

Efficiency & Effectiveness

# ELT Discussion

7 March 2024

Budget Sensitive  
Personnel Sensitive

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# People Change

## Accounting Treatment of Any Redundancy Costs

- Potential redundancy costs may be significant, in the context of FY24/25 targets, and would ideally be met in the current FY.
- Broad estimate: 100 roles would result in a minimum of \$3.1m direct cost
- Finance advice is that in order to account for any redundancy costs within FY 23/24 through accrual, the following must have occurred:

### **1. A detailed formal plan for restructuring must be approved, containing:**

- The activity or unit concerned, and locations affected
- The location, function and approximate number of employees impacted and that will be compensated
- The expenditure (redundancy cost) required
- When the plan will be implemented (which must be as soon as possible, i.e. that significant changes to the plan are unlikely)

### **2. Raised a valid expectation in those affected that we will carry out the restructuring: by starting to implement the plan, or announcing the main features to those affected by it**

# People Change

## Discussion for ELT:

- 'Locking down' the visibility and involvement in this workstream, compared with other cost saving initiatives, greater role of HRBPs
- Enabling Business Groups to progress independent change, where contained and ready, versus clustering of change activity
- Current people change processes, and opportunity to go faster.
- Speed, phasing, relative to accrual rules, the impact of costs (including continued salaries) occurring in 24/25
- Potential external engagement to surge HR / OD / ER capacity
- Potential use of business plan 23/24 funding for any redundancy costs this year, compared with potential Board request for approved overspend

## Proposed actions

- Profile top-down view impact of GPS changes across the business, alongside proposed 'people related' efficiency opportunities, and queued Te Kapehu activity (underway via Jenny)
- Enlist HRBP support to validate personnel savings / impacts proposed in bottom-up Group submissions
- Identify people change process pathways, to determine likelihood of meeting accounting standards for 23/24 accruals
- Identify headline potential redundancy cost (dimensions / parameters)
- Prepare report back to ELT ahead of summary for Board consideration in April

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