

PART 4

From section 13 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009 as amended,

- "(3) The Transition Agency, in exercising its powers or performing its functions and duties, must ensure that—**
- (a) its activities are conducted efficiently and effectively (including in a cost-effective manner); and**
 - (b) it operates in a financially responsible manner; and**
 - (c) key local government projects in Auckland are not hindered or interrupted."**

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Auckland Transition Agency**Financial Statements for the period from 25 May 2009 to 31 October 2010**

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Statement of purpose

Through the Local Government (Tamaki Makaurau Reorganisation) Act 2009 (“Reorganisation Act”), local government in Auckland was reorganised by disestablishing the Auckland Regional Council and the seven territorial authorities in the Auckland region on 1 November 2010 and establishing in their place a unitary authority, Auckland Council.

The primary function of the Auckland Transition Agency (“Transition Agency”) was to plan and manage all matters in relation to the reorganisation to ensure the Auckland Council was ready to function on and from 1 November 2010.

Statement of delegated authority


Because the Transition Agency was dissolved before the financial statements could be completed, the Minister of Local Government requested the Executive Chairman, Mark Ford, along with another board member to sign the Transition Agency’s Statement of Responsibility for the full period of the Transition Agency’s existence. The Executive Chairman and board member, John Waller, accepted that responsibility with the authorisation of the Auckland Transition Agency Board. They also have responsibility for approving the Transition Agency’s final report on its affairs for presentation to the House of Representatives, together with these financial statements, as required by section 13(1)(c)(ii) of the Reorganisation Act.

Statement of responsibility

We are responsible for having the Auckland Transition Agency financial statements prepared and for the judgements made in them.

The Board of the Auckland Transition Agency had responsibility for establishing, and established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements fairly reflect the financial position and the results of operations of the Auckland Transition Agency for the period of its existence from 25 May 2009 to 31 October 2010.



Mark Ford
Executive Chairman
Auckland Transition Agency

25 February 2011



John Waller
Member
Auckland Transition Agency

25 February 2011

Audit Report

To the readers of Auckland Transition Agency's financial statements for the period 25 May 2009 to 31 October 2010

The Auditor-General is the auditor of Auckland Transition Agency (the Agency). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements in the report of the Auckland Transition Agency for the period 25 May 2009 to 31 October 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the Agency on pages 431 to 449 that are prepared on a dissolution basis:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Agency's financial position as at 31 October 2010; and
 - the results of its operations and cash flows for the period ended on that date.

The audit was completed on 25 February 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below and refers to the financial statements being appropriately prepared on a dissolution basis. In addition, we outline the responsibilities of the Agency and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Agency;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

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We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

The financial statements are appropriately prepared on a dissolution basis

The Local Government (Tamaki Makaurau Reorganisation) Act 2009 dissolved the Agency on the close of 31 October 2010. All its assets and liabilities have vested in Auckland Council.

In forming our opinion, we considered the accounting policy on page 435 about the financial statements being prepared on a dissolution basis.

We consider the basis of preparation of the financial statements and the related disclosures to be appropriate to the Agency's circumstances.

Responsibilities of the Agency and the Auditor

The Local Government (Tamaki Makaurau Reorganisation) Act 2009 required the Agency to submit a final report on its affairs for the period 25 May 2009 to 31 October 2010 for presentation to the House of Representatives (together with the financial statements required by section 45J of the Public Finance Act 1989). The Agency was dissolved before the final report was completed, and the Minister of Local Government asked the Agency's Executive Chairman and a board member to take responsibility for completing the financial statements and the final report.

The financial statements must comply with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Agency as at 31 October 2010. They must also fairly reflect the results of operations and cash flows for the period ended on that date. The Agency's responsibilities arise from the Local Government (Tamaki Makaurau Reorganisation) Act 2009, the Public Finance Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements, and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 26A (3) of the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit, we have audited the Auckland Council Planning Document that was prepared by the Agency. Further, we have provided assurance-related services on some of the Agency's projects to establish the policies and procedures of the Auckland Council. These other assignments are compatible with the Auditor-General's independence requirements. Other than the audit, the audit of the Auckland Council Planning Document, the assurance-related services, and the Auditor-General being the auditor of Auckland Council, we have no relationship with or interests in the Agency.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Statement of comprehensive income

for the period from 25 May 2009 to 31 October 2010

	Note	2010 Actual \$000	2010 Budget \$000
Revenue	1	126	-
Expenditure			
Administration	2	4,606	6,855
Depreciation and amortisation	10, 12, 13	130	-
Audit fees	3	774	-
Department of Internal Affairs support	4	741	842
Elections	5	3,763	5,967
Finance charges	6	1,015	-
New organisations' recruitment and staff costs	7	2,253	3,208
Employee benefit costs	8	1,059	1,133
Workstreams	9	16,485	16,359
		30,826	34,364
Implementation operating expenditure	14	5,509	-
Total expenditure		36,335	34,364
Net (deficit) for the period		(36,209)	(34,364)
Other comprehensive income		-	-
Total comprehensive income (deficit)		(36,209)	(34,364)

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the period from 25 May 2009 to 31 October 2010

	2010 Actual \$000	2010 Budget \$000
Equity/(Deficit) balance at the beginning of the period	-	-
Total comprehensive income (deficit) for the period	(36,209)	(34,364)
Equity/(Deficit) balance at the end of the period	(36,209)	(34,364)

The accompanying notes form part of these financial statements.

Statement of financial position

as at 31 October 2010

	Note	2010 Actual \$000	2010 Budget \$000
Assets			
Current assets			
Cash and cash equivalents		23,602	-
Receivables	11	5,895	-
Prepayments		824	-
Total current assets		30,321	-
Non-current assets			
Intangible assets	12	30,085	47,785
Property, plant and equipment	13	7,296	11,951
Prepayments		754	-
Total non-current assets		38,135	59,736
Total assets		68,456	59,736
Liabilities			
Current liabilities			
Trade payables and other liabilities	15	19,522	-
Finance lease liability	15	1,320	-
Total current liabilities		20,842	-
Non-current liabilities			
Finance lease liability	15	2,876	-
Borrowings	16	80,947	94,100
Total non-current liabilities		83,823	94,100
Total liabilities		104,665	94,100
Net liabilities		(36,209)	(34,364)
Equity			
General funds deficit	23	(36,209)	(34,364)
Total equity/deficit		(36,209)	(34,364)

The 31 October 2010 budget for the statement of financial position only projected the Transition Agency acquiring information and communications technology hardware and software, property-related expenditure, and signage. No provision was made for working capital.

The accompanying notes form part of these financial statements.

Statement of cash flows

For the period from 25 May 2009 to 31 October 2010

	Note	2010 Actual \$000	2010 Budget \$000
Cash flows from operating activities			
Interest and dividends received		126	-
Payments to suppliers and employees		(30,163)	(34,364)
Goods and services tax (net)		(4,658)	-
Net cash used in operating activities	17	(34,695)	(34,364)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(4,341)	(11,951)
Purchase of intangible assets	12	(17,362)	(47,785)
Net cash used in investing activities		(21,703)	(59,736)
Cash flows from financing activities			
Proceeds from borrowings		80,000	94,100
Net cash from financing activities		80,000	94,100
Net increase in cash and cash equivalents		23,602	-
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at the end of the period		23,602	-

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Statement of accounting policies

Reporting entity

The Auckland Transition Agency was established as a New Zealand body corporate on 25 May 2009 by section 10 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

The address of the Transition Agency was 103 Carlton Gore Road, Newmarket, Auckland 1023.

It was disestablished on the close of 31 October 2010 by section 27 of the Reorganisation Act.

The Transition Agency was established to amalgamate the councils across the Auckland region into the Auckland Council by 31 October 2010.

The Transition Agency was added by the Reorganisation Act to Schedule 4 of the Public Finance Act 1989. Inclusion on this Schedule means that the Transition Agency must comply with sections 154 to 156 of the Crown Entities Act 2004. These sections require the Transition Agency to prepare audited financial statements. Section 26A of the Reorganisation Act overrides the requirement for financial statements to be produced annually as set out in section 154 of the Crown Entities Act 2004, and instead requires the Transition Agency to produce one set of financial statements for the entire period of its existence.

Dissolution of the Auckland Transition Agency – going concern

The Local Government (Tamaki Makaurau Reorganisation) Act 2009, which was enacted on 23 May 2009, provides for the establishment and subsequent disestablishment of the Auckland Transition Agency. As a consequence of the disestablishment the Transition Agency ceased to exist on 31 October 2010. Accordingly the financial statements have been prepared on a dissolution basis. However for the following reasons no adjustments have been made to the financial statements because of the dissolution basis of preparation:

- Section 27 of the Reorganisation Act requires any property of the Transition Agency remaining and any information held by it at the time of dissolution to vest in and transfer to the Auckland Council.
- Similarly any monies payable to or by the Transition Agency at the time of dissolution become payable to or by the Auckland Council and any rights, liabilities, contracts, or engagements of the Transition Agency at that time become those of Auckland Council.

The functions and objectives that had not been completed by the Transition Agency at the time of dissolution will continue to be delivered by the Auckland Council, and therefore the assets and liabilities of the Transition Agency will vest in the Auckland Council.

These will be the last financial statements prepared for the Auckland Transition Agency.

Basis of preparation

The Crown Entities Act 2004 requires financial statements to be prepared in accordance with New Zealand generally accepted accounting practices. These financial statements comply with the New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

The measurement base used in preparing the financial statements is historical cost. The accrual basis of accounting has been used.

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Budget

The budget figures are those approved by the Minister of Local Government and the Minister of Finance pursuant to section 22 of the Reorganisation Act (for further explanations see note 14).

Changes in accounting policies

The accounting policies as set out below have been applied consistently throughout the reporting period of these financial statements.

Comparatives

These financial statements are for the full period of the Transition Agency's existence; therefore there are no comparatives for the previous financial year.

Effects from accounting standard adoption

The Transition Agency has adopted the following revisions to accounting standards during the financial period, which have had only a presentational or disclosure effect:

NZ IAS 1 *Presentation of Financial Statements* (revised 2007) replaces NZ IAS 1 *Presentation of Financial Statements* (issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Reorganisation Act requires a single statement of comprehensive income for the period 25 May 2009 to 31 October 2010 under the revised standard.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted
NZ IAS 24 *Related Party Disclosures* (revised 2009) replaces IAS 24 *Related Party Disclosures* (issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised standard amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

Functional and presentation currency

The functional currency of the Auckland Transition Agency is New Zealand dollars.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Critical judgements in applying accounting policies

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on experience during the period and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions were reviewed on an ongoing basis. These estimates and assumptions may differ from the subsequent actual results.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant accounting policies

Revenue

Interest earned on surplus cash is the only significant source of revenue. Interest income is recognised using the effective interest method.

Cash and cash equivalents

Cash includes cash on hand and funds held within bank accounts.

Receivables

Receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

If collection is expected within one year or less they are classified as current assets. If not, they are presented as non-current assets.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

Property, plant, and equipment

Property, plant and equipment are recorded at cost less any accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Transition Agency (or Auckland Council) and the cost of the item can be measured reliably.

Property, plant, and equipment comprised:

- computer and telecommunications equipment
- building improvements.

The useful life of the computer and telecommunications equipment has been estimated to be 3 years. Depreciation is recognised when an asset is available for use and is calculated using the straight line method.

Computer and telecommunications equipment that is still in development for use by the Auckland Council or that was not being used as at 31 October 2010 is categorised as capital work in progress.

Useful lives of the building improvements have not been determined as the assets were acquired for the sole purpose of the Auckland Council which came into existence on 1 November 2010. Building improvements will be depreciated by the Auckland Council.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Intangible assets comprised acquired computer software and software licences which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for use by the Auckland Council are recognised as an intangible asset. Direct costs include software development, consultants, and contractor costs.

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Software that is still in development for use by the Auckland Council or that was not being used as at 31 October 2010 is categorised as work in progress.

Borrowing costs in relation to qualifying assets are not capitalised.

Subsequent measurement is at cost less amortisation.

Amortisation is calculated using the straight line method to allocate the cost of software and licences over their estimated useful lives of 3 years. Work in progress is not amortised as the assets are not yet available for use.

Staff training costs and costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Transition Agency's website are also recognised as an expense when incurred.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

If payment is expected within one year or less they are classified as current liabilities. If not, they are presented as non-current liabilities.

Employee benefits

Employee entitlements to salaries and wages, and annual leave are recognised in the statement of comprehensive income when they accrued to employees.

Obligations for contributions to KiwiSaver are accounted for as defined contribution schemes and are recognised as an expense in the statement of comprehensive income when incurred.

Leases

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised on a straight line basis over the term of the lease.

Leases of assets where the Transition Agency has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement, at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges. The corresponding lease obligations, net of finance charges, are included in current and non-current payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period.

Financial instruments

Financial assets and financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost. The Transition Agency classifies its financial assets as loans and receivables.

The Transition Agency reviews at the end of the reporting period whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost. Interest accrued on borrowings is recognised in the statement of comprehensive income and added to their carrying value.

Taxation

The Transition Agency, as a public authority, is exempt from income tax.

Goods and Services Tax (GST)

All items in the financial statements are GST exclusive, except for receivables and payables which are GST inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net amount of GST payable to the Transition Agency at balance date is included in receivables.

Notes to the financial statements

for the period from 25 May 2009 to 31 October 2010

1. Revenue		
	2010 Actual \$000	2010 Budget \$000
Interest received on surplus funds	125	-
Dividends received from the Transition Agency's electricity provider	1	-
Total revenue	126	-

2. Administration costs		
	2010 Actual \$000	2010 Budget \$000
Total administration costs	4,606	6,855

These were the administrative and operating costs of the Transition Agency and included rental of the Transition Agency's premises, carpark spaces and office furniture, printing, stationery, local travel, insurance, and publicity and promotion.

3. Audit fees		
	2010 Actual \$000	2010 Budget \$000
Audit fees	80	-
Planning document assurance	394	-
Assurance services on workstreams	300	-
Total audit fees	774	-

The budget for audit fees was included in the various workstream budgets (refer note 9).

4. Department of Internal Affairs support

	2010 Actual \$000	2010 Budget \$000
Provision of financial services	183	130
Provision of information technology and services	494	430
Telecommunications	64	282
Total Department of Internal Affairs support charges	741	842

In addition to the above, \$217,000 of costs were incurred by the Department of Internal Affairs on behalf of the Transition Agency in the initial set-up. There was no requirement for the Transition Agency to reimburse the Department of Internal Affairs for these expenses.

The Transition Agency has an operating lease with the Department of Internal Affairs for the lease of computer hardware, and use of software and servers. This cost is \$494,000 detailed above, which also incorporates some IT support services.

5. Election costs

	2010 Actual \$000	2010 Budget \$000
Total costs	5,126	5,967
Recoveries from District Health Boards and Licensing Trusts	(1,363)	-
Total election costs	3,763	5,967

This includes the costs of conducting the October 2010 election for the Auckland Council, as well as for the three District Health Boards and six Licensing Trusts operating within the Auckland region. It also includes the cost of a public information campaign undertaken at the direction of the Government to explain the new governance structure and promote the election.

The assessed costs attributable to the election of the District Health Boards and Licensing Trusts are recoverable from those organisations.

6. Finance charges

	2010 Actual \$000	2010 Budget \$000
Interest on borrowings from the Crown	947	-
Finance leases	68	-
Total finance charges	1,015	-

Interest rates and repayment terms for borrowings from the Crown had not been agreed when the budget was approved. Interest is payable with the loan principal on 1 November 2011 by the Auckland Council.

7. New organisation recruitment and staff costs		
	2010 Actual \$000	2010 Budget \$000
Total new organisation recruitment and staff costs	2,253	3,208

This includes the costs of advertising and specialist recruitment services in relation to the senior positions for Auckland Council, Auckland Transport and other council-controlled organisations (CCOs).

It also includes the salaries for those staff not already employed by existing organisations that were appointed to the new organisations and commenced employment prior to 1 November 2010.

8. Employee benefit costs		
	2010 Actual \$000	2010 Budget \$000
Non-executive directors' fees	126	192
Salaries	914	941
Employer's contributions to KiwiSaver	18	-
Accident compensation levies	1	-
Total employee benefit costs	1,059	1,133

9. Workstreams		
	2010 Actual \$000	2010 Budget \$000
Total workstreams	16,485	16,359

The work of the Transition Agency was divided into 13 different workstreams. The workstreams were each tasked with undertaking discovery, design, and implementation of organisation structures and processes necessary to enable the Auckland Council to function as from 1 November 2010. Many staff were made available by the former councils at no cost to the Transition Agency to assist the workstreams. The costs incurred almost entirely represent professional services, including financial and legal, engaged by the workstreams.

The workstreams included business processes and systems; communications and public affairs; community services; council-controlled organisations; customer services; environmental services; policy and planning; regulatory; finance and treasury; governance; legal; property and assets; workforce and human resources.

10. Depreciation and amortisation		
	2010 Actual \$000	2010 Budget \$000
Depreciation of property, plant, and equipment and intangible assets		
Software	82	-
Licences	9	-
Computer and telecommunications equipment	39	-
Total depreciation and amortisation	130	-

11. Receivables		
	2010 Actual \$000	2010 Budget \$000
Current		
Due from District Health Boards and Licensing Trusts	1,107	-
Due from the Ministry of Social Development – Mainstream Employment Programme	37	-
Goods and Services Tax refund	4,658	-
Refunds due from suppliers	93	-
Total receivables	5,895	-

The carrying value of receivables approximates their fair value.

As at 31 October 2010, no receivables were overdue. The receivables have been assessed for impairment and appropriate provisions were not required as current debtors are the Crown, District Health Boards, licensing trusts, or refunds due from suppliers where there is considered to be a low risk of non-payment.

There are no receivables that have been pledged as security or have restrictions on their use.

12. Intangible assets					
	Software \$000	Licences \$000	Capital work in progress \$000	2010 Total \$000	2010 Budget \$000
Cost					
Balance at beginning of the period	-	-	-	-	-
Acquired additions	2,312	330	27,534	30,176	47,785
Disposals	-	-	-	-	-
Balance at the end of the period	2,312	330	27,534	30,176	47,785
Accumulated amortisation					
Amortisation for the period	82	9	-	91	-
Disposals	-	-	-	-	-
Balance at the end of the period	82	9	-	91	-
Carrying amount at 31 October 2010	2,230	321	27,534	30,085	47,785

Included within capital work in progress are finance leased assets totalling \$4.323 million.

There are no intangible assets that have been pledged as security or have restrictions on their use.

13. Property, plant, and equipment				
	Computer and telco equipment \$000	Capital work in progress \$000	2010 Total \$000	2010 Budget \$000
Cost				
Balance at beginning of the period	-	-	-	-
Additions	1,402	5,933	7,335	11,951
Disposals	-	-	-	-
Balance at the end of the period	1,402	5,933	7,335	11,951
Accumulated depreciation				
Depreciation for the period	39	-	39	-
Disposals	-	-	-	-
Balance at the end of the period	39	-	39	-
Carrying amount at 31 October 2010	1,363	5,933	7,296	11,951

There are no items of property, plant, and equipment assets that have been pledged as security or have restrictions on their use.

14. Auckland Transition Agency budget		
	2010 Actual \$000	2010 Budget \$000
Operating budget	30,700	34,364
Implementation budget	44,598	59,736
Total budget approval	75,298	94,100

Section 22 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009 required the Transition Agency to obtain approvals for budget expenditure from the Minister of Local Government and the Minister of Finance.

Two budget approvals were obtained. The first was to cover the operating costs of the Transition Agency undertaking its statutory functions, and included the cost of the October 2010 local body elections in Auckland. This budget totalled \$34.364 million.

The second budget approval was for implementation expenditure for the Auckland Council prior to it coming into being on 1 November 2010. The budgeted expenditure was primarily related to information and communications technology (ICT) but also included \$2.2 million for expenditure on accommodation and signage.

The second budget approval was for \$59.736 million (including contingencies) against which a total of \$44.598 million was spent. Of this \$5.509 million has been classified as operational expenditure and \$39.089 million as capital expenditure.

The ICT expenditure covered wide area and local area networks, email and calendaring, shared file access to facilitate linkage of physical locations and legacy systems of the former councils, elected member and democratic support, geographic information systems, financial reporting and planning, document management, telephony, complaints, website, and Enterprise Resource Planning (ERP).

Explanation of major variances against budget

Operating budget – \$34.4 million

The operating budget was prepared in advance of the full scope of the Transition Agency's responsibilities being defined through the progressive passage of legislation. It was therefore expected that the cost of these operating

responsibilities would vary between actual and budgeted expenditure. In total net operating expenditure was \$3.664 million less than the operating budget. Examples of responsibilities and expenditures which were not fully defined when the operating budget was prepared included

- the preparation and audit of the planning document for the Auckland Council
- the formation of five substantive council-controlled organisations in addition to Auckland Transport and Watercare Services Limited
- the conduct of a public information campaign to explain the new governance arrangements and promote the election
- the quantum and terms of the Crown loan to cover the Transition Agency's expenditure, including the implementation expenditure, which could not be determined until discovery and organisation design processes were well advanced.

Offsetting these were items of expenditure that were less than estimated including

- The contract for the conduct for the elections was \$2.0 million less than anticipated and recoveries of \$1.4 million from the district health boards and licensing trusts following the elections had not been taken into account in the budget.
- More use than anticipated was made of personnel seconded from existing organisations that paid their salaries resulting in a requirement for contracted personnel that was \$1.4 million lower than estimated.
- Expenditure on recruitment and salaries for service positions in the new organisations was \$1.0 million less than estimated.

Implementation budget – \$59.7 million

This budget was prepared in the context of a total programme of \$124.9 million, including an allowance for contingencies of \$28.8 million, through to 30 June 2011. The budget of \$59.7 million represented that part of the programme expected to be completed by 1 November 2010. The most significant reasons for expenditure being \$15.138 million less than the budget were the non-utilisation of contingency allowances of \$13 million, and timing differences of expenditure between pre- and post-1 November 2010 of \$2.138 million.

15. Trade payables and other liabilities		
	2010 Actual \$000	2010 Budget \$000
Current		
Trade payables	19,042	-
Accrued expenses	275	-
Employee benefits	205	-
Finance leases	1,320	-
Trade and other payables	20,842	-
Non-current		
Finance lease	2,876	-
Total	23,718	-

Trade payables and accruals are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of trade payables and accruals approximates their fair value.

The finance lease is for software with ownership vesting in the Auckland Council at the end of three years.

16. Borrowings					
	Payable within 1 year \$000	Payable between 1 and 2 years \$000	Payable between 2 and 5 years \$000	Carrying value \$000	2010 Budget \$000
Loan from the Crown	-	80,000	-	80,000	94,100
Interest capitalised	-	947	-	947	-
	-	80,947	-	80,947	94,100

The initial drawdown interest rate was 2.5%, which subsequently adjusted to 4.63%.

Subsequent drawdown interest rates have ranged from 4.26% to 4.66%.

The loan and interest are repayable by Auckland Council on 1 November 2011. The carrying value approximates its fair value.

17. Reconciliation of net operating deficit to net cash flow from operating activities	
	2010 Actual \$000
Net (deficit) for the period	(36,209)
Non-cash items	-
Interest capitalised	947
Depreciation and amortisation	130
Total	(35,132)
Movements in working capital items	
Increase in receivables	(5,895)
Increase in trade payables and other liabilities (net of investing activities creditors)	6,332
Total	437
Net cash outflow from operating activities	(34,695)

18. Key management personnel		2010 \$000
Executive chairman short-term employee benefits – July 2009 to October 2010		838
Executive chairman post-employment benefits contribution		18
Board members		
Short-term employee benefits for the four non-executive board members – May 2009 to October 2010:		
Miriam Dean	35	
John Law	36	
John Walden	27	
John Waller	28	
		126
Total		982

19. Related parties

The Transition Agency did not control any related parties.

The Transition Agency was satisfied that there were no transactions with any entities in which an employee or board member had an interest.

Related party transactions

The Transition Agency was a standalone body corporate. The Government provided funding by way of an interest-bearing loan.

The Transition Agency entered into transactions with other Government departments, Crown entities, and State-owned enterprises on an arms-length basis. Transactions that occurred were within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Transition Agency would have adopted if dealing with that unrelated entity at arm’s length.

There are no contractual commitments with these parties.

20. Events after balance date

No events have occurred that would require adjustments to these financial statements. However, as a consequence of dissolution the assets and liabilities in the statement of financial position were transferred to the Auckland Council at their carrying amounts on 1 November 2010.

21. Commitments as at 31 October 2010	
	2010 Actual \$000
a) Capital commitments for the acquisition and construction of property, plant, and equipment, and software intangibles	
Estimated capital expenditure contracted but not provided for at balance date	11,765
b) Operating lease commitments	
Comprises hardware rentals	
Not later than one year	471
Later than one year and not later than three years	929
Later than five years	-
Total operating lease commitments	1,400
c) Finance lease commitments	
Minimum lease payments for finance lease liabilities	
Not later than one year	1,565
Later than one year and not later than three years	3,148
Total	4,713
Less future finance costs	517
Present value of minimum lease payments	4,196
Present value of finance lease liabilities	
Not later than one year	1,320
Later than one year and not later than three years	2,876
Total	4,196

22. Financial instruments by class	
	2010 Actual \$000
Cash and receivables	
Cash and cash equivalents	23,602
Receivables	5,895
Total cash and receivables	29,497
Financial liabilities measured at amortised cost	
Trade payables	19,522
Finance leases	4,196
Borrowings	80,947
Total financial liabilities measured at amortised cost	104,665

23. General funds deficit

As a body corporate the Transition Agency did not have any shares. The only equity reserve is general funds which represents the total comprehensive deficit.

24. Financial risk management

Credit risk

Credit risk is the risk that a third party will default on its obligation, causing the Transition Agency to incur a loss. The maximum exposure to credit risk at balance date is the carrying amount of cash and cash equivalents and trade payables and other receivables (excluding prepayments). There are no significant concentrations of risk.

Further details can be found in note 11.

Liquidity risk

Liquidity risk is the risk that the Transition Agency would have insufficient funds available to meet its operational commitments as they fall due. The Transition Agency has managed this risk by preparing detailed budgets of all anticipated expenditure and by securing a loan from the Crown to cover this budgeted expenditure. Cash levels and expenditure against budget were monitored by management during the period.

Financial liabilities outstanding at the balance sheet date will transfer to and be settled by Auckland Council.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. There is no currency risk for the Transition Agency as all financial instruments are denominated in New Zealand dollars.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Transition Agency has minimised this risk by ensuring that its most significant financial liability (the loan from the Crown) is at fixed interest rates. Interest earned on surplus cash balances from time to time was at minimum interest rates given that the cash balances were never placed in on-call deposits, and every endeavour was made to minimise the drawdown of funds from the Crown.

This report has recorded the planning and changes implemented by the Auckland Transition Agency during the life of the organisation from 25 May 2009 to 31 October 2010. To illustrate the extent of the analysis, activities, and products of the Transition Agency's work in the lead-up to the establishment of the Auckland Council, a list of action points is presented according to the subject of each chapter. To illustrate the products of the Transition Agency's work delivered to the Auckland Council by the close of the transition period on 31 October 2010, a summary of key deliverables follows.

Activities of the Auckland Transition Agency according to programme areas

This section sums up some of the major activities of the Transition Agency described in Chapters 1 to 23. The list is not comprehensive but is intended to illustrate the wide range of the Transition Agency's activities undertaken to ensure the Auckland Council was ready to function on and from 1 November 2010.

Auckland Council: Overview and Governing Body

The Transition Agency

- *undertook* a discovery process of existing local authority organisations
- *designed* an overall structure diagram for the Auckland Council to provide a framework for implementing the unique provisions of the Auckland law reform
- *prepared* draft documents and draft accountability statements that emphasised collaborative working relationships between the various parts of the organisation
- *prepared* a draft code of conduct for the Auckland Council
- *prepared* draft operating policy documents pertaining to elected members
- *prepared* a draft delegations register
- *prepared* initial standing orders for the governing body and the local boards
- *designed and recruited staff* to a democracy services department to provide services to the governing body, councillors, advisory boards, and Māori Statutory Board
- *made arrangements* for the inaugural meeting of the governing body on 1 November 2010
- *prepared* an induction programme for newly elected members.

Auckland Council: Local Boards

The Transition Agency

- *prepared* a discussion document on Auckland Council local boards and analysed feedback
- *arranged* office accommodation for the 21 local boards (with some to be completed after 1 November 2010)
- *allocated* the initial decision-making responsibilities of local boards for non-regulatory activities
- *prepared* budgets for each local board area for 2011/2012
- *prepared* a reporting framework for local boards
- *prepared* draft local board agreements

- *collated information and provided guidelines* for preparation of inaugural local board plans
- *developed* proposals for the council for delegation of certain regulatory activities to local boards
- *designed* the Local Boards Services Department of Auckland Council and recruited staff for roles supporting local boards
- *developed* an induction programme for local board members and services staff
- *made arrangements* for local board inaugural meetings.

Māori Statutory Board and Advisory Panels

The Transition Agency

- *supported* the selection body for the Māori Statutory Board in developing selection processes
- *assisted* in communications support and legal advice for the selection body for the board
- *supported* the selection body for the board in verifying candidate eligibility
- *helped* to ensure key elements of the board's establishment were delivered by 1 November 2010
- *consulted* with the Ministry of Pacific Island Affairs in the latter's establishment of the Pacific Peoples Advisory Panel
- *hosted* a consultation workshop about establishment of the Ethnic Peoples Advisory Panel
- *made proposals* to the mayor on the establishment of the Ethnic Peoples Advisory Panel
- *consulted* with the Minister for Social Development and Employment over the nature of the Auckland Social Policy Forum.

Council-Controlled Organisations: Overview

The Transition Agency

- *prepared* a discussion document on Auckland Council council-controlled organisations (CCOs) and analysed feedback
- *made recommendations* to Cabinet on five substantive CCOs, in addition to Watercare Services Limited and Auckland Transport, and proposals for council committee oversight
- *developed* accountability mechanisms – mayor's letter of expectations, constitution, statement of intent, key performance indicators, memoranda of understanding – for the new CCOs
- *arranged* service level agreements for the new CCOs
- *recommended* the structure and responsibilities of a council committee overseeing the CCOs within Auckland Council
- *designed* the organisation of and guidelines for a CCO governance and monitoring unit within Auckland Council
- *recommended* the structure and responsibilities of an advisory board on CCOs
- *reviewed* potential candidates and made recommendations to Ministers on appointments of the initial chairs and board members for six of the CCOs.

Auckland Transport

The Transition Agency

- *identified* key organisational attributes and business strategy for the establishment of Auckland Transport
- *developed* principles for the development of the structure of Auckland Transport
- *prepared* a discussion document on Auckland Transport's draft organisational structure and published a report on feedback
- *prepared* a draft workforce plan including roles and responsibilities for each position
- *developed* an enterprise resource planning system and other systems for Auckland Transport
- *oversaw* the appointment process for staff of Auckland Transport

- *assessed* the risks for transition of previous council transport organisations into Auckland Transport
- *prepared* a draft delegations policy and schedule.

Watercare Services Limited (Watercare)

The Transition Agency

- *oversaw* the integration by Watercare of water and wastewater services in Auckland
- *consulted* with Watercare and others on the preparation for a statement of corporate intent to cover the period to 30 June 2011.

Auckland Council Investments Limited

The Transition Agency

- *established* Auckland Council Investments Limited as an Auckland Council CCO
- *proposed* mechanisms for the transfer of assets and liabilities and obligations to the new CCO
- *prepared* a draft constitution and statement of intent
- *prepared* a forecast budget for 2011/2012
- *prepared* draft service level agreements for ACIL to form effective working relationships with other agencies.

Auckland Tourism, Events and Economic Development Limited

The Transition Agency

- *established* Auckland Tourism, Events and Economic Development (TEED) as an Auckland Council CCO
- *prepared* a draft constitution and statement of intent
- *prepared* a forecast budget for 2011/2012
- *prepared* draft service level agreements for TEED to form effective working relationships with other agencies
- *ensured activities and planning* concerning Rugby World Cup 2011 continued during the transition period.

Regional Facilities Auckland

The Transition Agency

- *established* Regional Facilities Auckland (RFA) as an Auckland Council CCO
- *prepared* a draft trust deed, constitution, and statement of intent for RFA
- *prepared* a forecast budget for 2011/2012
- *determined* the staffing necessary for RFA to fulfil its objectives
- *prepared* draft service level agreements for RFA to form effective working relationships with other agencies
- *proposed mechanisms* for ensuring the objectives of RFA are consistent with those of the independent organisations that are allied but not integrated with RFA.

Auckland Council Property Limited

The Transition Agency

- *established* Auckland Council Property Limited (ACPL) as an Auckland Council CCO
- *prepared* a draft constitution and statement of intent
- *prepared* a forecast budget for 2011/2012
- *prepared* draft service level agreements for ACPL to form effective working relationships with other agencies
- *determined* the staffing necessary for ACPL to fulfil its objectives.

Chapter 25

Auckland Waterfront Development Agency Limited

The Transition Agency

- *established* Auckland Waterfront Development Agency Limited (AWDA) as an Auckland Council CCO
- *prepared* a draft constitution and statement of intent
- *prepared* a forecast budget for 2011/2012
- *prepared* draft service level agreements for AWDA to form effective working relationships with other agencies
- *identified* the geographical area of AWDA's influence and ownership.

Legislative Framework

The Transition Agency

- *provided advice* to Government on issues relating to the Local Government (Auckland Law Reform) Bill ("Third Bill") and Orders in Council
- *designed its work programme* to give effect to the provisions of the Auckland local government legislation.

Planning and Policy

The Transition Agency

- *liaised* on planning and policy with existing local government organisations (ELGOs) during the transition period
- *consulted* on the organisational design of the planning and policy activity of Auckland Council
- *developed* a vision for the planning and policy activity
- *designed* the planning and policy activity
- *undertook human resource processes* (job descriptions and recruitment) for the planning and policy activity
- *provided advice* on the status of the spatial plan
- *made recommendations* on planning to the Auckland Council.

Staff Transition and Organisation Design

The Transition Agency

- *provided* advice to Government on employment issues relating to the Third Bill
- *designed* the proposed organisational structure of the top tiers of Auckland Council and Auckland Transport
- *appointed* the interim chief executive for Auckland Council
- *appointed* the interim chief executive for Auckland Transport
- *carried out delegated functions* of the interim chief executive of Auckland Council concerning employees, including the appointment of staff to positions in the new organisations
- *developed* two discussion documents on the proposed organisational structure of Auckland Council and Auckland Transport
- *designed* the proposed service delivery model for departments of Auckland Council, Auckland Transport, and other CCOs
- *designed* the organisation to individual job level for all departments
- *worked* with the PSA to achieve harmonised collective agreements for each of the Auckland Council, Auckland Transport, and Regional Facilities Auckland – Art Gallery.

Customer Services

The Transition Agency

- *designed* the Customer Services Department of the Auckland Council

- *assessed* how best to integrate the differing customer services of the eight existing Auckland councils
- *established* guiding principles for customer services
- *developed* the concept for a primary website providing access to all existing customer service information
- *defined* key performance indicators
- *developed* a staff training programme
- *produced* workforce plans and supported staff recruitments and appointments.

Community Services

The Transition Agency

- *undertook* a discovery exercise to determine the extent of community services undertaken by the existing Auckland councils and by independent organisations working with the councils
- *established* a taskforce to provide strategic direction and expertise for work on the transition of community services to the new council
- *engaged* in frequent communications with interested parties on the developments with community services in Auckland
- *designed* the organisational structures for delivery of community services by the Auckland Council
- *produced* workforce plans and supported staff recruitments and appointments
- *wrote* draft handover documents for Auckland Council managers
- *requested* existing councils to assist contestable funding for local community organisations until 30 June 2011 and non-contestable funding till 30 June 2012
- *prepared* briefing papers for the Auckland Council on the relationships between community services providers
- *consulted, designed, and established* the new regional civil defence and emergency management systems
- *established* the Māori Strategy and Relations Department of Auckland Council
- *prepared* a Māori Relationships Transition Framework for the new council
- *liaised* with tangata whenua to prepare for opening ceremonies for Day One
- *prepared* for unified library services to be accessible across the region
- *identified* further work for community services to be undertaken by Auckland Council after Day One.

Regulatory and Legal Services

The Transition Agency

- *designed* a “step change” process for delivery of regulatory services
- *designed* an organisational structure that would provide clear, consistent, cost-effective regulatory services
- *prepared* a discussion document for stakeholders on proposed changes to regulatory services
- *worked* to ensure continuity of regulatory services at Day One
- *prepared* new consistent information and forms for regulatory services of the Auckland Council
- *prepared* a new schedule of reduced fees for regulatory services across the region
- *formulated* a model for delivery of regulatory services, with key performance indicators and standard operating procedures manuals
- *established* pre-lodgement processes where needed, providing information and identifying problems before applications are lodged formally
- *developed* a common weathertightness claims register across the region to assist Auckland Council to prepare for weathertightness claims

- *audited and prioritised* existing bylaws
- *prepared* a discussion paper on bylaw making and administration, analysed feedback, and prepared a paper with recommendations on bylaws for consideration by Auckland Council
- *produced* workforce plans and supported staff recruitments and training for Auckland Council regulatory departments
- *reviewed* ongoing litigation to which Auckland Council is a party after Day One
- *helped resolve* many council versus council cases among the existing Auckland councils
- *reviewed and responded* to requests for information under the Official Information Act.
- *prepared* a workforce plan for establishing Auckland Council's legal department
- *provided* extensive input to the decisions to complete the legislative framework for Auckland governance.

Infrastructure and Environmental Services

The Transition Agency

- *designed* the Infrastructure and Environmental Services Department of Auckland Council and supported staff recruitment and appointments
- *ensured continuity* of environmental services including public access to call centres
- *approved* extensions of existing contracts for service delivery where appropriate
- *educated* all concerned of changes to environmental services
- *prepared* (with others) a draft regional waste assessment
- *prepared* (with others) a draft waste management and minimisation plan
- *approved* financial ring-fencing for solid waste operations.

Finance and Treasury

The Transition Agency

- *established* an Integrated Treasury Group (ITG) to coordinate treasury decisions of the existing Auckland councils
- *developed* operating protocols and policy for the ITG to support fund-raising bond issues
- *prepared* the planning document for the Auckland Council, which has the legal status of an annual plan till 30 June 2011 and of a long-term plan until 30 June 2012
- *developed* a planning framework and a reporting framework for the council and consolidated reporting and planning processes
- *consulted and selected* a planning software system for Auckland Council and developed documentation and staff training for the new system
- *developed* an interim rating process for the period until 30 June 2011
- *ensured* legislation was passed to allow harmonisation of charging regimes across the region
- *prepared* an assurance strategy document, risk management policy and risk registers
- *developed* (with others) an insurance programme for the Auckland Council until 31 October 2011
- *developed* a procurement manual and processes and a contracts database
- *developed* a treasury model for Auckland Council
- *consolidated* banking arrangements for Auckland Council
- *put in place* processes and systems for tax compliance by the Auckland Council.

Communications and Public Affairs

The Transition Agency

- *identified* the consultation requirements of Auckland Council
- *developed* a proposed consultation and engagement plan to ensure adequate resources to support the council's consultation needs
- *designed and built* an intranet site for the council

- *developed* approaches for keeping people informed about and engaged with the new council
- *identified* web content for the launch of the Auckland Council website in advance of Day One
- *conducted* a public competition for a logo for the new council
- *developed* brand identity guidelines for Auckland Council
- *developed* a draft media policy and procedures
- *designed* media training programmes for key staff and elected members
- *established* a website in support of the role of the Transition Agency
- *disseminated* a newsletter devoted to the transition
- *published* discussion documents on organisational change, analysed feedback, disseminated information on the outcomes, and provided advice and media information on the subject
- *published* discussion documents on local boards and council-controlled organisations, analysed feedback, disseminated information on the outcomes, and provided advice and media information on the subject
- *published* pamphlets and a newsletter, provided information, and raised public awareness of the 2010 local government election process
- *publicised* the new contact details for customer services.

Business Processes and Systems

The Transition Agency

- *identified* the operating systems and more than 2,500 different software applications used by the eight existing councils
- *developed* a work programme for transferring eight disparate council IT systems to the new Auckland Council while maintaining operational ability
- *arranged* the tendering for integrated and new systems
- *reviewed and approved* business cases and managed the implementation of systems to ensure Auckland Council was operational from 1 November 2010.

2010 Elections

The Transition Agency

- *appointed* an electoral officer for the 2010 local government elections
- *conducted* a publicity campaign encouraging people to enrol and vote
- *determined* the ordering of candidates' names on voting documents
- *determined* that early processing of returned votes was allowed.

Oversight of Decision Making

The Transition Agency

- *developed* a process for considering decisions made by ELGOs that required confirmation by the Transition Agency under section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009
- *received* 1,070 decision confirmation requests, considered whether they required confirmation, and if they did, either confirmed or declined to confirm them
- *sought* additional details from ELGOs if necessary and analysed this information
- *reviewed* the draft long-term plans of the eight Auckland councils for 2009–2019 and confirmed the councils' decisions to adopt these plans
- *reviewed* the draft annual plans for the four months 1 July 2010 to 31 October 2010 of the eight Auckland councils and confirmed the councils' decisions to adopt these plans.

Key deliverables

During its 17 months of operation the Transition Agency delivered or helped facilitate the delivery of the following for the Auckland Council and Aucklanders.

- A new governance model was developed in accordance with the Government's vision: one council, comprising a governing body and 21 local boards, and seven council-controlled organisations (CCOs) with chief executives, management teams, and staff. CCO initial boards were in place, with the newly elected council making the remaining director appointments as provided for in legislation.
- Local board structures are all in place. Initial allocations of non-regulatory decision-making responsibilities were completed and associated budgets (totalling around \$488 million) were allocated to the local boards. Local board offices have been set up with local board support staff appointed as part of the new organisational structure.
- An independent board has been established to promote matters of significance to mana whenua groups and mataawaka of Tāmaki Makaurau. The board has nine members, seven to represent mana whenua (tribes directly associated with the area) and two mataawaka (non-mana whenua). It is independent of the council and can appoint up to two people as members to sit on Auckland Council committees that deal with the management and stewardship of natural and physical resources.
- Proposals for the establishment of a Pacific Peoples Advisory Panel and an Ethnic Peoples Advisory Panel were developed and presented to the mayor-elect of Auckland by the Chief Executive of the Ministry of Pacific Island Affairs and the Transition Agency respectively. The panels, which must be appointed by the mayor by March 2011, will advise the council of processes and mechanisms to engage with Pacific and ethnic peoples, and will identify and communicate to the council the interests and preferences of their people regarding the council's strategies, policies, plans, and bylaws, as well as any other matters they consider to be of interest to their communities.
- An electoral officer was appointed to run the local body elections in October. The elections were effectively promoted by the electoral officer and the Transition Agency and executed by the electoral officer. There was a major upswing in voter turnout, 51.0 percent of eligible voters compared with an average 37.3 percent in the previous election.
- A logo was created for the new council through a public design competition, with comprehensive upgrading of signage done before and after 1 November 2010.
- The new structure has a strong emphasis on customer service. Training and induction processes during transition concentrated on ensuring staff were well prepared to meet customer needs. There are three categories of service centres (full, local, and neighbourhood) with locations in every local board area – from Warkworth to Pukekohe, from Huapai to Great Barrier.

- On behalf of the Auckland Council, agreements were made with the BNZ and KiwiBank/ PostShop so Aucklanders can undertake council and CCO transactions at any branch anywhere in New Zealand. Both banks are promoting this service to customers.
- Call centres were established with new phone numbers and websites in place for the council and CCOs. Additionally all the old phone numbers and web addresses were retained to redirect customers and for ease of interaction.
- Work with existing community groups helped to ensure continuity of community services. A smooth transition took place in the following areas: libraries and information, parks, sport and recreation, community development, arts and culture, Māori relations, civil defence/emergency management, and rural fire services.
- Aucklanders can now use their library cards at any of the 55 libraries and four mobile libraries in the region. The amalgamation of libraries creates the largest group in Australasia, giving Aucklanders access to around 3.5 million items including books, CDs, DVDs, online information, and databases. Loan periods for some items have increased from one to two weeks, and there are no charges on overdue items borrowed by children or teens.
- Fees have been standardised to the lowest level across the region, with the exception of those applying in the former Franklin District Council, for resource consents, building control, land information memorandum reports, and dog registrations. For example, the hourly call-out fee for a building inspection, which was as high as \$185 under previous councils, is reduced to \$110. More than 850 forms under the previous structures have been streamlined to around 120 which are available online.
- Under the new council model better advisory services are also being offered. The pre-lodgement service for building and resource consents (previously available at Auckland City Council) is being rolled out region-wide. The new structure includes a major projects team to coordinate projects of regional significance.
- Under the former councils there were 60 different categories of dog licence. This has been halved and fees have been standardised at the lowest level (excluding Franklin – which was largely rural). For example, fees in the most common registration category, which ranged from \$70 to \$100 across Auckland, are now \$70.
- Under the old council structure there were more than 330 cases of council versus council litigation around Resource Management Act matters. Work with the former councils achieved resolution where possible. Only three cases between councils were regarded as intractable by the time of the Auckland Council's establishment on 1 November 2010.
- Auckland Council and subsidiary organisational structures have been streamlined. As a result of the changes there was a 13 percent reduction in headcount between the old council structures and the new governance arrangements – or 1,200 full-time equivalent positions on 1 November 2010. This equates to an annualised salary saving of \$66.5 million. This reduction rises to 1,523 positions (16 percent) by 1 July 2012, an annual salary saving of \$91.0 million.

- The disestablishment of old roles, the recruitment of Tier 1, 2, and 3 staff to new roles, and the transfer of existing staff to the reduced number of positions at Tier 4, 5, and lower was achieved with good cooperation from both existing organisations and unions. Some 1,000 staff interviews and appointments were required over an eight-week period. Three new PSA collective agreements were negotiated to cover 2,500 employees and replace 11 varied agreements.
- The Auckland Council Planning Document was completed by 31 October 2010. This showed a rating projection of 3.9 percent for 2011/2012. This is 2.1 percent lower than the 6.0 percent average increase projected by the old councils. The lower projection includes the net impacts of transition – a saving of approximately \$37 million (which includes transition costs and savings, an efficiency target of \$47.7 million, information technology expenses, and factors such as the establishment of local boards). The Auckland Council received a long-term AA credit rating and a short-term rating of A-1 Plus. A single council-wide insurance programme will save an estimated \$0.8 million per year.
- The savings extend to water. The price of drinking water now delivered by Watercare in metropolitan Auckland will be lower by an average of 20 percent from 1 July 2011.
- Significant information technology and logistical change programmes were undertaken to ensure the smoothest possible changeover. Systems changes included: financial consolidation, reporting and planning functions; the core finance/human resources/payroll solution; websites; network and telephony integration; email integration; records management; geographic information systems consolidation and information systems service delivery.
- The handover of technical work to Tier 2 and 3 managers at the council was completed prior to 1 November 2010. This included projects such as policies, delegations, taxation, treasury, and technical accounting standards.