confirmed further detail on the establishment of Auckland Transport, including that it would be a separate entity from the Auckland Council with its own

¹ Part 4 ("Transport Management for Auckland") of the Local Government (Auckland Council) Act 2009 was inserted by the Local Government (Auckland Council) Amendment Act 2010, section 31.

² Royal Commission on Auckland Governance, *Report, Volume 1*, March 2009, p. 541 at para. 25.4.

³ The Government's high-level decisions on Auckland governance, *Making Auckland Greater*, April 2009.

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support systems but would retain an important governance relationship with the council, including that it would be required to follow and give effect to the strategic direction set by Auckland Council.⁴ At the same time the Auckland Transition Agency (“Transition Agency”) was given responsibility to establish the new organisation by 1 November 2010.

- 5-7 Auckland Transport’s orientation with the other substantive CCOs and Auckland Council is depicted in Chapter 4, “Council-Controlled Organisations: Overview” (see Figure 4-1 on page 117).

Transport Working Group

- 5-8 To oversee the detail of Auckland Transport’s establishment process and the transition from the transport activities of Auckland’s existing local government organisations (ELGOs),⁵ the Transition Agency established a Transport Working Group.
- 5-9 Over 14 months the Transport Working Group progressed through a number of key stages, establishing six project teams to undertake the various tasks including information discovery and evaluation, organisational design and workforce planning (including feedback), staff appointments process, systems development, business process mapping, and customer process development.

Purposes and objectives of Auckland Transport

- 5-10 Auckland Transport has the following basic functions and powers:⁶
- planning and delivery of the local authority transport network in the Auckland region, including local roading and public transport, in accordance with the strategic direction set by the Auckland Council through the spatial plan and the regional land transport strategy (RLTS)
 - preparing the regional land transport programme (RLTP) for Auckland, which sets out the projects and services to be funded by the Auckland Council, local boards, and New Zealand Transport Agency (NZTA)
 - ensuring that the RLTP is consistent with the Government Policy Statement on Land Transport Funding (GPS), and the Auckland RLTS
 - engaging with local boards over local transport improvements
 - working closely with NZTA and the New Zealand Railways Corporation to ensure the plans and views of those agencies are properly incorporated into decision making
 - acting as an approved organisation in respect of transport activities for which funding has been approved by NZTA
 - being the road controlling authority for Auckland local roads and all local authority carparking functions
 - undertaking public transport planning, regulations, and contracting under the Public Transport Management Act 2008
 - being a requiring authority under the Resource Management Act 1991.
- 5-11 The functions and powers of Auckland Transport were given statutory effect with the passage of the Auckland Council Amendment Act in June 2010, which contained detail on governance and functional arrangements that was not in the original Auckland Council Act and which enabled the establishment process to proceed with more certainty. Further details on the legislative provisions are set out in Chapter 12, “Legislative Framework” (see paragraphs 12-88 to 12-93).

⁴ Cabinet minute, “Auckland Governance: Regional Transport Authority”, 24 August 2009, CAB Min (09) 30/10.

⁵ A local authority or CCO in the Auckland region during the transition period from 24 May 2009 to close of 31 October 2010.

⁶ CAB Min (09) 30/10.

How Auckland Transport will achieve its purpose and objectives

5-12 Auckland Council retains ownership of all local roads and the land under local roads. However, pursuant to the Auckland Council Act and the related Order in Council, the following transport assets are managed and controlled by Auckland Transport:

- road pavements: road surface, base, and formation (note: roads in parks, except legal roads, remain with Auckland Council)
- parking: on-street parking, and parking equipment (pay and display, variable message signs)
- traffic signals and traffic control equipment
- signs and markings
- street lighting
- footpaths and vehicle crossings
- cycleways (where not exclusively recreational)
- bus shelters
- road drainage: kerb and channel, catchpit leads, and under channel subsoil
- road structures: road bridges, footbridges, culverts, underpasses
- wharves serving public transport and freight (note: non-transport wharves remain with Auckland Council)
- busway stations and bus interchanges
- park and ride facilities
- railway stations (land lease and improvements)
- Britomart Transport Centre
- transport-related street furniture, including benches, bike stands, and information boards
- operational assets, including office equipment and furniture, vehicles, personal digital assistants, communication equipment.



The Britomart Transport Centre is managed by Auckland Transport

5-13 In addition to the assets listed above, Auckland Council has delegated control and management of stand-alone carpark buildings and off-street car parks to Auckland Transport (other than those that are specifically associated with other council facilities, libraries, community centres, and so on). Management of the airfields on Great Barrier Island is also expected to be delegated to Auckland Transport.

5-14 Auckland Transport is also responsible for the management and control of the following road corridor assets, with their management being consistent with Auckland Council and local board plans and policies:

- trees and street vegetation
- rubbish bins
- street art and monuments
- public toilets in the road reserve.

2: Structure of Auckland Transport

Organisational form

- 5-15 Auckland Transport operates as a statutory wholly owned CCO of the Auckland Council under Part 5 of the Local Government Act 2002 with some specific modifications. Its relationship with the Auckland Council is governed by the following:
- *Order in Council*. This set out the assets, liabilities, and contractual obligations that passed to Auckland Transport on 1 November 2010.
 - *Letter of expectations*. This will set out how the Auckland Council expects Auckland Transport to contribute to and align with the council's objectives and priorities, and those of central government.
 - *Statement of intent (SOI)*. This sets out the nature and scope of Auckland Transport's activities, and the manner in which its performance will be judged.
 - *Operating rules*. These establish the manner in which the board will operate, how Auckland Transport will appoint staff, how it will report to the council, and procedures for acquiring and disposing of significant assets.
- 5-16 The Auckland Council Act also requires Auckland Transport to observe the following operating principles:⁷
- establish and maintain processes for Māori to contribute to its decision-making processes
 - operate in a financially responsible manner, prudently manage its assets and liabilities, and endeavour to ensure its long-term financial viability and act as a successful going concern
 - use its revenue efficiently and effectively, and in a manner that seeks value for money
 - ensure that its revenue and expenditure are accounted for in a transparent manner
 - ensure that it acts in a transparent manner in making decisions under the Auckland Council Act and the Land Transport Management Act 2003.

Strategic drivers

- 5-17 Auckland Transport is required to take account of a range of policy and strategy documents in the process of making decisions on the allocation of funds to transport activities, particularly the preparation of the RLTP. The following documents can be expected to act as key strategic drivers for Auckland Transport.
- *Auckland Regional Land Transport Strategy*. Auckland Transport is required to ensure that the RLTP is consistent with the RLTS. The current RLTS was adopted by the Auckland Regional Council in 2010, and sets out the strategic direction for transport in Auckland over the next 30 years, and the overall strategic priorities for regionally significant infrastructure and services. The RLTS remains operative for six years, or until it is amended. In future, the preparation of the RLTS will be the responsibility of the Auckland Council.
 - *Government Policy Statement on Land Transport Funding*. In addition to consistency with the RLTS, Auckland Transport is required to ensure that the RLTP is consistent with the GPS, which sets out the Government's policy and priorities for land transport funding, with indicative funding allocations for different activities over the next three to 10 years. The GPS provides

⁷ Local Government (Auckland Council) Act 2009, section 40 (inserted by the Local Government (Auckland Council) Amendment Act 2010, section 31).

the policy context for the National Land Transport Programme, which makes the specific allocations of NZTA funding to reflect the priorities identified in the GPS. The current GPS was issued by the Government in May 2009.

- *Spatial plan.* The Auckland Council Act requires Auckland Council to prepare a spatial plan for Auckland, which will set a long-term strategic direction for Auckland, and outline a development strategy to achieve that direction. The spatial plan is expected to show the location and sequencing of growth and development, and how infrastructure, including transport, should be provided to support that growth. It is expected that Auckland Transport will be closely involved in the development of the plan, and that once in place the spatial plan will form an important strategic context for Auckland Transport's activities (and the expectations and resources from Auckland Council in relation to transport).
- *Long-term council community plan (LTCCP).* The Auckland Council must adopt a new LTCCP by 30 June 2012, setting out its proposed activities and capital and operating expenditure forecasts over the following 10 years. The council's funding for Auckland Transport will form a significant part of the LTCCP. In the meantime, the funding and activities of Auckland Transport are influenced by the LTCCPs of the ELGOs, prepared in 2009. These LTCCPs have been used as the basis for the planning document for the Auckland Council, which establishes the funds available to Auckland Transport for the period from 1 November 2010 to 30 June 2012.
- *Local board plans.* Each local board is required to adopt a local board plan that sets out the local priorities and preferences for council activities in the local board area. The plan will inform the development of local board agreements with the Auckland Council governing body, and the development of the Auckland Council LTCCP. The local board plans can also propose variations in local levels of service and an indicative local board budget. Although the Auckland Council Act does not explicitly identify transport as part of local board plans, it can be expected that most boards will wish to include transport aspects in their plans. Auckland Transport will need to be able to engage with, and respond to, this process.

Governance structure

- 5-18 Under section 43 of the Auckland Council Act, Auckland Transport's Board of Directors must comprise between six and eight voting directors, two of whom may be elected members of the governing body of the Auckland Council. In addition, the board includes one non-voting director nominated by the NZTA.
- 5-19 Board members should have relevant experience and expertise to be able to deliver the skills and impose the commercial disciplines necessary to enable Auckland Transport to achieve its purpose and objectives.
- 5-20 The Auckland Transport Board is appointed by the Auckland Council, which also nominates the chair and deputy chair (who may not be elected members of the Auckland Council). In August 2010, prior to the establishment of an elected Auckland Council, the Minister of Transport made the initial appointment of the following five board members, and nominated the chair and deputy chair:⁸
- Mark Ford (Chair)
 - Philippa Dunphy (Deputy Chair)

⁸ *New Zealand Gazette*, No 113, 2 September 2010.

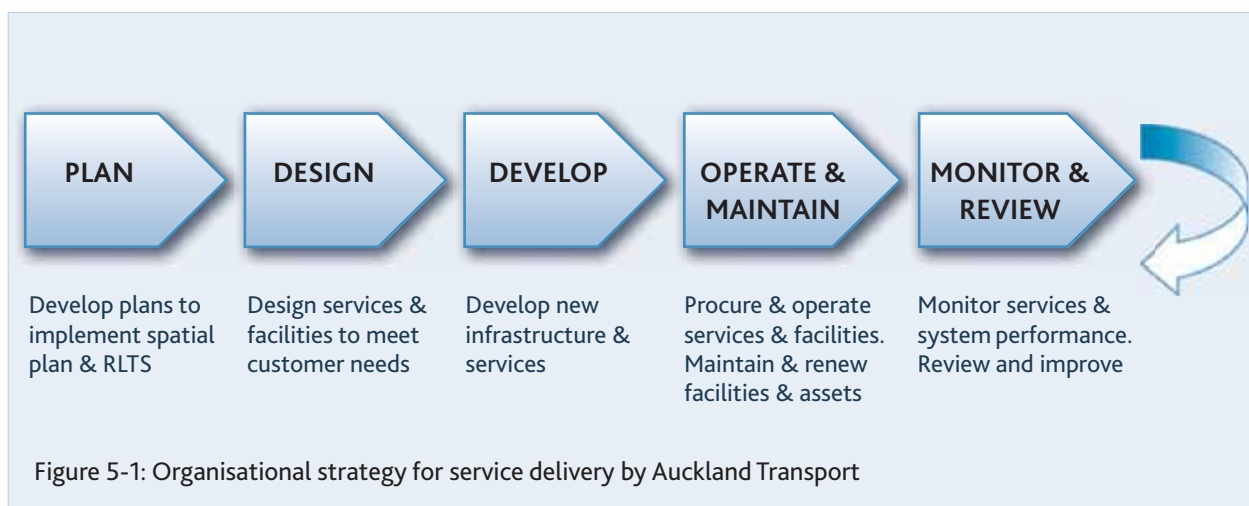
- Rabin Rabindran
 - Dr Ian Parton
 - Paul Lockey.
- 5-21 The board's statutory role is to set the strategic direction for Auckland Transport, reflecting the letter of expectations setting out Auckland Council policy and directions and the SOI negotiated with Auckland Council, and delegate the implementation of the functions of Auckland Transport to the chief executive. In exercising its functions, the board will ensure that Auckland Transport meets its statutory obligations.
- 5-22 The Auckland Council Act provides for the Auckland Transport Board to include one non-voting director nominated by the NZTA, "who may be a person who is the holder of an identified office or position within the New Zealand Transport Agency".⁹ The role of this director reflects the important relationship that Auckland Transport will have with NZTA, both from an operational and a funding perspective. While the NZTA director will not be able to vote, it is expected that he or she will ensure that NZTA's perspective is taken into account in the board's decisions, and that the board is made fully aware of NZTA policies and processes that may impact on Auckland Transport actions.

Management structure and responsibilities

Organisational design approach

- 5-23 Key drivers for Auckland Transport were the need for it to have a strong delivery focus, to be customer oriented, and to be fully operational on 1 November 2010, with no reduction in service levels. Taking account of these objectives, the Transport Working Group identified a set of key organisational attributes to guide the establishment of Auckland Transport, and an organisational business strategy to support the service chain as illustrated in Figure 5-1 opposite.
- 5-24 The Transition Agency established a set of principles that were used to guide the development of Auckland Transport's organisational structure. These included the following:
- There would be clear linkages and management accountabilities for Auckland Transport to the regional plans developed by Auckland Council, and to safety, community outcomes, and customer service.
 - The structure would support effective strategic planning and communication linkages between the governing body, local boards, Auckland Transport, and other stakeholders.
 - Where possible the number of management tiers would be minimised, ensuring that decision making was at the appropriate level of the structure and that management roles were significant and meaningful, with appropriate spans of control.
 - There would be a small core executive team, both to minimise administrative costs and to ensure clear leadership direction and momentum through the transition.
 - The structure should be easy to understand for staff, citizens, customers, and other stakeholders.
 - The organisation would allow for the progressive integration of systems and procedures over time, while ensuring a focus on maintaining or enhancing service delivery.
 - The executive would be tasked with developing a collaborative approach to working across the functions within Auckland Transport and between Auckland Transport and the Auckland Council to achieve the desired outcomes for transport services across the region.

⁹ Local Government (Auckland Council) Act 2009, section 43(2)(b) (inserted by the Local Government (Auckland Council) Amendment Act 2010, section 31).



Organisation structure

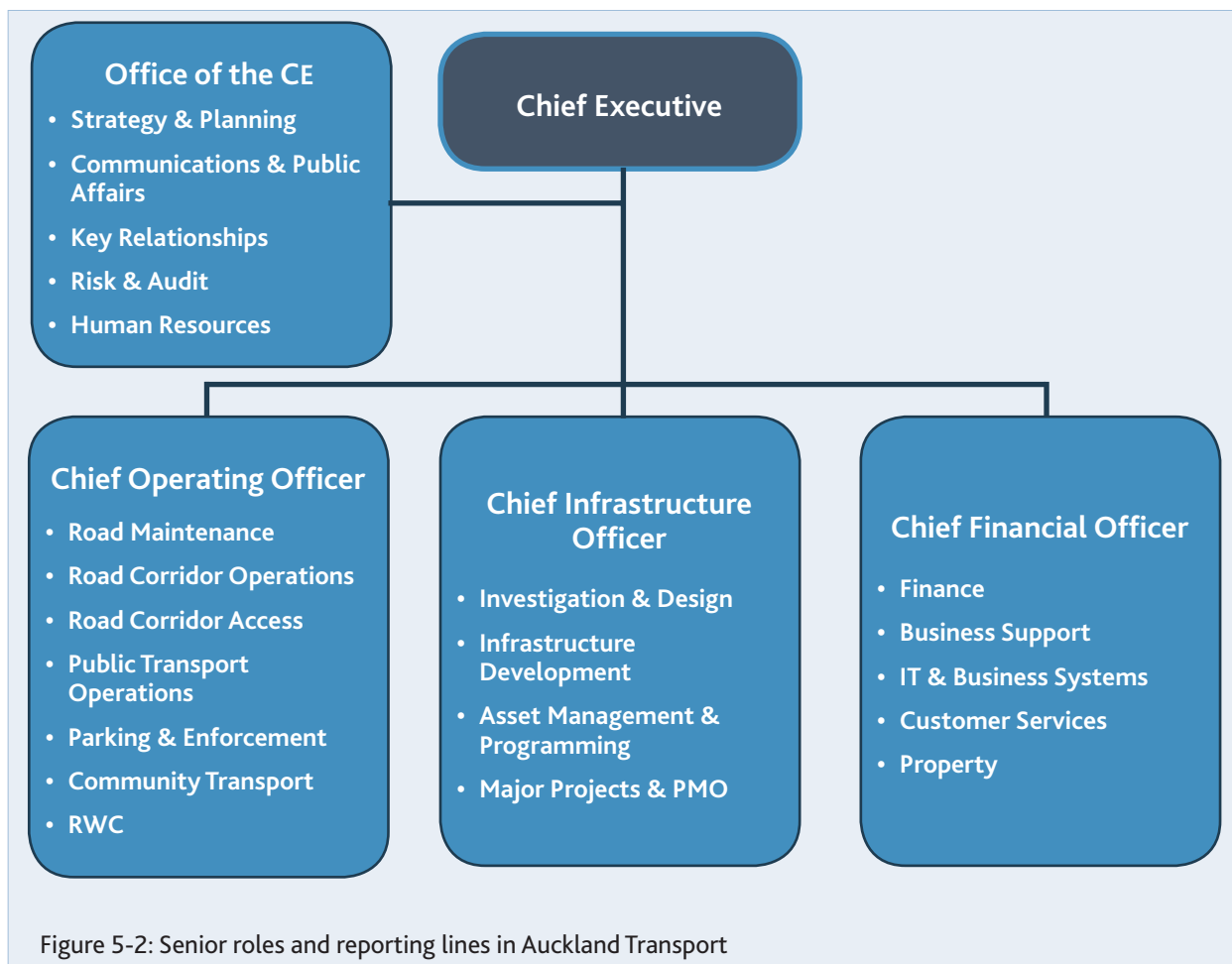
- 5-25 The principles outlined above were used to develop a draft organisational structure for Auckland Transport. This was issued in a discussion document published on 20 November 2009.¹⁰ Staff feedback was invited, and a total of 91 submissions were received. A feedback report was published by the Transition Agency on 5 February 2010.¹¹ As a result of the submissions a number of changes were made to the organisation structure.
- 5-26 The approved structure (see Figure 5-2 overleaf) provides for three organisational groups reporting directly to the interim chief executive, with responsibilities for the three main areas of the business: Operations, Infrastructure, and Finance. The corresponding Tier 2 senior management positions are as follows:
- Chief Operations Officer, responsible for operations including roading operations, access and maintenance, public transport operations, parking and enforcement, and community transport
 - Chief Infrastructure Officer, responsible for infrastructure investigation, design and development, asset management and programming, major project development, and the project management office
 - Chief Financial Officer, responsible for all financial matters and business support, information technology and business systems, customer services, and property.
- 5-27 In addition, the Chief Executive's Office includes the following functions: Human Resources, Strategy and Planning, Risk and Audit, Communications and Public Affairs, and Key Relationships. Managers of these departments will also report directly to the chief executive.

Detailed design, workforce plan, and staff appointments

- 5-28 The revised structure was used to prepare a draft workforce plan, which was issued in July 2010. The workforce plan provided detail on the role and structure of Auckland Transport and included the following information:
- the proposed organisational structure, including all positions
 - the purpose and role of each department

¹⁰ Auckland Transition Agency, *Discussion document – Organisational structure and staff transition. Part 4: Draft organisational structure – Auckland Transport Agency*, 20 November 2009.

¹¹ Auckland Transition Agency, *Feedback and decisions – Organisational structure and staff transition, Part 4: Auckland Transport Agency*, 5 February 2010.



- an outline of how each department and unit will operate, including the service delivery model, staff location, key relationships, systems, and levels of service
- proposed roles and responsibilities for each staff position in the organisation
- the proposed method of filling each role, including staff matching, ring-fenced selection, or open contestable selection.

5-29 Staff feedback was also received on the workforce plan, and a feedback report was issued on 30 July 2010 that included the changes to roles and responsibilities made in response to feedback received.

5-30 The appointment process for the interim chief executive and Tier 2 and 3 roles commenced in early 2010, following a contestable process open to both ELGO staff and external applicants.¹² Most of these roles were filled by August 2010. The appointment process for Tier 4 and other roles commenced in August 2010, using the methodology established in the workforce plan. The majority of these roles were filled from ring-fenced selection or direct matching of staff from within ELGOs. This process was substantially completed by 30 September 2010.

Location of Auckland Transport offices and staff

5-31 The service delivery model for Auckland Transport is based on a number of functions being centralised at the head office. This is located at Henderson (in part of the former Waitakere City

¹² Further details of the appointment of senior management of Auckland Council and Auckland Transport are given in Chapter 14 (see section 6, "Interim chief executive and senior management" on page 296).

Council offices) and accommodates about 535 staff (including the local service centre staff). Public transport and parking support staff are located on two floors in Bledisloe House in the central city, together with the Auckland Transport central service centre staff (approximately 190 in total).

- 5-32 Auckland Transport staff with local service responsibilities are located at the four full service centres in Takapuna, Henderson, Bledisloe House, and Manukau.¹³ These include road maintenance, traffic operations, community transport, and elected member liaison staff. Parking enforcement staff also operate from these locations. A “hot desk” facility operates at the Orewa and Papakura local service centres for staff needing to work in those locations from time to time.
- 5-33 The existing MAXX call centre staff¹⁴ and some integrated ticketing project staff, total 40, are based temporarily at Pitt Street. The remainder of the staff complement is situated at specific transport facilities, including carparking buildings, the Northern Busway, ferry wharves, and Britomart station.
- 5-34 Because of the logistics of transferring all ELGO staff to new locations, staff were progressively relocated into their new locations over a period of some weeks following 1 November 2010.

Key working relationships

- 5-35 Auckland Transport is required to establish close working relationships with the various central government agencies that have responsibilities for transport in Auckland. These include
- Ministry of Transport: transport policy
 - NZTA: funding, safety management, and management and development of State highways
 - New Zealand Railways Corporation/KiwiRail: management and development of the rail network.
- 5-36 Within Auckland Council, key relationships include
- Auckland Council’s planning and policy functions
 - mayor and governing body (council committees)
 - 21 local boards
 - other CCOs (including Auckland Waterfront Development Agency; Auckland Tourism, Events and Economic Development Limited; Regional Facilities Auckland; Auckland Council Property Limited; and Watercare Services Limited).

Auckland Council and Auckland Transport relationship

- 5-37 The interrelationships between Auckland Transport and the Auckland Council include the following:
- *Governance.* Auckland Transport has a governance relationship with the Auckland Council, through the appointment of the board, the establishment of an SOI and operating rules, and the monitoring of Auckland Transport’s performance.
 - *Funding.* The Auckland Council is responsible for over half of the funds for Auckland Transport activities. This includes rates and development contributions. Local boards also have control over local funds, which may be used to purchase transport assets and service enhancements.

¹³ For further details of Auckland Council and CCO service centres, see Chapter 15, “Customer Services”.

¹⁴ MAXX is the regional transport brand for Auckland with a call centre and a dedicated website (www.maxx.co.nz) providing timetables, fare information, maps, etc.

- *Regulatory.* The Auckland Council has responsibility for land use regulation, while Auckland Transport is responsible for transport regulatory powers (including bylaws) relating to activities within the road reserve. Local boards are able to propose local bylaws.
- *Planning and programming.* Auckland Transport and the Auckland Council have an important input into each other's strategies, plans, and programmes. The Auckland Council is responsible for the spatial plan, RLTS, LTCCP, and a consolidated district plan/regional policy statement. Local boards will prepare local board plans, and Auckland Transport is responsible for the RLTP and other non-statutory operational plans. Formal mechanisms need to be developed to ensure effective input to these processes from Auckland Transport, the Auckland Council, and local boards.
- *Operational interface.* A number of local government activities, especially those that occur within the road reserve, involve services that are delivered by, or controlled by, the council as well as Auckland Transport. These interfaces are likely to be particularly sensitive in the central business district, town centres, and waterfront areas. These arrangements need to be formalised through a delegation of powers from Auckland Transport to the Auckland Council, and supported by the development of operational protocols and service level agreements.
- *Shared services.* To enable the efficient transition from existing systems to the new organisational arrangements, some services are provided by the Auckland Council from Day One. These include the customer contact centre, which will initially direct calls to legacy systems for resolution (see Chapter 15, "Customer Services", for more information); face-to-face customer contact through council service centres; some IT support services; and linkages to existing council information bases, historical records, and legacy systems to ensure ongoing continuity. Service level agreements will be developed for these services.

Engagement with local boards

- 5-38 Section 45 of the Auckland Council Act makes it clear that transport decisions (other than the adoption of the RLTS) are to be made by Auckland Transport rather than the Auckland Council's governing body and/or local boards. However, it is expected that local boards will take a significant interest in transport activities within their areas. The Auckland Council Act (section 54) also provides the opportunity for Auckland Transport to delegate transport decision-making powers to local boards.
- 5-39 Auckland Transport will take a proactive approach to the involvement of local boards in the transport decision-making process, consistent with the overall approach to the allocation of local board decisions that has been adopted by the Transition Agency.¹⁵
- 5-40 The Transport Working Group has suggested the following principles to help manage Auckland Transport's relationship with local boards:
- Auckland Transport, the governing body, and local boards have a three-way relationship, which is integral to the achievement of the goals and objectives of all three parties.
 - Auckland Transport and local boards will work together to establish and maintain a relationship based on goodwill, collaboration, and respect, for the benefit of the communities of Auckland.

¹⁵ The decision-making roles of local boards is covered in Chapter 2, "Auckland Council: Local Boards".

- Auckland Transport recognises the role of local boards as representatives of the local community and as advocates on local issues, and undertakes to proactively engage with local boards on local transport matters.
- Auckland Transport and local boards will communicate and share information regularly through agreed communication channels, and operate on a “no surprises” basis.
- Auckland Transport and local boards will maintain mutually supportive public profiles.
- Auckland Transport and local boards will act early and collaboratively when issues arise, and endeavour to resolve issues so that conflict does not arise.
- Auckland Transport and local boards will work together in partnership, and will recognise and share success.
- Auckland Transport will assist local boards in their decision-making capacity by providing information, advice, and support.

5-41 The specific role of local boards in transport decisions will vary according to the types of decisions being made. Auckland Transport is expected to develop a relationship plan with local boards that will set out the form of local board engagement.

Customer services

5-42 Auckland Transport’s customers include everyone who uses the Auckland transport network by any transport mode (walking, cycle, car, bus, train, ferry, truck). Key customer groups include

- business – moving goods, commercial services, access to markets
- commuters – travel to/from work
- education – school children, tertiary students
- shopping and personal business travellers
- recreational travellers and tourists.

5-43 For most customers, their daily interaction with Auckland Transport is indirect, through the use of facilities and services that Auckland Transport provides, funds, or maintains. Auckland Transport can add value to these customers by ensuring an integrated, functioning, reliable transport network that enables them to travel to activities and do their business reliably and at a reasonable cost (including time).

5-44 For many customers, direct contact with Auckland Transport is needed from time to time. Among other things, this will include requests for service, information requests, and communication in relation to infringement notices. Auckland Transport can add value to these customers by ensuring that it is easy to do business with, and that customers receive prompt, reliable, and efficient service. This will be achieved by providing all customers with multiple communication channel options to optimise customer satisfaction for:

- service requirements and requests
- information requirements and requests
- feedback
- complaints
- payments.

5-45 From Day One, the primary customer contact has been provided via the Auckland Council’s contact centre hub, which generally directs enquiries to the relevant legacy contact centre. Auckland Council also provides face-to-face contact centre services through the service centres. Auckland Transport is responsible for maintaining an accurate knowledge base to enable transport customers to be

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directed to the right place. A service level agreement between Auckland Transport and the council has been developed to ensure that these arrangements are efficient and effective.

- 5-46 The MAXX public transport contact centre was retained in the transition to the new Auckland Council and continues to operate in the same form.

Financial arrangements

- 5-47 A summary statement of Auckland Transport's financial position is set out in Volume 4 of Auckland Council's first planning document.¹⁶ The funding assumptions that support the activities and financial performance of Auckland Transport are as follows:
- Auckland Transport will be funded by both Auckland Council and NZTA.
 - Auckland Transport is a tax-exempt entity.
 - Part of Auckland Transport's capital funding will be raised through development contributions that reflect the total cost of growth-related capital expenditure by Auckland Transport.
 - Auckland Transport's net operating funding requirement (operating expenditure less direct income – inclusive of NZTA grants) will be funded by Auckland Council and forms part of operating expenditure in the council parent statements, funded by council revenue.
 - Capital expenditure is funded through NZTA grants, revenue from CCO operations (e.g. parking), then from available Auckland Council rates funding for capital expenditure renewals, and finally council borrowing, which is shown in council statements as an increase in equity investment in the CCO.

3: Transition

- 5-48 The launch of Auckland Transport on Day One represented an enormous challenge in integrating and relocating the front office work and services and the backroom infrastructure of nine council transport entities that accounted for some 54 percent of Auckland's local government expenditure and involved more than a thousand staff.
- 5-49 As noted, the establishment of Auckland Transport was undertaken with singular attention to ensuring an organisation was created with a strong delivery focus, one that was customer oriented and became operational on Day One with no reduction in service levels.
- 5-50 The Transition Agency's Transport Working Group assessed a range of risks associated with the smooth transition to the new organisation and developed mitigation strategies for Auckland Transport's early consideration, some of which will require further work. They include the following.

Delegations

- 5-51 The transport business includes a wide variety of statutory powers and responsibilities which will be exercised at different levels in the organisation. Auckland Transport has adopted a delegation of authority policy to allow decisions to be made at the appropriate level in the organisation, to

¹⁶ See *Your Auckland, Auckland Council's Long-term Plan, 1 November 2010–30 June 2019, Volume 4: Council-controlled organisations*, p. 12 (available from www.aucklandcouncil.govt.nz, accessed November 2010). The planning document for Auckland Council is also provided in Volume 3 of this report.

speed the decision-making process, and ensure an efficient and responsive organisation. In addition, a schedule of financial and administrative delegations was developed to govern matters such as expenditure, contracts, employment matters, and communications. These delegations were formally adopted upon the formation of Auckland Transport, to enable staff to exercise the necessary powers to ensure business continuity from Day One.

Contracts and agreements

Existing contracts and agreements

5-52 Auckland Transport is subject to a number of existing contracts and memoranda of understanding that have been developed between ELGOs and other parties such as NZTA, roading contractors, and public transport operators.

Service level agreements

5-53 Auckland Transport requires a number of services to be delivered by the Auckland Council from Day One. As noted above, these include

- customer service contact centre services (call centre hub directing calls to legacy systems for resolution)
- face-to-face customer contact through council service centres
- some information technology support services (e.g. geographic information systems), access to outputs of the Auckland transport models
- linkages to existing council information bases, historical records, and legacy systems to ensure ongoing continuity.

5-54 In addition, a number of operational matters require services to be provided by Auckland Council staff to complement Auckland Transport activities (especially for activities in the street).

5-55 An overarching service level agreement has been developed between Auckland Transport and Auckland Council to cover these arrangements, with schedules that set out the specific service level arrangements in each area. A set of operating protocols is also being developed to guide the organisations' operational interfaces during the initial stages.

Business systems

5-56 A significant project during the transition period was the development of an enterprise resource planning system for Auckland Transport. This involved SAP software, employing a copy of the instance used by the Auckland Regional Council and ARTA. This enabled Auckland Transport to undertake the following activities:

- hire and maintain employees
- pay employees
- capture time information on timesheets
- request and approve leave
- raise purchase orders and approve based on delegations
- process invoices and pay suppliers
- use purchase cards
- collect revenue from parking infringements, leases, and so on
- collect costs against projects and cost centres

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- extract data for NZTA claims
 - review basic management reports across all modules.
- 5-57 Other new systems developed during the transition period for commencement on 1 November 2010 (or shortly thereafter) included the following:
- *Website.* A new Auckland Transport website was developed, with transport material from ELGO sites being transferred (and in many cases re-authored) to suit the new environment. A new intranet was also developed.
 - *Parking enforcement.* A new instance of Pathway consolidated all of the existing ELGO infringement systems into a single system to enable the new organisation to issue and manage parking infringements from Day One, as well as manage the collection of infringements issued by legacy systems prior to 1 November 2010.
 - *Road asset and maintenance management (RAMM).* There has been data migration to a new RAMM database system to enable consolidated regional views of work and contracts.
 - *Customer complaints.* A new customer complaints system was developed for Day One and will be further expanded to handle all transport requests.
 - *Document management.* A new document management system was implemented that enabled all mail to be scanned and forwarded to staff electronically. This system also enables full team and project team document collaboration.
 - *Faxing.* An electronic fax gateway was prepared to enable all faxes to be received and forwarded to staff electronically.
 - *Collaboration.* The ability to run online meetings (including video) was enabled prior to Christmas to enable staff better communication between the various transport sites.
- 5-58 For most other applications, access to ELGO legacy systems is being maintained beyond Day One, and any further systems development will be undertaken by the new organisation as it deems necessary.

Early board decisions

- 5-59 There are a number of decisions that the Auckland Transport Board needed to take at an early stage to ensure that the new organisation is able to function in an efficient and effective manner, and that the level of service to customers can be maintained, and to enable business continuity for key services, projects, and processes that are already under way. The following decisions were required within the first few weeks of the organisation becoming operational:
- formal delegation of any specific road corridor activities to Auckland Council
 - approval of staff delegations
 - confirmation of the draft SOI
 - procurement processes already under way that require board approval
 - directors' indemnity
 - Auckland Transport input to the 2011/2012 Auckland Council estimates.

Other early implementation risks

5-60 The Transport Working Group assessed other risks associated with the transition to the new organisation, and mitigation strategies were developed for the following:

- *Business continuity.* The transition needed to ensure continuity of construction, maintenance, operations, and customer service activities that enable the transport system to function efficiently and effectively. In most cases, ELGO contracts were continued through the transition, and this should have minimised the potential for disruption to “on the ground” service delivery.
- *Systems changes.* Auckland Transport operated under some new systems from Day One, including, as noted earlier, a new enterprise resource planning system using SAP, and a new instance of Pathway to manage parking infringements. As with any new system, implementation risks were present, but training and back-up processes were developed to address teething problems that arose.
- *Customer interface.* Customer contact channels needed to operate effectively from Day One, with no loss of level of service. The key channels (contact centre and face to face) are operated by Auckland Council, with links to legacy ELGO systems, which will be maintained in the initial stages. A key focus was on ensuring that the supporting knowledge base was accurate and reflected the new organisational structure.
- *Loss of key staff.* The potential loss of key staff with detailed knowledge of the existing operations and procedures was a significant risk. The likely extent of this problem was not fully known until the staff appointment process was complete and staff settled into their (new) roles, but the Transport Working Group took steps to identify likely knowledge gaps to enable remedial actions to be taken prior to 1 November.
- *Staff training.* A related risk was a lack of staff knowledge of the new organisational systems and processes. This was addressed through the development of a training and induction programme. Because of time and resource constraints, this focused on high-priority areas and a “train the trainers” approach. The training programme extended beyond 1 November 2010.
- *Accommodation.* Because of the logistics of transferring all ELGO staff to new locations, it was not possible to have all Auckland Transport staff in their new accommodation by 1 November. It was envisaged that the relocation process would continue until at least mid-December 2010. Management strategies were developed to manage the risks associated with the fragmentation during this period.
- *Funding.* The budget and funding for Auckland Transport for the eight months from 1 November 2010 to 30 June 2011 was based on a split of ELGO budgets between the activities of Auckland Transport, the Auckland Council, and other CCOs, as set out in the planning document.¹⁷ The adequacy of this budget to provide for all of the activities and service levels expected from Auckland Transport has yet to be tested. The allocation of overheads between the various organisations was a particular area of risk because of the different treatment in the ELGOs. Auckland Transport will also need to ensure that its finances are structured in a way that ensures NZTA funding is maximised.

¹⁷ See *Auckland Council's Long-term Plan, Volume 4*, pp. 7–15.