

22 January 2016

Official Information Request No. 9000139220
(Please quote this in any correspondence)

Mr Bernard Orsman
By email: bernard.orsman@nzherald.co.nz

Dear Mr Orsman

Local Government Official Information and Meetings Act 1987

Re: Auckland Council IT Costs

I refer to your email, which we received on 3 December 2015, requesting information about IT costs for Auckland Council. We understand you have requested the same information from Watercare and Auckland Transport and that they will be responding separately. The following information covers Auckland Council and its CCOs, excluding Watercare and Auckland Transport.

The total operating and capital costs for each year since amalgamation are:

Table One: Total Operating and Capital Costs for IT Services for Auckland Council and CCOs*

\$m	2011	2012	2013	2014	2015
Operating Costs	89.377	123.948	113.877	113.054	132.074
Capital Costs	83.764	58.122	43.720	67.375	76.921

* excluding Watercare and Auckland Transport

We have provided a breakdown of operating costs in Table 2. You will note that the operating spend has been broken down into specific categories. However, the capital spend information is not held in a way which allows us to categorise it in the same way.

Table Two: Operating Costs for IT Services for Auckland Council and CCOs*

\$m	2011	2012	2013	2014	2015
Staff	21.276	38.046	37.112	30.756	39.183
Professional Services	7.432	10.635	1.934	1.055	1.329
Repairs & Maintenance	3.963	3.950	2.713	2.578	0.270
Outsourced	1.998	0.399	1.129	0.286	0.611
Software Expense	14.279	14.995	20.001	29.187	21.986
Hardware Expense	1.793	0.396	0.240	0.161	0.985
Telecommunications	5.740	8.156	8.699	8.427	6.915
Operating Lease	0.753	9.271	8.199	5.817	15.357
Printing & Office Consumables	2.609	4.286	3.124	2.543	2.260
Other	3.989	1.866	1.264	1.885	1.151

Depreciation	22.546	31.947	29.461	30.358	42.027
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* excluding Watercare and Auckland Transport

The above totals include telecommunication costs (landline and mobile) for all relevant staff and printing and office consumables. These costs are met from within the council's IT budget.

The costs also include depreciation which accounts for approximately a third of IT operating costs for the past financial year. It is financially prudent and council fully funds depreciation of IT assets so that each generation pays for the assets it uses. This needs to be balanced against other considerations such as affordability. Not all council assets are fully funded for depreciation. The council has assumed that it will move to fully funding depreciation net of subsidies and contributions by 2024/2025 and therefore the level of depreciation funding will increase by around 3.7 percent each year.

When depreciation is excluded, the council's IT operating costs have been between \$80 to \$90 million per year.

NewCore is one of the most significant projects Auckland Council has undertaken since amalgamation. The aim of NewCore is to combine more than 3500 computing systems inherited from the eight legacy councils. NewCore will be a coherent, single system which provides the best possible IT support for staff and service to ratepayers.

More staff were brought in during the last financial year to focus on NewCore, which explains operational costs of \$39 million for that year. This is within the allocated budget given to Information Services (IS), the unit driving the NewCore project. Whilst contributing to increased overall IT budget, NewCore as a project remains within budget, scope and programme.

Council's repairs and maintenance bill has also trended down significantly, from \$3.9 million in 2012 to \$270,000 so far this year. This is due to council moving away from 12 legacy data storage infrastructure services to just one, outsourced over 2013/14 and now managed through operating leases with Spark. This explains the increase in operating lease costs, to \$15 million in 2015.

Continued streamlining of legacy contracts, for services such as telecommunications, has seen costs trend downwards since 2013.

If you have any further queries please contact me on 09 301 0101 quoting Official Information Request No. 9000139220.

Should you believe Auckland Council has not responded appropriately to your request, you have the right by way of complaint, under section 27(3) of the Act, to apply to the Ombudsmen to seek an investigation and review of the decision.

Yours sincerely



Leigh Collecutt
LGOIMA Business Partner
AKLC Electoral Office/Public Info Unit

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