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Making our

communities better

Waitaki District Council

Independent assessment report | December 2020*

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Waitaki
DISTRICT COUNCIL
TE KAWHĪHERA Ā ROHE O WAITAKI



A measure
for better
community value.

* Period of assessment: August 2020

Assessment Summary

AT A GLANCE



Waitaki District Council has a small population and is heritage-rich, with a large geographic area ranging inland to the Mackenzie Basin.



LARGE METRO

SMALL METRO
AND PROVINCIAL



PROVINCIAL AND RURAL

RURAL

The current situation

The Waitaki District stretches all the way from the coastline at Kakanui almost to the foot of Aoraki/Mt Cook. From the Waitaki River in the north, to Lake Ōhau in the west and Flag Swamp in the south, the district has a diverse range of scenery and attractions.

- > Based in Ōamaru, the Council has important satellite towns (eg Palmerston, Moeraki, Hampden, Ōmārama and others) as well as rural valleys.
- > Traditionally a rural and farming district, the tourism market is increasing in importance, and there are significant heritage and natural attractions.
- > The population is becoming more diverse with growing Māori and Pasifika populations.

The Mayor has led the Council since 2013, and the Chief Executive is invigorating economic and other opportunities for the district before his planned departure in 2021.

Period of assessment

The onsite assessment took place on 26 and 27 August 2020.



\$1,369m

GROSS DOMESTIC PRODUCT¹

SERVES

22,308

PEOPLE², A MIX OF
88% EUROPEAN/PAKEHA
8.2% MĀORI
3.8% PASIFIKA
5.3% ASIAN³



POPULATION TREND
STABLE/GROWTH

MAKES UP

2.65 %

OF NEW ZEALAND'S TOTAL LAND AREA⁴. WAITAKI DISTRICT STRETCHES FROM THE WAITAKI RIVER IN THE NORTH, TO LAKE ŌHAU IN THE WEST AND FLAG SWAMP IN THE SOUTH:

7,109 km²

RESPONSIBLE FOR

1,800km

ROADS AND

164km

FOOTPATHS⁵



Key learnings

The Council has managed its activities prudently over the years but will still face material rate increases with anticipated renewal of assets and increasing levels of service. Elected members and Council staff have a shared sense of common purpose, and the Council has considerably improved its communication efforts, resulting in excellent reputation scores. Both good communication and the sense of common purpose will be needed to let residents know what might happen over the next ten years in the face of growing infrastructure costs.

- > The strategy of rating for asset use (depreciation) means the Waitaki District Council has a strong balance sheet.
- > The Council's communications efforts have been rewarded in terms of engagement scores.
- > The Three Waters Team has a very good understanding of how to achieve current and future levels of service and asset renewal.

¹ MBIE – Modelled Territorial Authority GDP – 2019

² Stats NZ – Waitaki District Council Census 2018 Usually Resident Population Count

³ Census respondents can select multiple ethnicities, so total % can add up to more than 100%

⁴ DIA – Waitaki District Land Area (2014)

⁵ Waitaki District Council Annual Plan 2020-21, p.10

Assessment Summary

continued...

OVERVIEW

Waitaki District Council exhibits some real strengths with a strong sense of common purpose and well organised service delivery of core road and water functions. Some of the other organisational requirements such as good, integrated reporting needs attention.

RATING



Findings



THE COUNCIL HAS AN EXCELLENT BALANCE SHEET THROUGH A LONG-TERM POLICY OF RATING FOR ASSET USAGE (DEPRECIATION) AND RETAINING THOSE FUNDS FOR ASSET RENEWAL.

However, there will be capital expenditure over the next decade of around \$200 million, some of which is asset renewal and some is about improved levels of service in completing drinking water projects, improvement to the wastewater plant and for stormwater network improvements.



THERE IS GOOD UNDERSTANDING AND KNOWLEDGE OF BOTH THE ASSET RENEWAL CYCLES AND OF THE LIKELY CHANGES IN LEVELS OF SERVICE.

However, that knowledge is not evident in the current Long-Term Plan (LTP), and the extent of the necessary investment could be a surprise. At the same time, investment funds have been loaned to irrigation and retirement home developments in the district.



THE CHIEF EXECUTIVE'S DASHBOARD IS USEFUL INTELLIGENCE BUT THERE ARE MORE FUNDAMENTAL PROBLEMS THAT NEED ADDRESSING.

These problems include reducing the number of systems, co-ordinating Council-wide staff tools and introducing concise and precise shared reporting systems, and providing consistent and thorough document management.

Commonly used terms

Term	Definition
Asset Management Plan	A tactical plan for managing a council's infrastructure and other assets to deliver an agreed standard of service.
Infrastructure	Local and regional roads, pathways and cycleways, drinking water, wastewater and stormwater assets, sports and recreation facilities (parks, sportsgrounds, green spaces etc), community and tourism facilities (playgrounds, public toilets, libraries, museums, galleries and public art etc), town centres, and other facilities.
Local Government Act 2002	The legislation that provides a framework and powers for councils to decide which activities they undertake and the manner in which they will undertake them.
Long Term Plan	The document required under the Local Government Act that sets out a council's priorities in the medium to long-term.



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Better than competent	Competent	Performing well	Performing well

STRENGTHS

The Council has progressively worked with others to establish its heritage district in Ōamaru and is well placed for formalised discussions around the harbour area in the new District Plan.

Communications are excellent; they are easy to read and understand, possibly helping the Council to achieve an excellent reputation score of 83 out of 100 in 2020.

The balance sheet is very strong, and the Council is well placed to invest in its core assets.

The Three Waters and Roading teams understand their asset base and are well positioned for the medium-term challenges faced.

Community engagement through Safer Waitaki is an excellent initiative allowing the district to co-ordinate local, regional and national social service delivery.

AREAS OF IMPROVEMENT

Lack of ability to get timely information from the Council's management systems was an issue highlighted by staff surveys, interviews and a focus group.

The Financial Strategy is poorly explained, and the system of internal loans as well as loans to district developments is opaque and needs to be more transparent in accountability documents.

A clearer separation of duties is needed between the Council as lender and the Council's need to oversee its investment.

The Council has a strong focus on district economic development opportunities, but those projects tend to distract from provision of other Council services.

Leading locally

Governance, leadership and strategy

There is a strong sense of common purpose between elected members and Council staff that the district is a good place to live, and can be made better still.

Priority grading

Better than competent

< Council’s vision and strategic objectives have been distilled into a one-page “easy reference” graphic that staff can readily refer to.>

There has been a reset of the vision and an effort to generate more vigour in the Council’s identity. Waitaki District Council is in a fortunate position to sit across two mayoral forums: Otago and Canterbury. That enables the Council to share ideas arising within each and incorporate these into its own strategy and goals.

Setting the direction for the community

The current 2018-28 Long-Term Plan (LTP) was adopted on 26 June 2018. Council’s vision “Waitaki – The best place to live, work and play” is to be further refined to “The best place to be” in the next iteration of the LTP for 2021-2031. The refined vision and strategic direction from a workshop held in July 2020 resulted in the following community outcomes:

- Prosperous District;
- Strong Communities;
- Quality Services; and
- Valued Environment.

These are complemented by the Council’s strategic priorities:

- Providing high-quality core infrastructure and services.
- Determining the best way to deliver three waters for the community.
- Working with the community to respond to COVID-19 challenges.
- Creating a District Plan that is fit for Waitaki’s future.
- Striving towards better Council performance.
- Driving best value for rates.

Creating confident councillors

The Mayor has organised elected members into portfolios of interest coinciding with their own and the district’s interests, building on the networks and connections that elected members bring. A good example is active elected member involvement in community activities such as Safer Waitaki.

The Mayor, elected members and community boards have a training budget allocated each year in the Annual Plan. A larger allocation is provided each election year (ie 2019/20) to cover the costs of any additional training that needs to be undertaken by newly elected members. Elected member training and professional development has been ad hoc in the past. The aim is to take a more formal, structured approach to their ongoing training once a training needs analysis has been completed as part of a governance review.

A comprehensive formal induction programme covering the governance role, strategic and operational topics was developed in advance of the 2019 local elections. The induction programme was then delivered during several sessions that spanned many weeks (into 2020), starting the week after the elections. The programme and preparation were well done, and material provided was clear and concise. Several longer-serving members commented on the induction material and felt they had benefited considerably more from the recent induction formats than previous efforts.

The Council acknowledges its Conflict of Interest Policy for elected members (including Council and community boards) needs review. There are also other potential areas which require timely review and attention. That includes the relationship between Council and the aged care facility governance. The Conflict of Interest Policy, although practised, will benefit from the proposed review.

The Council provided extensive pre-election support to candidates, including encouraging a diverse range of residents to stand with its first Pasifika member subsequently elected.

Effective working relationships

The Mayor and Chief Executive meet weekly (and otherwise as required) to discuss and update each other on operational and local political concerns or emerging issues.

The Council has identified that staff would benefit from clearer prioritisation by the Mayor and elected members of projects/work programmes. This is currently a work in progress.

The Chief Executive provides a detailed management report to each full council meeting on a wide range of topics at the “whole of Council” level. The original version of this report was too long and has been substantially reduced, but perhaps too far, as it reads more like a broadsheet rather than an update on strategic and operational matters.

Despite prior efforts for reports to be tailored to audience needs, further refinement and more precision is required to reduce churn for staff and increase meaningful time for elected members.

There seems to be an issue around distraction of the Council from involvement in economic development and other innovative activity. By admission, economic development is left to the Mayor and the Chief Executive. Specifically, there is concern from some elected members and Council staff that a deep commitment to improving the district (eg the flight school and Geopark) can distract from other core activities. There needs to be a more structured approach to economic development.

Reports to elected members are regularised by templates. These templates ensure consistency in structure and that key background information and details of the options are included. The template requires the report content to align with Council’s vision, community goals and strategic priorities.

Workshops and briefings are held on important issues. In terms of workshops and briefings for decision-making, there was a widely held view there were too many documents, which often left elected members feeling less prepared than they would have liked. Reducing material and implementing a wider distribution of responsibilities could be beneficial.

There are times when elected members feel rushed in reaching decisions and do not feel that they have enough workshop time to discuss matters. Elected members would like to consider a more detailed framework for decision-making to support risk representation and to balance the governance duties across the spectrum of their responsibilities.

Overall, there is a plethora of material available across the Council, and a more determined rationalisation would be useful to reduce the pressure on staff and impact on elected members.

There was some unease expressed by Council staff with operational decision-making being unnecessarily escalated to Council when decisions should have been made by managers.

Improving risk management

Because of the wide range of services provided across Council, there is a correspondingly wide variation of exposures to health and safety-related risk and the way it is managed.

One aspect of risk management that stands out for comment is health and safety reporting. Health and safety is a standard agenda item on the weekly Executive Management Team meetings. It covers not only incidents, hazards and emerging issues, but also staff and organisational well-being. There is a monthly Health and Safety Committee meeting which has a staff member from each area of the Council, including the Executive Management Team, as a representative to the committee.

However, there was no visible documentation presented to Council that tracked events and reporting, other than a short section in the Chief Executive report, and regular reporting to the Performance, Audit and Risk Committee, which ceased through the COVID-19 lockdown.

There is a need for greater transparency by Council of health and safety. Despite the description above, there does not appear to be any material/matrix presented to elected members showing health and safety progress. There are many options available to assist in this area, and it will remain a vulnerability unless addressed. As with several other areas, better unity of purpose and product would reduce churn and effort for elected members and staff.

Risk management and reporting is deficient, and that is discussed further in the following priority area. No overall risk framework is apparent.

Strengths

Elected members have identified portfolios of interest that suit their own and the district's interests well.

Council has excellent induction material to support elected members following local government elections.

Elected members and council staff have a common purpose, and they enjoy a generally sound working relationship.

There is continuous improvement of reporting to elected members.

The Mayor has led a facilitated process, bringing the Council together around a common vision.

Areas for improvement

Reporting, papers and process could do with refinement to ensure greater clarity and alignment with strategy.

Council should find a way to manage economic development activity so that it is focused and balanced with other Council service delivery.

Reporting is detailed but voluminous and signals a lack of precision and prioritisation.

There needs to be regular reporting on health and safety amongst other risk reporting.

Investing money well

Financial decision-making and transparency

The Council has had a long-term, stable and prudent approach to its finances. Some years ago it decided to rate to fund depreciation and, therefore, to build up cash reserves.

Priority grading

Competent

< The Council has a sound balance sheet with considerable investments, but the Council needs to be clearer about the next decade's fiscal outlook.>

The cushion built up from depreciation reserves has been invested in local projects, both to kick-start the projects and to gain higher returns from the reserves than otherwise available. However this leaves the Council with material and significant asset risk.

The Annual Report clearly states the interest terms of the loans to North Otago Irrigation and Observatory Retirement Village at 3.25 per cent, but does not articulate that the rate is below market.

Financial reporting is adequate but needs to improve in frequency (more frequently than quarterly) and scope (including capital expenditure). The business intelligence work is proceeding well and is an interesting way of bringing disparate data streams together, but Council is encouraged to spend much greater effort in integrating core enterprise systems. Business intelligence is an addition to, rather than a replacement for, solid core enterprise systems.

Planning and evaluating financial goals

The Council has had a long-term, stable and prudent approach to its finances. The Council is in a robust position with no debt and \$35 million of investment assets.

The Council some years ago decided to rate to fund depreciation and, therefore, to build up cash reserves for reinvestment in the three waters and roading networks. These rates are often collected through targeted rates and accounted for in approximately 100 reserves. These reserves are accounted for in

an Excel spreadsheet outside of the general ledger. In the past, this strategy has worked well. Rates were at the higher end but have balanced out over the years with relatively low increases.

The Council funds asset replacement from these depreciation reserves and, if there is a timing difference, by borrowing internally.

Subsequently, the Council has lent to community-oriented organisations. Two substantial loans are to North Otago Irrigation (\$17 million) and an aged care trust operating an 80-bed rest home and retirement village (\$11.5 million). The rest home has been a great success and is offering another tranche of apartments, and the Council loan is being renegotiated to cover this additional investment.

The primary reason for these investments is that the developments may not have happened – or they may not have happened on such a scale – without Council support. The flow-on effects to what was then a nil or declining district population were, at the time, likely persuasive, as is the reasoning that the elderly can now move to smaller villas and apartments, stay close to friends and release family homes back to the market.

The second stated reason for continuing to lend is to arbitrage the rate the Council can invest at versus what it lends at (currently 3.25 per cent) and, in future, borrow at (about 1 per cent), thus reducing borrowing cost and continuing to support investment in community-oriented enterprises. This secondary objective is open to challenge, even though it has been highlighted that increased activity is being delivered compared to what might have been provided by the market and investors.

The Financial Strategy will come under stress over the next decade. The Assets Group has identified around \$200 million of anticipated capital spending over the next decade, including renewal of the wastewater plants and continual improvement of the drinking-water and stormwater plants. There is no up-to-date forecast of this long-term spend nor the likely impact on rates. Elected members will be broadly aware of the likely capital spend but may not fully understand the likely consequences without a recast of the financial forecast.

Assessing the financial data

Previous financial reporting to Council was a long and detailed 100-page report. Currently, there is a short report which is reviewed every three months only, with monthly and now

quarterly reporting to a Performance, Audit and Risk Committee. There was no financial reporting in the Council papers at the last full meeting.

There is very little reporting on capital spending. The full capital cost is recognised in the first year and then carried forward if there are multiple years. From the Council's perspective, this does not make too much difference, as the money is borrowed internally or externally when it is needed.

The Council is looking to use a business intelligence tool to give its elected members and managers' real-time access to financial reporting. The intuitive displays are attractive and easy to read but need to be treated carefully, as operating costs can be recoded and there are issues with data cleansing.

Key systems such as asset management systems and financial systems do not integrate. The Council is operating an enterprise system called *Authority*, but it is planning to update its current version to assist with that integration.

Because of COVID-19, an electronic approval process was implemented, which has taken the Council from a fully manual sign-off process to an electronic process.

Being clear and transparent

There is considerable use of targeted rates, so residents have a good sense of what is being billed for, albeit less of a sense of what it is for. Ratepayers would not be able to work out their situation in terms of capital investment and depreciation reserves held for them from the Annual Report, although a report is provided to community boards.

Addressing financial risk

The Finance, Audit and Risk Committee has been renamed as the Performance, Audit and Risk Committee. The Council believes it has the required skills on the Committee and does not need an independent member. It is considered best practice for Council to have an independent chair for the Performance, Audit and Risk Committee, and Council is encouraged to investigate this approach further.

An independent chair could bring considerable value in unifying the approach and ensuring that it is activated through the organisation including with elected members. Improved risk reporting would likely become available faster if there were an independent chair focused on those matters.

Risk management is developing. There is no one view of the risk profile of the Council. Risk registers are held separately around the organisation in each individual department. Risk registers are reviewed by the Performance, Audit and Risk Committee. In effect, Council does not have a risk management framework.

There is a substantial loan between the Council and Observatory Retirement Village (a charitable trust). The Mayor is a trustee of the Village. The Group Manager Finance and Corporate

Development is the Council's lending officer and negotiates (and Council approves) the loan terms and conditions and has recently negotiated an extension of the loan to allow further villas and apartments to be built. This approach brings decision-making around lending to the village together with governance of the village, and it is suggested that Council consider whether this is appropriate.

A similar issue arises with North Otago Irrigation, where the Chief Financial Officer is a Council-appointed director. The Council should consider appointing an independent director, requiring that director to report back to the Council, thus separating the role of Council as a company director and Council as lender.

Delegations are considerable, including the \$1.5 million level for the Chief Executive and Deputy Chief Executive. Other group managers have a delegation of \$250,000. However, all such spending needs to be within the agreed budget. The delegation document itself is long and difficult to read and does not include a table of delegation limits. Council could consider simplifying the document and reviewing it annually.

Meeting financial targets

Budget management in the past has been tight. However, there are incremental staffing decisions being taken across the organisation. There were extensions of staff numbers in the water group to meet the growing project load and across other areas such as communications, IT and community services. In addition, there are ongoing calls for consulting input in, for instance, the resource consenting activity as the team shifts the focus of staff to the District Plan refresh. The Executive Management Team and elected members will need to be very clear these staffing additions align with core business and represent value for money.

The Council decided to set a nil rate increase considering the economic harm from COVID-19. This decision will cause a small ripple effect on future years' rate increases and will require calling on depreciation reserves.

As highlighted above, budgeting for capital expenditure needs to improve.

Strengths

The business intelligence tool shows early promise in being able to pull through data from disparate systems.

Ongoing funding of depreciation through rates leaves the Council well positioned for asset renewals and anticipated increases in levels of service.

The financial position of the Council is very healthy.

Council's approach on rating for asset use including depreciation, positions it to be agile in refreshing the network.

Areas for improvement

Reporting on reserve movements could be improved so those rated on a targeted basis are aware of where the reserves are being re-used/loaned, and whether that loan is internal or external.

Appointment of an independent chair of the Performance, Audit and Risk Committee should be considered.

Risk management and maturity should be improved in order to generate a single view of Council risk and to implement a Council-wide risk management framework.

Council should consider the full risk profile of lending on commercial activities when also borrowing for asset renewal.

The practice of Council officers or elected members taking governance positions on organisations that the Council lends to should be reviewed.

Council should separate the governance roles of Council appointees from loan decision-making.

Long-term budget planning needs to improve materially, and not just at the point of the LTP refresh.

Closer integration of the key enterprise systems, including financial management and asset management systems, is required.

The frequency of reporting should be increased, preferably to monthly.

Reporting on capital expenditure, including carry-forwards, is required.

Delivering what's important

Service delivery and asset management

The Council has a very good idea of its assets and likely future investment path, including probable changes in levels of service.

Priority grading

Performing well

< To assist implementation, a Business Operations Leadership Team (BOLT) was established to ensure significant projects being proposed for resourcing are aligned to Council's vision and strategy. >

Operational activities and projects are underpinned by the objectives of the LTP, Annual Plan, business and activity management plans and relevant strategies. An analysis of these by the Chief Executive to ensure synergy between direction and implementation would usefully refine the focus and spans of responsibility.

Planning and evaluating service goals

The vision is being revisited and will need to be considered in practical terms and with practical implications for infrastructure assets. To assist implementation, the BOLT was established to ensure significant projects being proposed for resourcing are aligned to Council's vision and strategy. BOLT membership includes stakeholders from across Council.

Assessing capability and capacity

A timely Digital Strategy is being created to guide Council's digital transformation. During the assessment mention was made of the many systems and their lack of connectedness. That is especially true of document management which was specifically and widely noted as a problem. There are wide and disparate views on SharePoint, with many staff expressing difficulty with the system. There is significant current effort in digitising records with around 1,000 documents noted to have been scanned during the duration of the two-day CouncilMARK™ assessment.

Staff satisfaction overall is 62 per cent measured by *AskYourTeam*, a staff engagement platform. There are relatively high scores on culture, leadership, aspects of ratepayer focus and performance development. There are weaker scores on aspects such as effective cross-functional teams, resources effectively allocated, departmental goal alignment with other departments, or that there is a clear strategy for the Council. These ratings were amber rather than red (traffic light system). There was a red on ability to obtain customised reports from information systems. There was, however, a positive outlook from several staff and indeed their positive enjoyment in living in this district.

There were material differences between the Executive Management Team and the rest of Council staff scores, with the former being much higher. However, there were good scores for pride in impact in the community, providing good value to the community and enjoying working with the Council.

Several staff mentioned the positive opportunity to attend training. A slight concern on the current approach to training is that the offering in some instances may be too generous and value for money may need to be considered more closely.

Management's attention to staff during the COVID-19 lockdown was appreciated across all levels at Council.

Assessing service quality

The Client Relationship Management system (CRM) was viewed during the assessment through the business intelligence layer, and several overdue service orders were noted, some by quite long periods of time. However, the manager of the front desk indicated that this often occurred because open tickets may not have been closed off. It was mentioned that this is a data cleansing issue rather than an issue of lack of responsiveness.

It was clear that the Council is endeavouring to be as responsive as it could to the needs of ratepayers, including introducing an app allowing ratepayers to photograph an issue and file the matter (ticket) through their mobile phone.

Evaluating asset effectiveness

While not unusual, there are three different asset management systems in three different areas. The asset management system in the property group is being implemented. There has been progressive investment in understanding of assets in the water management area. The management of roading assets is mature.

Addressing regulation

Resource consenting activities require attention. The Council's resource consenting activities have proven troublesome, with compounding issues of staff capacity and capability, the need to make use of outsourced consultants, and the pressures of a new district planning process. The Council self-reports that it has a mix of positive and negative stakeholder relationships. External stakeholders agree and find the range of views expressed by the Council to be inconsistent. There appears to be no easy way to address issues and problems that may be identified, and the Council comes under criticism for the uncertainty created by this inconsistency. Every application is different, and the external consultants based in Christchurch or Dunedin may not have full access to the site background or full knowledge of local sensitivities required to deal with the range of quality in submitted applications.

There is no proactive monitoring of resource consents. The Council only learns of issues through complaints, by which time it may be too late. The Regulatory Team deals with compliance, and the Council gave an example of one material breach, which is being rectified through a phased abatement notice. The Council does act and has two court actions in progress, one for removal of 100 hectares of indigenous vegetation in an outstanding landscape, and another at a high-country station also concerning indigenous vegetation clearance.

There was an example where, after finding vegetation loss, officers contacted helicopter companies that carry out the spraying to explain their responsibilities. Council would like to do more of this proactive education before non-compliance and resulting enforcement occurs.

Some other processes have fallen behind. For instance, financial contributions are based on market values, but these values have not been refreshed. The Council would like to issue written guidance to surveyors, but there is no resource to develop the guidelines.

The Council is hiring additional staff in the resource consenting area. The Council has initiated single meetings with developers integrating across Council's departments. However, the Council has had to hire recent graduates which, in turn, can exacerbate the inconsistencies while they are learning on the job. There is a Heritage and Planning Manager and the Council has had a locally contentious enforcement case over a non-listed, but contributing, building in the heritage zone.

A recent IANZ audit identified eight general non-compliances (GNCs), with six cleared during the assessment period and two subsequently cleared. The success of the building group includes changing from being wholly paper based to being 100 per cent

digital virtually overnight in March 2019. Inspections and processing went live on the same day. There is a good level of engagement with the building community, with positive relationships. 100 per cent of building consents are cleared in the 20-day statutory period.

Council identified the key influencers in the building sector and established the Waitaki Building Forum. There is a regular meeting of the Forum which provides a better understanding of the Council's position and of the industry position by the Council. The service is responsive; for example, a call before 3.00pm generally gets an inspection the following day in the Ōamaru town area, and generally the next day out of town. The inspection charge is the same for rural as for urban. A digital portal allows the building owner to be a collaborator, so they have much more visibility of progress through the consenting process.

Despite that, the Council notes the failure rate on inspections is quite high – the percentage last month was about 20 per cent. The Council is proactive with local service providers, even to the extent of corresponding with licensing authorities.

Dog management is in transition. The Council is moving dog management activities back in-house and would like to monitor and provide more education. Currently, the activity is reactive. Dog attacks have gone up from 29 to 36 per annum. Council is not sure how accurate the contractor's reporting had been as it was reported on one occasion (and found to be correct) that five dogs were impounded but the correct paperwork was not completed. Therefore, these impoundments did not appear in Council records. The Council will generally take a prosecution when the dog is not assigned over to it for destruction. There have been two dog-on-stock attacks, one of which will soon go to court.

Freedom camping had a successful season with ambassadors talking with freedom campers.

There is high compliance in the food and drink licensing activities.

Accountability reporting

Levels of activity are specified in the Annual Report and most appear reasonable.

Service delivery quality

Climate change effects have been considered. The main climate change risks identified are heavy weather events and coastal erosion. The main impacts are on roading and stormwater.

Spatial planning

Themes for the next District Plan include urban form and growth around Ōamaru, the Mackenzie Basin and extension of the heritage precinct to include the Heritage New Zealand historic area.

Three Waters

Council has upgraded seven community drinking water supplies around the district, in addition to the Ōamaru, Herbert-Waianakarua and Hampden-Moeraki water supplies, to meet the New Zealand Drinking Water Standards. Ōamaru was the first supply to be updated in 2007, and others followed one after the other since 2009. The Council laid pipes from the Ōamaru supply to Herbert-Waianakarua and Hampden-Moeraki (the latter being a 34-kilometre pipe). Consumers on these satellite supplies should have storage reserve of at least three days. Approximately 90 per cent of residents are now linked to a safe drinking water supply.

There are still some small drinking water supplies not meeting the standard that are being worked through. One example is Lake Ōhau Village, which (prior to the October 2020 firestorm disaster) had between 10 and 15 permanent residents but around 50 houses. The Ōhau community would prefer to take from a nearby spring, but unfortunately this spring is not as clean as thought by residents.

All consents for water take are in place for now and the foreseeable future. The district is generally very resilient to drought, but several of the corridor supplies could come under stress. The water is taken from the Waitaki River, and there is no shortage, therefore, the high-loss rates from the network (40 per cent in Ōamaru and higher in some others) are not considered to be too much of a concern. The Council notes that it is cheap to produce potable water through its plant and it is more expensive to find leaks because of the prevalence of free-flowing gravel in the district, meaning leaks do not show on the surface. The treatment plant is actively monitored.

The considerable effort to meet drinking water standards over the last 16 years has displaced some pipe replacement work that is now being caught up on. The Three Waters Team has enacted a large-scale service line renewal programme. The water maintenance contractor has switched from reactive maintenance to planned renewal. Reactive renewals have reduced from 80 per cent of the maintenance contractor's work to 50 per cent.

Wastewater is more problematic. For example it took 14 years to establish a compliant wastewater discharge in Moeraki. Ōamaru's wastewater plant will likely need to move to tertiary treatment in or before 15 years' time at a cost of around \$50 million. There is inundation into the wastewater system with minor leakage from maintenance-hole covers (five in the last Annual Report). The network was generally built in the 1930s and 1940s of earthenware pipes, and these minor discharges may be a result of blockages. There was some smoke testing undertaken in the 1990s to identify illegal connections, and there may be some point in undertaking more gully trap testing.

The stormwater system is relatively small and the Council is anticipating it will have to treat its stormwater at some point. The Ōamaru stormwater catchment is problematic and there is considerable erosion on some of the coast.

The water group indicated there is a works programme of \$150 million over the next ten years, with around \$22 million per year in years six to ten outlined in the LTP. The rating cost for three waters is about \$750 per year per rating unit, and this will need to double to around \$1,500 over the next decade to meet expected levels of service. This works programme is not currently part of the current LTP but will be included in the next LTP revision in 2021. All the assets are run on a 100-year renewal programme. Carry-forwards are high because the full project cost is recognised in the first year. The carry-forward this year is around \$10 million.

Three waters staffing is being increased with five new positions being established in the current year. The Three Waters Team will be rehoused in a separate building so the team will have space for these extra staff. As a consequence of the forthcoming three water reforms, some organisational change is anticipated.

Waste disposal

Rubbish collection is left to the private sector.

Most landfills have been closed other than one small one in Palmerston taking 500 tonnes per annum. Two landfills are, or have been, problematic, one with some leakage of boron, another because it is close to the coast and there is considerable coastal erosion. The Council financially supports a recycling centre.

Road and Transport

The Council's roading network is generally low volume. Surveys indicate 78 per cent of traffic is light vehicles with 55 per cent of traffic is on secondary collectors and 20 per cent on primary collectors. 80 per cent of the traffic is on 15 per cent of roads and there are a lot of low-volume cul-de-sacs. Most of the district's roading carries less than 500 vehicles per day. The Council uses preventative treatments to protect against weather damage.

Residents give relatively low satisfaction ratings for roads, possibly because of the number of unsealed roads and one-way bridges (47 per cent satisfaction with sealed and 33 per cent with unsealed roads).

There has been a great deal of effort in collecting data, and the Council scores 88 per cent on data in the Road Efficiency Group (REG) comparisons.

The Council has spent money on making its road network more resilient from the effects of milk tanker growth, as well as increased flooding due to nitrogen-enhanced weed growth which blocks drains. In the face of these issues, the Council put in place a resilience programme for drainage and strengthening in the road network. The resilience programme of investment was partly funded by the New Zealand Transport Agency (NZTA) as a result of the Council's credibility with NZTA.

The Council has also taken over maintenance of Department of Conservation (DoC) roads which extend into the Council's networks, giving DoC a better level of service.

Forestry is not widespread and, where harvesting is taking place, there is a forestry differential rate applied.

There are 162 bridges, although some are culverts classed as bridges. There are several timber bridges, and the Council notes that timber bridges sometimes age better than concrete or steel. The Council works to “just-in-time” replacement within a 30-year strategy. However, renewals are unpredictable and may be triggered by, for instance, the fire service buying a larger and heavier fire engine. The Council draws on a good set of consultant structural engineers who have a key staff member who trains others in this activity.

Cycleways and trails have increased. Cycling is becoming more common, particularly with electric-assisted bicycles.

Footpath replacement has been pushed back because of laying of fibre for broadband which has now largely been completed, and footpath maintenance and resurfacing is under way.

NZTA commented that, compared to most, the Waitaki District Council is performing adequately.

Community Services

The district is fortunate in possessing several whitestone buildings and has been awarded heritage status for them. Those buildings partly owned by the Council include the Waitaki Museum and Archive Te Whare Taoka o Waitaki, the Ōamaru Opera House, the Forrester Gallery and the Council building itself. Many of these buildings had been closed for some time and are, or have been, progressively refurbished, extended and reopened. For instance, Forrester Gallery was closed because of damp and toxic mould, but a first stage of refurbishment has now been completed. A second stage is being planned, including providing access for the disabled.

The library has refocused around lifelong learning. A review conducted by *Equip* in 2018 concluded that the library and its purpose were heading in the right direction. Radio-frequency Identification tagging (RFID) has been introduced recently.

The annual cost of parks and maintenance is around \$2 million. It includes the Ōamaru Public Gardens, cemeteries, neighbourhood parks, sport fields (including Centennial Park), a pool and some high-profile parks such as those at the harbour. The Council also has one of New Zealand’s “Great Rides”, the Alps 2 Ocean Cycle Trail. There are public toilets and six freedom camping grounds. There is talk of a six-court basketball recreation centre, but concrete plans for that have not yet been developed.

Safer Waitaki is a community initiative that has been around for a long while. The network now has 170 organisations connected, including non-governmental organisations (NGOs), businesses, mental health services and government departments. Through this, the Council has established: a mental health and addictions network which has identified gaps in services for 9 to 11-year-old children; focussed on reducing family harm which attracted funding for three years; implemented a youth passport, working across all schools, connecting youth with employers; and, established a housing taskforce which now is surveying housing.

The Council believes there is an opportunity to localise more services and is working with local organisations and agencies as well as central government to pursue options.

The Council reports that contacts from Safer Waitaki were extremely useful through COVID-19. Safer Waitaki contacted the network within two days and had everything in place within ten days, greatly assisting the community emergency response. Stakeholders involved during the assessment commented that the network worked so well that an Emergency Operation Centre was hardly needed in the district in this instance.

Waitaki District Council works closely with the Otago Civil Defence and Emergency Management Group's Emergency Management Officer and has a strong relationship with them. Incidents have been managed effectively in the past. Overall satisfaction with the Council’s Civil Defence Emergency Management has significantly improved from 62 per cent in 2019 to 70 per cent in 2020.

Establishing a business case for investments

Business cases that were reviewed were not of high quality nor for large sums of money. It does not seem that business case methodology has traction in and across the Council.

There is a project management process but, again, it is isolated to one group and not used across the Council. There is considerable intent to develop an enterprise-wide solution and there are solid steps in implementation of a comprehensive enterprise solution.

Strengths

The Building Consent activities, including digitisation, are a very good example of what a small council can do.

Water planning is thorough and includes a good assessment of the future likely level of service changes, for instance, in wastewater treatment.

There is a clear direction for the heritage area in Ōamaru.

Areas for improvement

Systems integration and document management are not fit for current needs.

Business case writing is poor and more time fully identifying the problem and the options to address that problem could be beneficial.

Asset management does not integrate with financial and rating forecasts.

Resource management activity is inconsistent and at times unresponsive.

A more proactive approach to monitoring resource consents could be taken.

Listening and responding

Communicating and engaging with the public and businesses

The Council has improved its communications with the community, and the publications assessed were excellent. The focus on good communication seems to have helped the Council achieve an excellent reputation rating of 83 per cent.

Priority grading

Performing well

< Ethnic diversity has risen in the Waitaki community, with many young families and older residents. This diversity requires Council communications to engage with a broad audience.>

The Council's Communications Team was strengthened in 2018 by the recruitment of a Digital Multimedia Specialist. The team presently consists of a Website Administrator, a Digital Marketing Coordinator, a Digital Multimedia Specialist and a Communications Specialist. Between them they cover Council's social media channels, website, photography, video, all design, media and press releases, and distribute releases for the Forrester Gallery and the Waitaki Museum and Archive Te Whare Taoka o Waitaki. The team also provides design and promotional aid for events such as the Steampunk Festival and the Waitaki Arts Festival.

Planning effective engagement

The responsibility for engagement with businesses is shared across Council functions. Spearheading the interface with the broader business community are the Mayor, the Chief Executive and the Economic Development Manager, who regularly attend meetings of business support groups within the district (eg Chamber of Commerce, Ōamaru Business Collective, Federated Farmers).

Several Council departments have instigated processes to engage with and improve Council services to businesses. The building group has established the Waitaki Building Forum, consisting of seven industry leaders, to improve the building control system.

Tourism Waitaki (TW), a Council-controlled entity, manages supporter networks for businesses associated with the district's visitor economy. However, it was mentioned that TW was very focused on Tourism New Zealand campaigns rather than specific local opportunities.

A Memorandum of Understanding (MoU) has been signed with businesses intending to explore relocation or expansion within the district (eg Dawn Aerospace New Zealand Ltd, and the New Zealand Airline Academy Ltd). Council has supported projects such as the Alps 2 Ocean Cycle Trail and the Waitaki Whitestone Geopark, and there is a small amount of money available to help stimulate initiatives important to the district's economy. These efforts could be pursued more resolutely and in a less fragmented manner, and the Council is aware of this.

Council facilitated three successful applications from local firms to the Provincial Growth Fund, resulting in capital investment into the local engineering and manufacturing sector.

There is regular engagement with the community on matters ranging from strategic plans (Annual Plan and LTP), new/or changes to existing policies, strategies and bylaws and new proposals. The scope of this engagement is guided by their Communications Policy and legislative requirements. A caravan nicknamed Wanda is used during visits to the district's towns.

The Safer Waitaki Team is active in engagement with a range of community groups and organisations, maintaining networks spanning a wide range of aspects of personal and social well-being.

There are several other community projects where elected members have been involved to ensure that the community's views, vision and goals are communicated, heard and upheld. These include the District Plan Review, the Ōamaru Harbour Plan, and the Otematata and Ōmārama Master Plans.

The means of access available to the public are many, including public sessions at Council meetings, live streaming, media releases, consultation, public events, farmers market stalls, Facebook, Twitter, direct email or in person.

Engaging digitally

Ethnic diversity has risen in the Waitaki community and there are many young families and older residents. This diversity requires the Council communications to engage with a broad audience. The channels range from letterbox drops, with a variety of printed material, to digital and, where possible, an emphasis on face-to-face communication.

Social media has become a big part of Council's communication with the public. Council's LinkedIn page has been actively promoting the Council and district news. The number of Facebook followers has increased in 2020 with government relations, IT, research and the recruiting industry. Between July 2019 and June 2020, 868 Facebook posts were published (an increase of 768 per cent) and there were 23.3 per cent more followers on the Council page, with a 5.2 per cent increase in engagement (comments, shares, likes etc) and 58.7 per cent more post-link clicks compared to the previous year. From July 2019 to June 2020, 364 posts have been published on Instagram, a 187 per cent increase compared to the year before. 1,092 new Instagram followers (69.8 per cent more) and 7,961 engagements (71.2 per cent increase) were acquired over the period.

During the current COVID-19 crisis the community felt supported, with a 95 per cent engagement rate. Social media was most beneficial in delivering this outcome. Council staff accept their role in communicating issues and assist the Communications Team in planning and execution.

Building good relationships

Feedback is received in an ad hoc way through Council and community board meetings and elected member participation on the committees of a wide range of community organisations. This feedback is both on specific issues and on the overall perception of Council performance.

A resident satisfaction survey is run by independent research agency, *Key Research*. The survey is conducted in four waves throughout the year. Access to dashboards is available throughout the year and there is an annual report on the findings. The annual residents' survey report is reported publicly to Council and is available on the Council website.

Overall satisfaction with the Waitaki District Council from the survey (in terms of those scoring Council a 7 out of 10 or above) improved from 41 per cent in 2019 to 46 per cent in 2020. Overall, Council's reputation benchmark score is excellent and has increased from 77 per cent in 2019 to 83 per cent in 2020.

The satisfaction with the performance of the Mayor and elected members has also increased. Satisfaction with the performance of the Waihemo Community Board increased markedly (from 39 per cent of respondents scoring the Board 7 out of 10 or above in 2019) to 54 per cent in 2020. There was also a noticeable improvement in Council's consultation with the community, with more than half of residents being satisfied. Although the

Engagement Strategy itself is successful and residents rate the Council's reputation highly, the overall assessment remains below 50 per cent, driven in part by infrastructure concerns.

While there has been a wide variety of material produced which seems to be achieving a positive outcome, there is a continuing need to reconcile information for strategic and operational purposes.

Waitaki District Council and Te Rūnanga o Moeraki have a signed MoU which sets out mechanisms and processes that will promote and facilitate effective consultation and liaison between the Council and the Rūnanga. Under the MoU, the parties meet at least annually and unforeseen issues require Council to notify the Rūnanga. Te Rūnanga o Moeraki describe the relationship as having deteriorated over the last decade but both parties have now met to consider how to achieve a positive reset. Te Rūnanga o Moeraki also noted that Council was looking after the collections of artefacts better now, after positive influence from Te Papa.

For key issues such as resource consents and district plan changes, Council staff direct their enquiries to Ngāi Tahu consultancy *Aukaha*. Council is reviewing its District Plan, and *Aukaha* has been working with Council staff on the review of the Takata Whenua chapter and the mapping of sacred areas.

Council and the local Waitaha Taiwhenua o Waitaki Trust Board signed a relationship agreement that sets out mechanisms and processes to promote and facilitate effective consultation.

The Waitaki Iwi Management Plan 2019 provides guidance to Council about the two strategic directions and eight strategic objectives of iwi.

One example of iwi participation is the inclusion in the deed of the Waitaki Whitestone Geopark Trust (settled by Council) for the local rūnaka to appoint one trustee.

Communicating through the media

The Media and Social Media Strategy are included within the Draft Communications and Engagement Strategy 2019-21. There is an urgent requirement to provide training for elected members in media management and on their role in interpreting and managing this medium.

The local media attend all Council meetings to generate topical and current stories on Council and community activities. The Mayor also has a weekly half-hour radio slot where he takes the opportunity to talk freely on Council activities and community events of interest. The Mayor regularly briefs the media himself, and the Mayor and Chief Executive are available to the media to discuss any topic.

Strengths

The Mayor and Chief Executive are readily available for comment to the media, and Council meetings are livestreamed.

There is an earnest and generally successful effort to engage with the community. There is a wide variety of media, both traditional and social, employed to get the messaging across.

Engagement has used novel means and easily understood graphics material to inform change and to seek feedback on projected plans and initiatives.

The Harbour Plan is an example of great communication.

Areas for improvement

Business engagement, while active, lacks coherence, and reliance on key office holders is not sustainable.

Safer Waitaki, while commendable, lacks clear definition so that it is more easily understood by residents, for instance by better articulating current achievements and next steps, including to staff.

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