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**Making our
communities better**

Mackenzie District Council

Independent assessment report | May 2018*

An independent assessment report issued by the Independent Assessment Board for the CouncilMARK[™] local government excellence programme. For more information visit www.councilmark.co.nz



A measure
for better
community value.

* Period of assessment: March 2018

Assessment Summary

AT A GLANCE



The district is situated in Canterbury and has four main towns; Fairlie, Tekapo, Twizel and Mount Cook Village. New Zealand's highest mountain Aoraki - Mount Cook is located in the north-west. To the east is Little Mount Peel and Peel Forest, and Lake Ohau borders the district in the south-west.



LARGE METRO

SMALL METRO AND LARGE PROVINCIAL

**SMALL
PROVINCIAL
AND RURAL**



REGIONAL

The current situation

Mackenzie District Council is New Zealand's third smallest council and has the lowest population density. It encapsulates some of New Zealand's finest high country and mountain scenery, including Mt Cook National Park, which has contributed to 20 per cent and 30 per cent growth in international and domestic tourism, respectively.

- > Tourism, along with a strong agriculture sector, provides the district with a resilient economy.
- > With 4,300 residents, forecast to increase by only 600 in the next 10 years, its size means it will continue to face some substantial challenges.

Period of assessment

The on-site assessment took place on 13 and 14 March 2018.



\$221m
GROSS DOMESTIC
PRODUCT¹

SERVES

4,158

PEOPLE², A MIX OF
91% EUROPEAN/PAKEHA
6.7% MĀORI
1.3% PASIFIKA
4.4% ASIAN



POPULATION TREND
GROWTH

MAKES UP

2.66 %

OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING **MACKENZIE DISTRICT**,
FROM AORAKI IN THE NORTH WEST TO
TWIZEL IN THE SOUTH, AN AREA OF

7,140 km²

RESPONSIBLE FOR

714km

ROADS⁴



Key learnings

The future of the Mackenzie district raises issues on a scale that are out of proportion to its modest resources. It is a strategically important part of the South Island tourism network as the mid-point between Christchurch and Queenstown, and the location of outstanding natural scenery and attractions. The impacts of growth on the district's environment, particularly related to tourism and agricultural conversion, have created large and complex issues that are of national significance. The Council must address these challenges with some urgency if it is to retain the quality of life the district currently enjoys, including how to:

- > Revise its current operating model to adequately service the changing demands of residents and visitors;
- > Reconcile the competing demands of tourism and agriculture growth with environmental sustainability;
- > Improve the quality of its systems, processes, and policies to reduce the risks posed by increasing workloads and public expectations; and
- > Ensure it has the breadth and depth of skills necessary to deliver the full range of services in a changing environment.

¹ MBIE 2016

² Stats NZ Census 2013

³ DIA 2013

⁴ Ministry of Transport 2013/14

Assessment Summary

continued...

OVERVIEW

Mackenzie District Council recognises the financial, environmental, and organisational challenges it faces with its growth in tourism and agricultural conversion. It acknowledges that it does not have the systems and processes, or the capacity and capability, to fully address these challenges. However, it is working in an increasingly constructive manner with central and local government, and its communities to tackle these issues.

RATING



Findings

1.

THERE IS A COMMENDABLE OPENNESS TO INTERNAL CHANGE FROM BOTH COUNCILLORS AND STAFF TO ADDRESS THE SIGNIFICANT CHALLENGES FACING THE DISTRICT, BUT THE NATURE AND SCOPE OF CHANGE REQUIRED NEEDS TO BE EFFECTIVELY COMMUNICATED TO ITS RESIDENTS.

2.

CONSERVATIVE FINANCIAL MANAGEMENT HAS SERVED IT WELL IN THE PAST, BUT A CHANGE IN FINANCIAL STRATEGY WILL BE NECESSARY TO ADDRESS EMERGING CHALLENGES.

3.

ELECTED MEMBERS WILL NEED TO ACCEPT THAT ACHIEVING EFFECTIVE CHANGE WILL INEVITABLY REQUIRE GREATER COLLABORATION WITH OTHER COUNCILS AND CENTRAL GOVERNMENT, AND ADDITIONAL INTERNAL RESOURCES.

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
Variable	Competent	Variable	Competent

STRENGTHS

The Council recognises that changes are required to address the challenges facing the district. Staff and elected members are cohesively working together and demonstrate a strong commitment to their community.

Prudent financial management in the past provides a strong foundation to reassess the Council's long-term funding model and requirements.

Infrastructure assets are generally well-managed, with an orderly programme for ongoing renewal and maintenance.

Able to lead by the Mayor and Chief Executive, the Council as a whole has good relationships with a broad cross-section of its communities.

AREAS OF IMPROVEMENT

Elected members need to focus less on operational issues and more on setting a clear strategy for the district (particularly with regard to funding), and on ensuring that there are strong systems and processes by which they can hold staff to account for delivery.

The Council is facing large and complex issues which have implications on funding requirements. It needs better engagement with its communities on these issues.

The Council needs to reassess its internal capacity and capability, and the required level of external support in the face of the long term issues facing the district.

The Council's use of technology, including its website, needs to be significantly improved to better service its communities and to bring greater efficiency to internal processes.

Leading locally

Governance, leadership and strategy

The Council is competent running its day to day operations but lacks the strategic direction to address future challenges.

Priority grading

Variable

< The Council is moving to address the challenges it faces with large and competing growth demands across the district, and it is looking to develop higher level strategies to inform their day to day practice.>

Council will need to re-evaluate its structure and systems in order to meet the growth issues of its district to ensure its long-term viability.

Setting the direction for the community

The Council has an established vision and goals that were reviewed after the 2016 election and have been included in the 2018-2028 draft Long Term Plan (LTP). It is not clear that the vision and goals are central to decision-making by councillors or staff, and there was some acknowledgement that decisions were ad-hoc, based on the circumstances of the moment. Staff reports for projects are not accompanied by business cases nor do they show links to the overall strategic direction. Councillors expressed some concern that they were not being presented with all possible options which affected their confidence in the reports they receive.

Other than continued prudent financial management, it is not widely understood what the Council is hoping to achieve and there is a lack of specific targets in their strategies. One councillor observed that “we have no medium term objectives which identify how to measure our progress towards our strategy.” With four of seven elected members in their first term, there is a strong desire by them to develop a stronger vision and develop higher level strategies. However, most of their energy to date has been focused on dealing with day to day issues and producing a

compliant LTP document. “We’ve fallen into fire-fighting status and need to build on our initial strategy development.”

There is a strong reliance on the Community Satisfaction survey and targets appear to be set based on what is “achievable” rather than being aspirational. Public accessibility to staff and councillors is very open. Although this is positive at one level, it is noted by staff and councillors that issues are addressed based on “oiling squeaky wheels” rather than a desire to meet agreed outcomes.

Creating confident councillors

With mostly new councillors, and only two having served more than one term, it has been challenging for them to come to terms with the appropriate scope of their roles. Most elected members said the induction process was limited both in scope and in value, as they felt they were immediately thrust into developing the LTP before developing a complete understanding of the issues they were facing. There is not an agreed understanding of good governance practice. There is a strong desire to develop their governance skills and to develop strategies that will address the challenges of the district and enable it to thrive, recognising that the status quo way of operating will not meet the needs of their communities into the future.

Although many councillors are new to the role, they have quickly exhibited a willingness to be open-minded and to respectfully challenge the status quo in order to move the district forward.

The Council has recently established “Councillor Only” sessions to enable them to build greater cohesion and build their collective understanding.

Effective working relationships

The Mayor and Chief Executive have a strong working relationship. The new Chief Executive has quickly developed a strong level of support from both councillors and staff, as well as the community, and has sought to engage with all staff and Councillors to ensure cohesion moving forward. There is an appetite for systemic change among Councillors and staff and they are looking to the Chief Executive to implement the changes necessary to meet the District’s challenges.

There is a sense that while comradery in the organisation is at a high level, tight fiscal constraints and low staffing levels mean staff tend to work in silos, concentrating on what is in front of them rather than looking at the wider picture across the entire organisation.

There had been a historical split in elected members based on the two wards, but Councillors now take a more unified approach to dealing with issues to ensure the whole community benefits rather than allowing local biases to dominate decision making.

External stakeholders confirm that Council is engaged with its communities and is seeking to work closely with key stakeholders to address current and future challenges.

Strengthening risk management

Council has taken steps to increase its performance in this area by appointing an independent member to the Audit and Risk Committee. The committee is reviewing its terms of reference to ensure it is fit for purpose and adequately focuses on risk issues.

However, there is a lack of effective risk management systems in place and no timeline exists for the development of a risk matrix. Council is only anecdotally aware of the risks it faces and has no identified strategy to mitigate these.

Focusing on health and safety

Health and Safety reporting is made to the quarterly Audit and Risk Committee, and higher-level reporting is made via the six-weekly Chief Executive report to Council.

Council has identified this as an area requiring attention. Health and Safety systems are being reviewed as a matter of urgency and a further staff resource is being recruited and software systems purchased to ensure a more efficient, comprehensive and proactive approach is taken to health and Safety in the organisation.

Managing the organisation

The Council has a comparatively large senior management team for an organisation of its size, which creates small team environments. Given the small number of staff there is also very little crossover of skill sets which poses significant risk in the specialist areas of asset management and finance.

There are challenges in managing staff spread over a wide geographical area. Fairlie is the main centre for Council operations but is located at one end of the district and other staff, particularly those based in Twizel, can at times feel isolated.

Council historically has conducted an annual staff survey but this did not occur in 2017 as it coincided with the changeover period between chief executives. Previous surveys showed a lack of confidence in changes occurring as a result of the surveys, but the action taken by the new Chief Executive to engage with staff has improved confidence in this area.

Discussions with staff highlighted a strong sense of teamwork, pride in working for local government and optimism that the new Chief Executive will deliver long-overdue change. This positivity should be tempered by the recognition that numerous challenges have to be overcome for effective change to occur, including: a

level of staff resourcing to match workloads; improvement to IT systems and business processes; an improved understanding of community needs; and a less parochial view of local issues.

Strengths

Councillors are aware of the challenges they face and bring a positive attitude to addressing them.

Council has positive relationships with wider stakeholders in the community.

The Mayor and Chief Executive have a strong and respectful relationship.

The staff are strongly committed to public service and ready for change.

Areas for improvement

A clearer strategic vision which matches the scale and complexity of the district's challenges is required. The vision must drive short to medium term objectives and goals that drive operational performance.

Council decisions need to better reference its strategic goals, and there needs to be clearer measurement of progress towards those goals.

A rigorous risk management framework is required, with effective risk monitoring and reporting.

Elected members need to better understand and adhere to their governance role.

A robust and comprehensive Health and Safety framework and culture needs to be established as a matter of priority.

Investing money well

Financial decision-making and transparency

The Council is making changes to its finance policies to ensure it has the capacity to address future challenges for the District.

Priority grading

Competent

< The Council has done well to provide for its communities with limited resources. Its conservative management approach puts it in a strong financial position to now consider greater investment to increase opportunities within the district. However, existing approaches to funding will not sustain the district and the Council requires new thinking and processes to address the challenges they face. >

In the words of one staff member *"Frugality has not done the district any favours relative to what is now needed."* While resourcing remains a challenge, there is a positive commitment from Councillors and staff to address this.

Planning and evaluating financial goals

The Council has been managing its finances in a very cautious manner over many years. This has enabled them to have one of the lowest rates in the country (the average residential rate is \$1,300 per annum) and they carry no external debt. It is a source of pride for some councillors and staff, and means that the Council has a strong balance sheet. However, it begs the question as to how inter-generational equity is accounted for when the cost of

renewing infrastructure assets should be spread (typically by loans) over the 50+ year life of those assets.

Lack of resourcing is an issue raised by staff and external stakeholders. It presents challenges for the Council as they face growth pressures, particularly in Tekapo and Twizel. It also creates operational risks for staff in terms of capacity and capability to deal with all issues, and creates frustrations for residents in having services provided in a timely manner.

With a small base of ratepayers continuing to pay low rates, the district will not be able to meet the growth demands it faces. Council is proposing significant rates increases in their draft LTP (8 per cent in 2018/19) and is considering external borrowing for capital projects for the first time.

Up until now financial goals have reflected maintaining a zero-debt level and keeping costs to a minimum. The Council is now rightly refocusing on what it will take to enable the district to flourish, recognising that it comes with a significant shift in financial strategy and that changes may be required in structure and funding models.

Assessing the financial data

Council has competent financial staff and their financial monitoring is sound within the constraints of their information management systems. The system, for example, reports the costs of capital projects that span more than one financial year.

As with other areas of staffing across the Council, the small number of staff working in the finance team creates a significant risk of loss of institutional knowledge and understanding of the entire financial picture if key staff were to leave. Mitigation of this risk should be a priority for the Council, including good documentation of processes and succession planning.

Council fully funds depreciation on the assets it intends to replace. It operates unbalanced budgets, but only to the extent that it does not fully fund depreciation on assets that will not be replaced and spreads the rating impact of some capital projects.

While operating within their agreed prudential limits for rates increases and debt ratios, the relevance of these benchmarks to the Council is arguable. With an average residential rate of \$1,300, it could be argued that rate increases in percentage terms do not take account of whether rates should be increased in absolute terms to be more in line with both national averages and household incomes. Similarly, having low debt ratios does not adequately consider inter-generational equity or whether greater capital investment is needed in the district.

Council failed to meet the reporting timelines for its 2016/17 Annual Report. A review has been conducted following this failure and suggested recommendations were given to the Council to prevent this from occurring in the future, including the appointment of an independent chair to the Audit and Risk Committee and quarterly meetings with the Director of Audit New Zealand.

Being clear and transparent

Council produces monthly financial reports that are presented to the Finance Committee and made publicly available. All information is accessible to the public but the reporting lacks structure and context. Funding for significant capital programmes can be linked to the various Asset Management Plans (AMPs).

New projects are often proposed without supporting business cases and without the involvement of the finance team. It was observed that spending decisions are made more on what is considered to be the best opinion rather than linking a spending proposal to community outcome, supported by a business case that identifies savings and/or benefits.

Council has a Sensitive Expenditure Policy; however, staff are not aware of it and so there is no mechanism in place to insure the policy is adhered to. There is nothing to suggest that the elected members are aware of it either.

Council meets the procurement strategy requirements for NZTA funded projects but is still in the process of developing a robust framework for procurement in other areas.

It appears that in some areas there is a culture of developing policies and procedures to meet compliance expectations without processes in place to ensure that the policies and procedures are actually effective or adhered to.

Council has previously supplemented its income through the disposal of non-strategic land assets. However, the Council has, appropriately, stopped any further sales until a policy has been put in place establishing goals for land acquisition and disposal, and criteria for assessing individual proposals.

Addressing financial risk

While the Council has a strong balance sheet, there is only recent realisation of the risks it faces due to new financial pressures associated with growth. Council has historically relied heavily on investment income to offset rates, though income from this source has recently dropped significantly.

Other than agreeing to start borrowing and to put rates up significantly, Council has yet to articulate a clear financial strategy to address the financial risks they face. It appears that there is a widespread understanding that something needs to happen without any clear direction as to what that should be. Council collects financial contributions for new developments and recognises that a more comprehensive policy on development contributions is likely to be needed in the future.

Risk analysis processes are almost non-existent and lack any kind of formal structure to assess risk. Council reports generally lack quantified risk analysis and any risk assessments that are included in Council reports are essentially judgment calls made by staff.

Meeting financial targets

Council sets zero-based budgets and uses previous audited accounts and the LTP for guidance only. It operates well within its debt band rates limit benchmarks.

Council does not have a credit rating as the associated costs and the low levels of planned debt over the period of the next LTP do not make it cost-effective to obtain one.

Outstanding debt from rate arrears and other sources is well managed and aged debt (90 plus days) is less than 10 per cent of revenue owing.

Strengths

The District has no debt and is in a strong position to borrow.

Council is aware of the challenges they face and is willing to address them.

The Council is compliant with all reporting standards required in the LGA.

The Council is operating within its own prudential limits for debt and rate increases.

Areas for improvement

A more comprehensive and sustainable funding strategy is needed, which not only assesses the viability of rates and debt levels, but also other potential sources of income.

The Council needs a robust risk management system.

Prudent operational spending needs to be balanced against ensuring that Council has the staff or external resources necessary to meet future demands.

A more coherent financial strategy is needed that is better linked to community goals and the growth being experienced.

Delivering what's important

Service delivery and asset management

The Council is managing its most significant assets – infrastructure - in a competent manner. However, despite a strong staff service ethic, performance in several operational areas is undermined by funding challenges, staff capacity and capability issues, and a lack of systems and processes.

Priority grading

Variable

< The Council has a good understanding of its infrastructure and manages maintenance and renewal of it conservatively and competently. However, the challenge of delivering the full suite of services for a small council creates significant financial and resourcing challenges in all operational areas.>

Monitoring and assessing service levels

The Council's performance framework is relatively weak, with residents' satisfaction being the default measure for many operational services. The bulk of the other measures are either completion of tasks (eg Annual Report preparation) or compliance with national standards (eg processing times for consents).

The Council would benefit from having fewer, but more meaningful (to the community), measures.

The Annual Report is adequate in terms of statutory compliance, but as a document of accountability to ratepayers, it is lacking in meaningful content. The compliance cost to a small council in meeting the statutory requirements of the LGA is a justifiable

reason for not departing from the statutory template. However, the Council's reputation with ratepayers would be enhanced if it were to also issue a non-audited summary of annual performance which highlighted operational successes and failures, provided a lay person summary of financial performance and issues, and gave a clear sense of the trajectory of operational performance relative to previous years.

Assessing capability and capacity

Although the Council has not conducted formal s.17A reviews, it has generally been open to considering alternative means of delivering their services. Council works as part of the Aoraki Roding Collaboration (ARC) with three other councils; outsources their technology requirements to the Hurunui Council; is part of the South Island building cluster for assessing building consents; and shares regulatory services with Timaru Council. Issues of financial sustainability and capacity makes it essential that the Council continues to explore fundamentally different operational models for critical activities such as district planning and infrastructure management.

The Chief Executive is acutely aware of her resource challenges. The Council has had difficulties with recruitment and turnover, and elected members expressed some frustration at a lack of fresh ideas – a view borne out by the capital projects proposals which invariably presented only two options – the status quo or a single option for change.

Discussions with staff also highlighted capacity and capability as an issue, with several expressing concern at the lack of internal resources for new projects or operational responsibilities, and a historical lack of willingness to address performance issues. The Chief Executive acknowledges these issues and envisages a review of capability and requirements in the near future.

Service delivery quality

Although the Council chlorinates all drinking water sources, significant turbidity in the Fairlie source creates a risk to their supply and it does not meet drinking water standards. Consequently, Council is looking to identify a new source which

will materially reduce treatment costs. Improved treatment due to *e-coli* risks is also planned for Burkes Pass which, although it is only a very small reticulated system, poses a material risk due to tourist buses stopping there daily.

The District has a relatively small reticulated stormwater network that provides minimal treatment by way of flowing stormwater through vegetated areas before discharging to land or water. The capital and operational expenditure by Council on its network is small. While most consents are current for a further 20+ years and no compliance issues exist, requirements under the Canterbury Land and Water Regional Plan impose a requirement to demonstrate progressive improvement to the discharge of stormwater. The remedies at this stage are a modest cost (less than \$100k). However, in the longer term, the proximity of new and existing developments to Lake Tekapo and increasing public sensitivity to stormwater catchment and treatment makes this a potential environmental issue for the Council to manage.

The wastewater schemes are generally sound with only one, Twizel, having a consent renewal requirement in the next 35 years. There are, however, significant inflow and infiltration issues with parts of the system which decreases the efficiency of treatment. Additionally, pipes in Fairlie and Tekapo are significantly aged with a risk of failure. The Council has a planned programme of replacement over six years.

The Council is an active participant in the Aoraki Rooding Collaboration (ARC) with three neighbouring councils. The ARC was established to develop common road maintenance contracts across the region. While the ARC has helped share technical knowledge across teams, and enabled contractors to more cost-efficiently tender for work across more than one council, it has not been progressed to a more substantive roading shared service in the manner achieved in some other regions.

The district's roads face a number of problems including increasing degradation from the impact of forestry trucks, increasing tourist numbers venturing onto back country roads creating safety issues and "freeze/thaw" problems in winter reducing asset life. Despite public dissatisfaction with district roads, the Council has little appetite for significant increases in capital or operational expenditure to widen, seal or improve the overall quality of roads. The only exceptions to this are on the Godley Peaks Road and Lilybank Road, where increasing traffic volumes create safety risks.

The overall management of the district's roads is technically sound, but there is scope for the Council to improve its understanding of the economic value of key roads within the network.

The district's community facilities are modest, with the primary services being two libraries provided by local schools (but 52 per cent Council funded), two swimming pools, an events centre in Twizel, community centres in Fairlie and Tekapo and some sports

fields. Despite the restrained spending, there is no discernible public dissatisfaction with the services provided. Staff noted that, having been a Ministry of Works-built town, Twizel has generally enjoyed a higher level of amenity and residents expected this to continue. With Tekapo experiencing the most growth, there is increasing demand for better community services, and there are discussions that a business case may be required to assess the value of a sports facility to the town and region.

No statistics are kept on how frequently these community facilities are used, so it is difficult to determine performance or future demand. No strategy exists to determine what the District may need to service the expectation of locals or visitors in the future, and no financial planning has been done to assess the potential impact on rates or other funding sources.

Addressing regulation

Food hygiene and liquor licensing monitoring activities are provided by Timaru District Council. The costs are relatively high, and consideration may be given to bringing it back in house in the future. Dog and noise control is managed internally. Practices were described as "pretty loose" with one dog enforcement action having recently concluded without any paper trail to substantiate the decision.

With no overall enforcement strategy or enforcement policies for its regulatory responsibilities, the Council is unable to determine how to balance education with enforcement to achieve compliance with its regulations. Staff acknowledged the lack of formal policies in regulatory activities and observed it has been "the Mackenzie way" of doing things with a minimum of process or formality. The lack of documented processes and inclination to question historic practices raises concerns about the potential operational risks being created and the need for better mentoring and training from external legal advisers.

Council's level of consenting work is relatively high for a small council, which reflects the growth in residential developments in the Basin. The impacts of Plan Change 13 have significantly increased the complexity and number of consents in the district, with 10 to 15 per cent of all consents being notified. Staff acknowledged this, and the difficulties in recruiting senior planners, has an impact on their ability to meet statutory timelines for processing consents.

Staff described the 60 per cent satisfaction rating from applicant surveys as a "fair reflection" of the service and acknowledged the need to do better in meeting timeliness expectations. However, they felt they did a good job of keeping applicants informed, with a "no surprises" approach. External stakeholders echoed this view saying the staff were reasonable to deal with, but suffered from a lack of resources, an overly cautious approach to issues and a lack of consistency due to turnover.

Building consent processing is outsourced, but about 90 per cent of building inspections are internally done. In contrast to resource consents, external stakeholders felt the building consents process was excessively “by the book” and that building consents staff needed to work more constructively with developers – a sentiment which was acknowledged by the Group Manager.

Policy Planning

Plan Change 13 (PC 13), which addresses issues of natural landscape and ecology in the Mackenzie Basin, has been a decade long, and costly lesson, for the Council. It has highlighted for them the national significance of the district in planning and environmental issues, and the risk of groups litigating issues against a financially-constrained local authority. It resulted in 11 court decisions, cost the Council over \$1.2m in consultancy and legal fees, and saw the Council caught between opposing views of the farming sector and environmental interests.

Both the Council and the farming sector acknowledge there should have been better and earlier engagement over the proposed Plan Change which may have avoided the litigation. However, the real lesson highlighted was that the Council cannot effectively manage sensitive spatial planning issues without a deep understanding of the issues involved and access to significant expertise.

The Council is continuing to progress the rest of its District Plan review, and acknowledge it is under-resourced and needs to have expertise to manage the issues facing the region. Despite the inherent complexity and challenge of planning in the district, the Council recognises that they struggle to attract suitable internal resources, and there is a concern that PC13 may have had an adverse reputational impact in this regard.

An external stakeholder commented that their lack of expertise and funding makes them an easy target for litigious interest groups, and the Council needs to work closely with better-resourced public agencies such as LINZ, ECan and DoC to better manage spatial planning issues. The Council considers that, despite a lack of internal expertise/experience in regards to landscape and ecology, it has access to, and a very good working relationships with, a number of experienced, competent and well respected experts in these fields. Further, it considers that attention from interest groups is actually due to the sensitivity and national importance of the environment, not the “lack of expertise and funding”.

Capital investment decisions and delivery

The delivery of capital projects is an area for improvement for the Council. The Council has limited internal capability and capacity in developing business cases, and it does not appear to see them as important. While the bulk of capital spends are modest in absolute terms, they are significant for a financially constrained

council, and they would benefit from having at least a foundation knowledge of developing single stage business cases.

There is little in the way of adherence to, or expertise in, project management in the Council. As with many other areas, they would benefit from having a documented programme of capital projects over a defined threshold, with reporting to Council regarding scope, budget and timelines.

Strengths

Recognition from the business community that most staff are willing to work constructively with them on regulatory issues.

Sound awareness of the infrastructure risk issues faced by the Council and a clear plan for progressively addressing them.

Staff who have a strong service ethic, and are adaptable and willing to multi-skill in different services.

A strong commitment to exploring alternative service delivery options.

Areas for improvement

Develop a deeper understanding of the potential financial implications on the district of increased environmental standards for three waters.

Ensure that the Council’s organisational structure and resources are appropriately matched to future growth demands.

Consider more significant changes to service delivery models, particularly the services that are most challenging to internal capacity and capability (eg spatial planning and roading).

Develop more performance measuring and monitoring systems which include cost-effectiveness and value for money measures.

The Council would benefit from establishing an enforcement strategy and implementation plan that creates priorities within its regulatory activities (particularly animal control) and better manages risk.

Greater investment in internal resources to ensure that there is a viable career development path which can attract new staff and retain existing staff.

Develop and follow documented policies and/or strategies for activities such as enforcement, property, consents and project management.

Ensure that elected members are presented with more than one option when they consider proposals for capital expenditure.

Capital projects need to be developed and delivered using appropriate levels of expertise in business case planning, and in project management and governance.

Establish some internal capability in business case development.

Listening and responding

Communicating and engaging with the public and businesses

The Council's face-to-face engagement and its relationships with its communities are generally very good. However, better communication to the community on the large and complex issues the District faces is needed.

Priority grading

Competent

< The Council's work on communication and engagement is mixed. It generally performs well with face-to-face communication with stakeholders, and recently there have been significant improvements.>

However, most of its communication and engagement is ad hoc, with no documented strategies to steer day to day work. Despite its widely dispersed communities, its website lacks functionality particularly for online transactions. It recognises the need to prioritise further developments.

Planning effective engagement

There is no lack of willingness on the part of staff or elected members to engage with their community. However, it is done in a largely reactive manner with little consideration given to whether it is addressing day to day issues or matters linked to longer term goals. Consequently, while most of the transactions between Council and the community are positive, there is no overall coherence to the messages being delivered. Difficult issues, such as rates affordability or growth challenges, are not being prioritised in their communications.

Elected members recognise the importance of a good strategy and expressed some frustration at spending too much time "in the weeds." The Chief Executive also acknowledged that, despite

resource constraints, a more planned and targeted approach to managing community engagement is needed.

Communicating through the media

The Mayor and executive management team are very accessible to the media and, to that extent, there is a positive relationship between Council and media. However, media communications are ad hoc, non-strategic and reactively managed. While one would expect a small rural district to have a relaxed and open relationship with their media, some thought needs to be given to how they could better manage their public image through them.

Digital engagement

Enabling different sectors of the community to transact with, and be informed by, local government is important everywhere. However, it is particularly important for Mackenzie District which has a significant number of rural and non-resident ratepayers, and New Zealand's lowest population density. It has over 1,500 Facebook followers, almost half its resident population, which suggests there is a strong local desire to be kept informed via digital media.

However, its website has very limited functionality, with only rates being able to be paid online. As its technology is serviced by another council, it has some constraints on the speed with which these improvements can be made, but it recognises the need to do so as a priority.

Reputation

The Council's annual residents' survey is thorough with a robust methodology. However, it is questionable whether the survey provides value for money. A number of services surveyed (eg cemeteries) provide little value to core Council performance, and the survey could be more usefully confined to a smaller number of issues that most directly affect the community.

The Council should be concerned that satisfaction levels for 2016/17 have dropped from the previous year for the majority of services. Staff acknowledge there is no formal plan to analyse the key issues that emerged from the survey or to develop an action plan in response and monitor the effects of those actions.

Communicating when there's a crisis

The district has a large rural community who are accustomed to a high level of self-sufficiency. This coupled with an arguably lower risk profile than large urban councils located near the coast and/or major seismic faults, means the Council has only put modest resource into managing civil defence issues. However, it has been recognised that community resilience needs greater focus by the recent establishment of a dedicated civil defence role within Council.

Engaging with iwi

The Council seeks to maintain positive relationships with local iwi and primarily does this via their service agreement with Aoraki Environmental Services. Where possible, the Council needs to engage at early stages of the decision-making process with all runanga in the district, in order to ensure positive outcomes.

Engaging with the community

Engagement with, and accessibility to, the community is a strength of the Council. However, this has not always been the case, with a number of external stakeholders describing the Council as having been “stand-offish” and “not proactive” in the past. This is clearly changing under the new Mayor and Chief Executive, with one stakeholder commenting that they have “improved remarkably.”

While face-to-face engagement with the community is good, the written communications through documents such as the Annual Plans and Reports is dated in style and content. Statutory reporting obligations are met, but not in a user friendly manner. There is no sense of priority to the information given. Instead the reports are formulaic and very lengthy, with little use of charts, graphics or other means to summarise key issues and action. The Council needs to clearly define what the critical issues are, and develop significantly more effective ways in which to engage and inform their residents.

Building relationships with business

Council's relationship with the business community is good and appears to be strengthening under the leadership of the Mayor and Chief Executive. There are some residual issues raised by the business community regarding the helpfulness of some of the regulatory parts of the Council, with building inspections being a particular area of friction. The comments from the business community have been that Mackenzie District Council is more accessible and responsive than some of the larger councils they deal with. However, they see some risks for the Council relationship, with the main issues being a perceived unnecessary risk aversion and conservatism around decision-making and the ability to retain good staff.

A comment from several stakeholders was that “good staff don't hang around” and another considered that “the Council is going to need more resources if things are going to get moving.” There appears to be a lot of goodwill for the new Chief Executive and an expectation that she will drive some needed changes. A view from another stakeholder was that if the change is going to occur then the Council will need to be less parochial and more open to working with external resources or using shared resources to manage the workload facing them.

Strengths

A genuine and strong commitment to being accessible and accountable to their communities by both elected members and staff.

Good day-to-day relationships with most sectors of the community.

Areas for improvement

Develop succinct but coherent formal strategies for engaging and communicating with its community, and engaging with the news media, over key issues facing the district.

The Council would benefit from early engagement with all relevant runanga in the district.

Enhance the Council's reputation with the community by having a formal action plan each year to address the key issues emerging from their annual residents' survey.

The Council's Annual Plans and Reports need to be modernised in both style and content to be more 'readable' for the public.

Make greater use of, and investment in, social media and online transaction to reduce costs and improve access to services, particularly for rural and non-resident ratepayers.

Prioritise the critical issues addressing the district and communicate them in a more succinct and effective manner.

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