

Finance and Operational Performance Committee

**Monday, 10 August 2009
Commencing at 9.30 am**

**Item 10: Auckland Transition Costs
June 2009**

SUPPLEMENT TO A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER, WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY, 10 AUGUST 2009, COMMENCING AT 9.30 AM

10 AUCKLAND TRANSITION COSTS JUNE 2009

GLOSSARY

Auckland Governance implementation process	(transition)
Long Term Council Community Plan 2009-2019	(LTCCP)
Auckland Transition Agency	(ATA)

EXECUTIVE SUMMARY

The purpose of this report is to give an update to the Finance and Operational Performance Committee on the costs incurred by Council to date in relation to the Auckland Governance implementation process (transition).

These reports will usually be presented to the Finance and Operational Performance Committee on a monthly basis. This report overviews transition costs incurred for the June 2009 period.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Auckland Transition Costs June 2009 report.

BACKGROUND

1. On 6 April 2009 the Finance and Operational Performance Committee considered a Report Of The Royal Commission On Auckland Governance Reforms (27 March 2009) - Transition Costs as an urgent item of business so that Waitakere ratepayers could be informed of the indicative costs of transition during the submissions period on the draft Long Term Council Community Plan 2009-2019 (resolution 468/2009). The Finance and Operational Performance Committee further resolved that these costs be included in the final Long Term Council Community Plan 2009-2019 (LTCCP) and that Waitakere ratepayers be informed of the costs once determined (resolution 486/2009). It was resolved as follows:

*“The Finance and Operational Performance Committee resolved to:
“Agree that the Report of the Royal Commission on Auckland Governance Reforms (27 March 2009) - Transition Costs be considered as an item of Urgent Business so that necessary action can be taken to inform Waitakere city ratepayers during the current submission period on the draft Long Term Council Community Plan 2009-2019 of those costs and inclusion of those indicative costs in the final Long Term Council Community Plan 2009-2019.”*

468/2009

“The Finance and Operational Performance Committee resolved to:

“Agree that it be recommended to the Long Term Council Community Plan and Annual Plan Committee that an estimate of the transition costs of the Royal Commission’s Report on Auckland Governance reforms applicable to Waitakere city ratepayers be considered for inclusion in the final Long Term Council Community Plan 2009-2019 and that Waitakere city ratepayers be informed once determined.”

486/2009

2. At an extraordinary meeting of Council held on 17 April 2009 to discuss Auckland Governance issues, a \$100,000 budget was allocated to transition work, with provision for further requests for funding for transition purposes to be brought back to the Finance and Operational Performance Committee. It was resolved as follows:

“The Council resolved to:

3. *“Agree that any communications or information activity or any other initiatives be over seen and directed by the Performance Review Committee and that an initial budget of \$100,000 be provided (through a reallocation of existing budgets).*
4. *Agree that any requests for additional funding be directed through the Finance and Operational Performance Committee (or full Council, depending on timing issues).”*

549/2009

3. On 5 May 2009 the Finance and Operational Performance Committee requested that all transition costs to Council be recorded and reported to the Finance and Operational Performance Committee on a monthly basis. It was resolved as follows:

“The Finance and Operational Performance Committee resolved to:

1. **Receive** the Operating And Capital Expenditure Summary report.
2. **Direct** the Chief Executive Officer to ensure the recording of the cost to this Council of the Auckland Governance implementation process and report the costs incurred to the Finance and Operational Performance Committee on a monthly basis as a report.”

702/2009

4. The Waitakere Transition Project Steering Group are guiding Council’s transition implementation process. This work includes managing costs and staff time associated with readying Council for the merger of Auckland territorial local and regional authorities into one Auckland Council by the local body elections in October 2010. Each workstream reports costs and staff time incurred on transition work on a monthly basis, and this information is centrally collated by the Waitakere Transition Project Steering Group for accountability and reporting purposes.

DECISION MAKING

9. This report is for information only and does not require any decision making by the Finance and Operational Performance Committee.

Costs to date

10. Internal Transition Expenditure to date is set out below in Table 1:

Cost Centre 3301		
Financial Year	Document Header Text	Total Expenditure
2009	Annual Leave Liability 30 June 2009	\$0.00
	AS08001A - Advice for Chief Executive Officer / Tactics Group	\$31,625.00
	AS08002A - Programme Manager backfill	\$6,340.00
	Political Steering Group advice	\$2950.00
	Submissions to Local Government (Auckland Council) Bill	\$10,514.00
	Information Technology Equipment monthly lease	\$61.00
	Information Technology Equipment monthly lease	\$26.00
	Information Technology Equipment monthly licence	\$80.00
	Information Technology Equipment monthly licence	\$40.00
	Contract Finance Analyst	\$8,894.24
	Super/Union 14 June 2009 - contract staff	\$106.73
	Super/Union 28 June 2009 - contract staff	\$71.15
	Petty Cash Clear 25May09	\$16.00
	Staff transition support	\$8,500.00
	Tax advice	\$5,700.00
	Stadium and sound system hire	\$10,000.00
	Legal advice - staff issue around due diligence info, use of fixed term contacts & submission issues	\$12,000.00
	Legal advice - staff issue around due diligence info, use of fixed term contacts & submission issues	\$1,125.00
	Human Resources Contractor (backfill) costs	\$12,117.90
	Human Resources Contractor (backfill) costs	\$8,640.00
2009 Total		\$118,807.02

Table 1: Internal Transition Expenditure 2009

11. Community Advocacy Expenditure to date is set out below in Table 2:

Cost Centre 3301		
Expense type		
Financial Year	Document Header Text	Grand Total
2009	Community Coalition 4 Auckland Activities	\$20,000.00
	TTR Submission preparation	\$16,710.00
2009 Total		\$36,710.00

Table 2: Community Advocacy Expenditure 2009

Staff Time Reporting

- 12. As discussed above, the Council Officers time spent on transition work is reported monthly by each portfolio as well as those Council Officers working in the area of project management, and this information is centrally collated and reported to the Waitakere Transition Project Steering Group and Finance and Operational Performance Committee for accountability and reporting purposes.

- 13. Council Officers time spent on transition work for the month of June 2009 is as follows in Chart 1:

Time Spent On Transition Project - June 2009

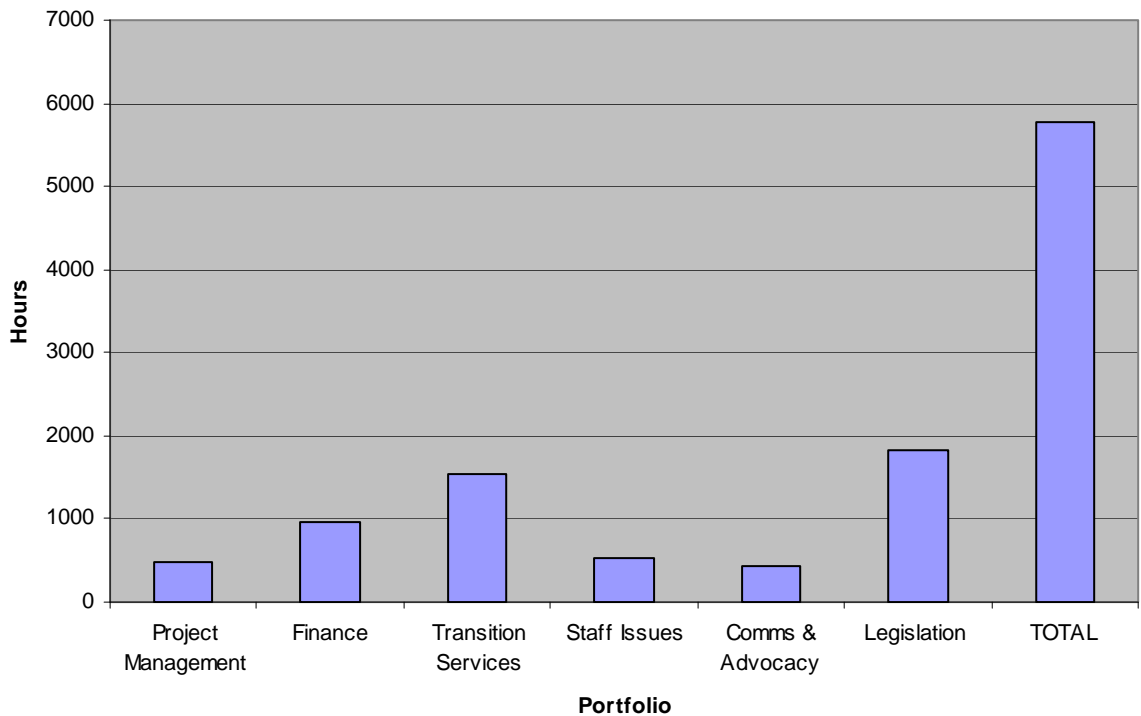


Chart 1 - Time spent on Transition Project - June 2009

14. Council Officers involved in transition work for the month of June 2009 is as follows in Chart 2:

Number of Council Officers Involved in Transition Project - June 2009

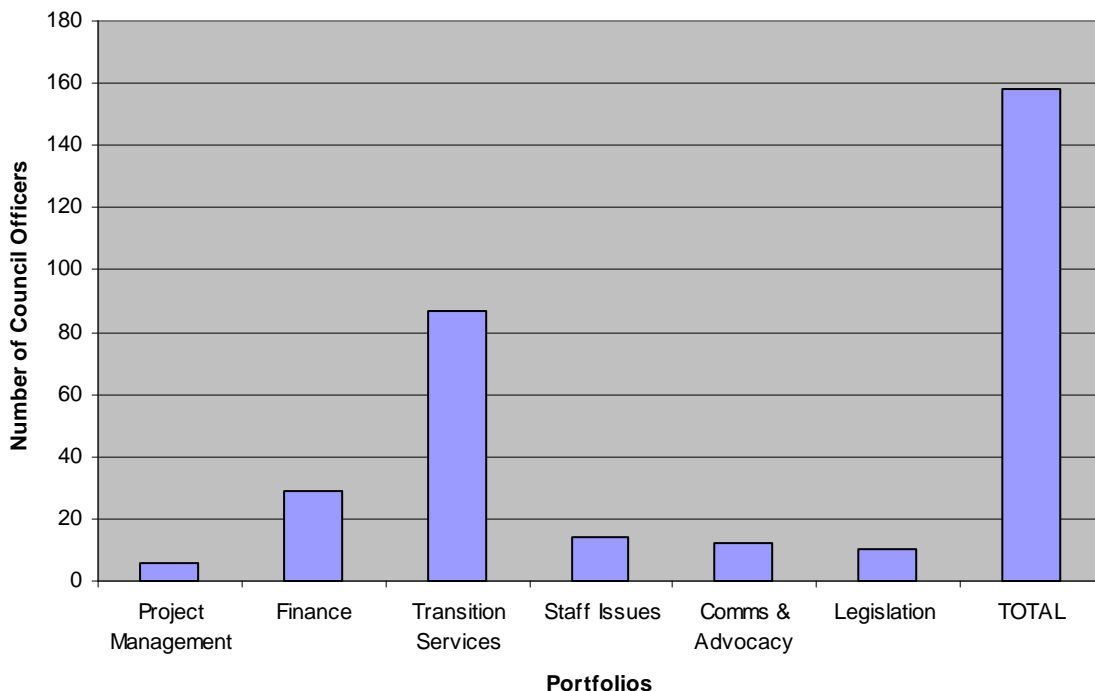


Chart 2 - Number of Council Officers Involved in Transition Project - June 2009

STRATEGIC CONTEXT

15. The Council's Transition Programme is necessary to achieve the Council's strategic direction and align with legislative requirements under the Local Government Tamaki Makaurau Reorganisation Act 2009 and the ATA requirements.

CONSULTATION

16. There is no consultation required for this report.

RESOURCES

17. The Annual Plan 2009/2010 does not include an allocated budget for transition costs except for a carry forward amount that has been approved by the Long Term Council Community Plan and Annual Plan Committee. The Finance and Operational Performance Committee will need to determine any reallocation of budgets between work programmes at the quarterly budget reviews to fund additional cost requirements.
18. Work related to the gathering of information and systems development for meeting anticipated requests from the ATA prior to 30 June 2009 were sourced from existing budgets and savings.

IMPLEMENTATION ISSUES

19. There are no implementation issues arising from this report.

AUCKLAND COUNCIL TRANSITION ISSUES

20. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

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