

# WE ARE.

Making our  
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Council  
**MARK™**

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**Mackenzie District Council**

**Independent assessment report | August 2021\***

An independent assessment report issued by the Independent Assessment Board for the CouncilMARK™ programme. For more information visit [www.councilmark.co.nz](http://www.councilmark.co.nz)



**Mackenzie**  
DISTRICT COUNCIL



A measure  
for better  
community value.

\* Period of assessment: March 2021

# Assessment Summary

AT A GLANCE



The Mackenzie district is situated in Canterbury and has four main towns; Fairlie, Tekapo/Takapō<sup>1</sup>, Twizel and Mount Cook Village. New Zealand's highest mountain Aoraki – Mount Cook is located in the north-west of the district.

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 Aoraki Mt Cook National Park.

As a small rural council, the district faces the challenges of providing viable and sustainable services to a widely distributed ratepayer base.

The district is a significant destination for tourism – both domestic and international. This tourism activity continues to place growth challenges on Council facilities and its ability to plan sustainably for its future.

Council has been able to gain Crown funding to work with their communities, Crown agencies and manawhenua on a destination plan; *Te Manahuna Ki Uta*

Council is under pressure to complete its current reporting and planning obligations. Both its 2019-20 Annual Report and 2021-31 Long Term Plan (LTP) are late.

Due to its small size, Council relies on the work of a dedicated workforce. However, this does create a "key person" risk should personnel leave the organisation. The risk is loss of corporate knowledge and the Council's ability to readily cover and replace a vacancy.

### Period of assessment

The on-site assessment took place on 30 and 31 March 2021.

<sup>1</sup> Council are increasingly using the te reo spelling for its township, Tekapo. The te reo version of Takapo is also included throughout the report.



**\$258m**  
GROSS DOMESTIC  
PRODUCT<sup>1</sup>

SERVES

**4,866**

PEOPLE<sup>2</sup>, A MIX OF  
86.4% EUROPEAN/PAKEHA  
6.8% MĀORI  
1.2% PASIFIKA  
8.9% ASIAN



POPULATION TREND  
STABLE/GROWTH

MAKES UP  
**2.66 %**

OF NEW ZEALAND'S TOTAL LAND AREA<sup>3</sup>  
REPRESENTING MACKENZIE DISTRICT,  
FROM AORAKI IN THE NORTH-WEST TO  
TWIZEL IN THE SOUTH, AN AREA OF

**7,140 km<sup>2</sup>**

RESPONSIBLE FOR

**732km**  
ROADS<sup>5</sup>  
**242km**  
THREE WATERS PIPES<sup>6</sup>



## Key learnings

This is Council's second CouncilMARK™ assessment, with the first being completed in 2018. Council treated its first assessment as a "call to arms" and embarked on a planned, well-managed transformation programme. While it is yet to be completed and consolidated into "business as usual", staff, despite the naturally unsettling nature of change, show dedication to providing core services to its communities.

- > Council is undertaking an on-going transformation programme which commenced as a result of its previous CouncilMARK™ assessment.
- > Part of that transformation is for elected members to meet their aspiration to be "strategy-led".
- > In part to overcome the tyranny of scale, Council is seeking collaborative arrangements with a wide range of stakeholders within their communities and with external agencies.
- > While Council seeks to transform its functions, elected members and the Executive Management Team need to monitor the demands on staff as well as its delivery of core services – including its capital development programme – and key systems such as its health, safety and well-being programme.

<sup>1</sup> MBIE - Modelled Territorial Authority GDP 2020 Release

<sup>2</sup> Stats NZ – Mackenzie District Council Census 2018 Usually Resident Population Count

<sup>3</sup> Census respondents can select multiple ethnicities, resulting in higher than 100% calculation on ethnicity

<sup>4</sup> DIA – Mackenzie District Profile, Land Area (2013)

<sup>5</sup> Mackenzie District Council – Long Term Plan - Infrastructure Strategy 2018-48 – P8

<sup>6</sup> Mackenzie District Council – Long Term Plan - Infrastructure Strategy 2018-48 – P7

# Assessment Summary

## continued...

### OVERVIEW

Council knows it needs to transform its approach to dealing with growth in its region and other development pressures and to do this in a way that is environmentally sustainable and includes iwi and the community. The good news is that its elected members and staff show they are a sound team and have broad community support.

### RATING



## Findings

### 1.

**COUNCIL IS DEVELOPING INTO A COHESIVE TEAM INTENT ON DEFINING AND DEVELOPING AN EFFECTIVE STRATEGIC DIRECTION FOR ITS DISTRICT.**

In recognising that it needs to transform its approach, Council is seeking to be collaborative with its stakeholders and communities to define and deliver on that strategy.

### 2.

**THE COUNCIL HAS LIMITED CAPACITY WITH ITS SMALL STAFF COMPLEMENT. COUNCIL FACES RESOURCING CHALLENGES AND HAS A 'KEY PERSON' RISK.**

The Executive Management Team are aware of their limited capacity to cover vacancies and is seeking to develop effective workforce strategies to retain and develop staff.

### 3.

**COUNCIL'S TRANSFORMATION PROGRAMME IS ONGOING, NEEDS TO BE COMPLETED AND THE GAINS FROM TRANSFORMATION NEED TO BE CONSOLIDATED.**

Council has devoted substantial resources to its transformation. It has done so in a commendable fashion, including engaging a 'Transition Manager'. It needs to 'stay the course' and complete the transformation programme.

## 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
Competent	Areas of improvement	Competent	Better than competent

#### STRENGTHS

Elected members have a blend of experience and a strong sense of the communities they represent.

Council recognises the need to be strategy-led and is committed to being so.

Elected members have a renewed relationship with papatipu rūnanga.

Operational delivery is being augmented by new approaches, including working with other councils and agencies.

Council is determined to be outward looking and to face their challenges.

See next page for overall “Areas for improvement”

## AREAS OF IMPROVEMENT

The 2021-31 LTP remains outstanding due to internal delays. It is important that the LTP's strategic direction is finalised as soon as possible to give credibility to Council being "strategy-led".

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Council needs careful workforce strategies to mitigate its 'key person' risk.

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Council's substantial transformation programme requires completion and consolidation.

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Council needs to be fully aware of its staff well-being responsibilities and ensure it deals effectively with pressures on staff as a result of on-going reform and pressure to deliver.

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For Council, completion of its improving project management practice will be a critical part of its development.

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Asset Management Plans (AMPs) in three waters and community facilities need improvement, in particular, the resilience of water supplies and developing better KPIs for community facilities and services.

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A focus on communication with its community is essential to tell and demonstrate Council's improvement story.

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Council needs to ensure it plans adequately for climate change.

# Leading locally

## Governance, leadership and strategy

Council has a new found sense of confidence in its direction and in its ability to work together. One of the elected members noted, “We come from different aspects of the community and we [bring] different lenses”.

### Priority grading

Competent

< Elected members are a good blend across their community including a blend of generations and experience. Council has a common desire to create a “strategy-led” council. >

Council is comfortable with its leadership by the Mayor and senior elected members and all elected members are encouraged to contribute and participate. Different views are received respectfully.

Public representation is supported by three community boards at the district’s three largest communities – Fairlie, Tekapo/Takapō and Twizel.

### Setting the direction for the community

Elected members are committed to supporting the Chief Executive to undertake a significant transformation of Council’s direction and operations. It is a substantial commitment and has been supported by the appointment of the Transition Manager.

Council is seeking to be “strategy-led” and to increase its work within the community and especially with key stakeholders. It has recently completed a hikoi with mana whenua and it is clear in talking to both elected members and mana whenua that this has been a breakthrough and has established a new relationship.

Similarly, Council is seeking to forge renewed relationships within other parts of its community – especially to approach matters best developed with the community.

Its work with the Mackenzie Development Group has led to the Te Manahuna Ki Uta/Destination Mackenzie project. While initially this focused on the development of Tekapo/Takapō – its tourism-based centres experiencing the most sustained commercial and residential growth. This has been broadened to the complete district. Working with papatipu rūnanga, local businesses and government agencies, Council aims to develop a sustainable visitor eco-system for the district over the next 100 years.

Council is also approaching the renewal of its District Plan. The Mackenzie Basin is nationally and internationally significant. There has been significant local and national debate on the way to sustainably manage the environment in the Mackenzie Basin.

These developing plans are progressively feeding into the formulation of its 2021-31 LTP (and future LTPs). There is much to be balanced and aligned in its LTP. Council must tie in the transformation of its own operations, the impacts on service delivery, the management of its critical network of infrastructure assets as well as the development and alignment of key strategies such as those noted above.

Council appears energised to maintain this strategic course. It is reaching into all parts of the community and beyond to develop this comprehensive strategic approach. One elected member noted, “[now we] can coalesce around a common vision”.

The challenge and the strength of the approach was shown by the support noted in the comments received from external stakeholders.

### Creating confident elected members

At the commencement of the triennium, elected members worked with *Equip* to review and develop the structure of its governance arrangements, including the role of committees and delegations. They also undertook some structured, internal training jointly on core leadership and legal matters.

Since then, there has been limited professional development for individual elected members or Council as a whole.

While Council is halfway through the current triennium, it would still be worthwhile investing in assessing individual elected member development needs. The assessments could encompass specific task development such as resource planning and understanding of strategy as well core governance competencies.

This observation also recognises the increasing time commitments for local government elected members and builds on the diverse skillsets the current elected members bring with them. The benefits of this investment should not be under-rated given the learnings will be applicable to current governance and its challenges plus it will provide a level of investment for future councils beyond the current triennium.

## Effective working relationships

One of Council's key stakeholders and residents noted that a fundamental challenge for Council is its relative lack of scale. This is especially so when it comes to funding and resourcing. Consequently, partnership and external working relationships are critical.

Council pulled together a group under the banner Destination Mackenzie which has been a catalyst to broader visitor planning (Te Manahuna Ki Uta) within the district. Working with its partners, Council has been able to secure substantial Crown funding to develop its approach.

All stakeholders interviewed during this assessment were generally positive about the approach of Council to the development of the district. The clear feature was the forging of a new relationship with mana whenua. It is a new start as mana whenua re-establish their interests in the district.

Internal working relationships between elected members and staff appear to be good. Council's vision and outcomes are aligned through the Chief Executive's performance agreement. Yet there is sufficient tension in the relationship – such as through the Audit and Risk Committee – for there to be appropriate accountability.

## Focusing on health and safety

The transformation programme affects the way staff undertake their work and has led to substantial internal change for staff which is ongoing.

Undoubtedly the on-going transformation is impacting on staff workloads, and staff do feel it. The Executive Management Team have a good relationship with the main staff union, which is aware and kept informed of developments. It would be useful for the Executive Management Team to ensure there are open channels of communication between them and the rest of staff to enable the pressure of change to be discussed and, where possible, mitigated. This is a matter of well-being.

There are sound processes in place for health, safety and well-being. Suitable reporting is made available to the Audit and Risk Committee. This is important, however there is a sense that elected members themselves could benefit from additional training over the Section 44 due diligence responsibilities. This would better enable them, as officers, to be informed and to understand the risks.

## Improving risk management

Council has an active Audit and Risk Committee, with an independent chair. Its agenda is sound and focused on core matters that should be reviewed by the committee. This includes a bi-monthly risk review. Its assessed key risk is reasonable for any council with the challenges of the Mackenzie District – the overall sustainability of Council. This comes with its lack of scale and small ratepayer base against the demands of growth and tourism as well as maintaining levels of service across the whole district.

The current delay in the 2021-31 LTP is of concern as, in part, the delay represents a substantial strategic and operational risk.

## Managing the organisation

As part of the transformation programme, a restructuring has brought about significant staff changes. This has included some longstanding employees who have left and there is internal acknowledgement that there has been some loss of corporate knowledge. The small size of Council makes this even more significant.

However, it was observed that the renewed Executive Management Team worked well together and generally have skills appropriate for their roles. The third tier of Council – the team and project leads – were a blend of experienced individuals and some younger, rising managers.

As a combined group of managers, there is an overall sense of optimism about delivery of the intended levels of service.

However, Council will need to manage its workforce planning as it is susceptible to the "key person" risk of the loss of a staff member without the necessary ability to cover or fill the vacancy.

## Informing council decisions

Generally, elected members feel well informed by staff. One senior elected member was complimentary of the change that has occurred in the level and quality of information being received from the Executive Management Team. This was attributed to the good culture now evident among staff.

The quality of council papers that were reviewed was good. They are clear and succinct and the nature of information provided on the agendas should enable Council to make informed and sound decisions.

## **Strengths**

The restructure of the organisation, including the Committee structure, is delivering positive results for elected members and the Executive Management Team.

Council recognises its small size which brings challenges of scale but is seeking to develop its base by working with external stakeholders.

Council is working hard to be a ‘strategy-led’ council.

There is a sound working rapport between elected members and staff which is respectful of the governance and management roles.

## **Areas for improvement**

Workforce planning is important given the ‘key person’ risk associated with being a small council.

Elected members would benefit from on-going personal development of their governance skills which would have benefits beyond the current triennium.

Well-being of staff needs to be monitored continually and the Executive Management Team should consider if all channels of communication for concerns are open and effective.

The 2021-31 LTP remains outstanding due to internal delays. It is important that its strategic direction is finalised as soon as possible to give credibility to Council being “strategy-led”.

Council is buoyed by its renewed relationship with mana whenua. Increasing its ability to maintain and develop that relationship for the long-term will be important.

# Investing money well

## Financial decision-making and transparency

The 2021-31 LTP is pivotal to Council's direction, yet the financial function's contribution to its completion is being hampered by staff turnover and the limited strength of support systems and processes. The 2021-31 LTP is late and affecting Council's ability to act.

### Priority grading

Areas for improvement

< Council is significantly behind in its annual transparency to its community and in finalising its 2021-31 LTP. >

Council's transformation programme affects all parts of the organisation including the finance function. The Finance Team clearly wish to be part and to contribute to this change. However, key staff turnover and challenges with its financial modeling are preventing the financial function from contributing fully to Council's transformation. For example, the 2019-20 Annual Report was completed and adopted in February 2021, two months after the statutory deadline, and the 2021-31 LTP has now been scheduled to be adopted in September 2021, three months after the statutory date. The LTP delay impacts on Council's ability to set rates and is likely to impact on its ability to be accountable for the 2020-21 period through its Annual Report.

Clearly, most critical at this stage is the delay in the 2021-31 LTP. It is recognised that elected members and the Executive Management Team are fully aware of the situation and risks. They recognise the need to take time beyond the statutory limit to ensure the quality of their planning and ensuring the risk is addressed and well-managed rather than rushing the completion of the 2021-31 LTP.

### Planning and evaluating financial goals

The Mackenzie District is a small territorial council. It faces the challenges of financial stability and catering for sustained service delivery and for growth, especially in the Mackenzie Basin.

Its financial position is relatively sound. A key feature is that it has no long-term debt. It appears a number of times that use of debt

has been anticipated but it has not been used as planned. Instead Council either has not completed its capital development programme or has relied on its reserves. The 2020-21 Annual Plan anticipates using \$10.5m in debt.

A combination of good growth-related funding (financial contributions, especially from the significant growth in Tekapo/Takapō) and recent central government three waters funding has currently prevented the need for increased debt. Balanced against this is a substantial and steady planned increase on rates. The 2018-28 LTP anticipated an overall increase in rates over the ten years of the plan at an average of 8.2 per cent per year. In the last five years the actual rates set have exceeded the previously self-created rate limits – apart from 2020-2021 where the impacts of Covid-19 resulted in a reduced annual rates rise of 4.48 per cent. In the period 2015-16 through 2019-20 the set limits were marginally exceeded by on average 0.5 per cent, with average rate increases of 7.6 per cent.

The challenge of this "conservative" financial strategy is that it requires Council to retain reasonably high annual rate increases and for ratepayers to service, in current conditions, relatively expensive internal loans, where loans have been used.

Council's Annual Report also shows it has been challenged to meet its essential services benchmark, which outside of the market challenges of delivery, reflects a conservative approach to finances and a limited ability to deliver on planned programmes.

There appears to be a lesser focus on the overall financial goals set out in the Financial Strategy and LTP than on the current performance to date.

### Assessing the financial data

Elected members receive regular financial reports which are pitched at the right level for them as governors. There is a reasonable level of detail. The financial information has a strong focus of variances from the Annual Plan and detailed information of performance against Council's capital programme.

The information reviewed during the assessment has less focus on the forecast performance and position of Council. For example, the March quarter information did not provide a forecast year end position, nor did it indicate how performance was tracking against the overall long-term Financial Strategy. This may, in part, have

been due to the recent staff turnover and challenges of completing the 2021-31 LTP. However, it reflects the overall risk of the finance function's current challenges and performance.

## Addressing financial risk

Council has reason to be positive about its growth. It is seeing the transformation of areas such as Tekapo/Takapō and Twizel and has the challenge of meeting the development expectations of the community. Its conservative financial gearing does mean there is some flexibility to meet the challenge.

Elected members and staff also demonstrated an awareness of the need to maintain and develop existing asset networks within their other communities, such as the Fairlie water system. The higher-level financial challenges of doing so are understood.

Council has an active Audit and Risk Committee which is independently chaired. It receives a quarterly risk update. The Committee also maintains an effective relationship with Council's external auditors.

The external auditor's Management Report does reflect some longer outstanding recommendations. Importantly, these relate to internal systems and processes which are still yet to be addressed to the auditor's satisfaction. For example, in the 2017-18 report they made recommendations around Council improving its own quality assurance procedures in the preparation of the Annual Report. The recommendation remains open.

While related to its long-term financial modelling, part of the current delay in the 2021-31 LTP preparation has been challenges on quality assurance review of the model.

A clear and valuable focus for the Audit and Risk Committee would be on building and maintaining a strong finance function.

For avoidance of doubt, there was no question that the Executive Management Team were not aware of the financial function's issues nor is there any question about the Finance Team's commitment. The Executive Management Team has supplemented the current team's capacity with suitable consultants where possible. However, the risks to the financial performance and transparency of Council are evident.

## Balancing the budget

In adopting the 2018-28 LTP, Council noted that the first three years of the plan was unbalanced. It had turned its mind to it and considered its planned position to be prudent.

In the prior years, the financial outturn has generally been better than anticipated and the primary test of operating revenues exceeding operating expenses has been met.

Council is fully aware of its approach and has been transparent about the planned position – especially noting the individual assets for which their full costs (primarily depreciation) are not being covered. These tend to be community facilities.

## Meeting financial targets

Council staff displayed a good understanding of their activities' financial performance, demonstrating an effective internal financial management and reporting programme. This is the cornerstone to meeting financial targets.

The financially conservative planning by Council has meant that generally financial targets are met. However, this has to be balanced against the operating, renewal and development demands of their asset systems and meeting the expectations of their community, which may necessitate different and new financial strategies and targets as it completes its current LTP process.

Council's efforts to improve performance means greater attention needs to be brought to meeting its capital development target (and planned debt target). Part of the reason it currently carries no debt is because it has perennially been unable to deliver all its planned capital development programme.

Taking on debt will also require the finance function to upgrade its capability to understand and manage a debt portfolio – a skill that as a team has not been required to undertake to date, nor one that Council is experienced in monitoring.

## Being clear and transparent

Council showed that it wishes to be open and transparent. This is consistent with Council's steps to develop its relationships within its community and with its stakeholders, but meeting its transparency objectives will be difficult due to the current problems in delivery of its reporting obligations in a timely manner.

## **Strengths**

Staff understanding of financial performance within their activities is sound.

Council has marshalled its resources carefully – albeit conservatively, which does give it choices to develop its Financial Strategy.

There is an active Audit and Risk Committee which is independently chaired and integrated into the Council's governance framework.

Council is committed to improving the quality of its financial planning, the information on which it is based and the financial model used.

## **Areas for improvement**

Completing a reliable and prudent Financial Strategy and the 2021-31 LTP is critical.

Council's transformation work needs to address the challenges of workforce planning and the risk of key personnel within the finance function.

Regular reporting – probably quarterly – of Year-to-Date financial performance and year-end forecasts against the Financial Strategy and LTP will become increasingly important in meeting the challenges of Council and community.

Developing the work of the Audit and Risk Committee can help with monitoring outstanding process issues identified by the external auditors.

Developing the skill of the Executive Management Team to oversee capital development and matching that with the skill to monitor a treasury management programme as Council assumes a debt portfolio for the first time will be critical.

# Delivering what's important

## Service delivery and asset management

Council's performance on service delivery and asset management is on a clear improvement pathway, but there are still some areas of weakness. The quality of AMPs is variable, with roading being excellent and community facilities poor or absent. There has been recent improvement in enforcement and compliance, but there remains a lot of work to do in areas, such as the District Plan.

### Priority grading

Competent

< The refocusing of strategy through Te Manahuna Ki Uta is looking very promising and, when followed through into service delivery and asset improvements, will result in more proactive management of growth and sustainability issues. >

### Evaluating asset effectiveness

Council has established service levels and Key Performance Indicators (KPIs) for three waters and roading, but not for other asset classes. It also has service levels and KPIs for services with statutory timeframes (such as building and resource consents) but not other aspects of these services or other services, other than the mandatory Department of Internal Affairs performance measures. Council has also agreed specific service levels and KPIs as part of outsourced contracts (eg swimming pool maintenance).

Service levels and KPIs are determined through the LTP process and in the case of three waters and roading assets are mostly well founded. The core asset service levels and KPIs are derived from and are consistent with national service level frameworks.

These measures are monitored and reported through to Council via regular Chief Executive reporting and to the public through the Annual Report. These measures are supplemented by monitoring requests for service and through customer satisfaction surveys. Council should consider broadening the monitoring to other assets and services and the use of other monitoring and reporting techniques may be helpful, such as: more targeted online surveys; combining survey results with statistical data analysis to gain more insight; and more explicit community level engagement on performance.

Where service levels are below acceptable or agreed benchmarks, remedial action is forwarded to the relevant business unit manager to action. While this primary accountability is totally appropriate, there needs to be more explicit transparency for Council and the public that remedial action has happened and is successful. Furthermore, the measures are likely to change in response to new strategic direction emerging from Te Manahuna Ki Uta and the 2021-31 LTP.

### Addressing regulation

Council's regulatory services are quite small scale, but on the other hand, they are greater than many similar small rural Councils due to growth pressures faced in Twizel and Tekapo/Takapō. Customer satisfaction levels remain quite low, but anecdotal feedback from some community leaders is they have noticed a change in the last year. Historically, Council has failed to meet Building Act and Resource Management Act statutory timelines, however, additional resourcing and clearer policies and procedures have recently seen a turnaround (100 per cent compliance in six months prior to this assessment).

Regulatory performance, and specific regulatory problems, are regularly reported to Council and are then reported to the public via the Annual Report and direct communications where appropriate. Council has begun to improve its systems (currently

information is held in ad hoc spreadsheets and other systems) and the systems changes underway will bring further improvements (eg online applications).

Council has recently developed a Compliance and Enforcement Policy which is very clear and aligned with best practice. This Policy and the recruitment of the Compliance and Monitoring Manager has seen a step change in approach. Whereas previously enforcement was ad hoc and tended to avoid confrontation, there now appears to be a much better understanding of the size of the task and the use of graduated and risk-based responses from education to enforcement.

Regulatory services are broadly linked to the community outcomes in the current LTP, however, the development of Te Manahuna Ki Uta and the 2021-31 LTP is an opportunity to be more explicit about that linkage and what Council's future regulatory focus should be. Feedback from community leaders, especially businesses, is the Resource Management Act consenting requirements are the biggest challenge. The District Plan is very "effects based" which means a lot of activities are discretionary, costs and time taken is high and there is uncertainty of outcome.

Council is very aware of the planning challenges facing the district, especially the need to plan more deliberately for growth and the type of growth that is better aligned with their community's aspirations. In this respect, the change in approach signaled by the Te Manahuna Ki Uta involving partnership with papatipu rūnanga and a focus on sustainability. This approach is designed to provide a better framework for future planning and infrastructure services. The commitment to work together with key partners (Department of Conservation (DoC), Land Information NZ (LINZ), Waka Kotahi NZTA, Ministry of Business Innovation and Employment (MBIE), Mackenzie Development Group, and all three local papatipu rūnanga) to come up with a "whole of Mackenzie" approach to planning is commendable. It is worth noting that Council's new 30-year Sustainable Infrastructure Strategy is already providing some guidance in this direction.

Council also formed a successful collaboration with the four agencies with statutory responsibilities in the Mackenzie Basin (DoC, LINZ, Environment Canterbury, and Waitaki District Council). The focus of this partnership is to share operational resources in relation to statutory planning, monitoring and enforcement. There is scope to adapt this partnership to further enhance its potential.

Council is also nearing completion of a Spatial Plan for its three main townships. The approach to community engagement and background documentation for this work is excellent, and this will set the stage for the District Plan review to get underway.

Notwithstanding these regulatory improvements, there remain some challenges to be addressed:

- Resourcing and 'key person' risk;
- Health and safety risks, especially sole operators providing a 24-hour service over a very wide area; and

- Improving information systems and other support infrastructure.

While the approach to these issues may seem ad hoc (eg food and liquor compliance and enforcement being run from Timaru, and a lot of building consenting activity being outsourced), Council is facing up to the challenge for a small council to deliver sustainable regulatory services by partnering and outsourcing where it makes sense and likewise delivering internally where it makes sense. It is understood Council is looking at working more closely with neighboring Waitaki District Council, but there are a range of other possible approaches that could be explored to find what works best.

## Assessing service quality

Plans are available for most assets and services. AMP's are comprehensive for roads, less developed for three waters, and quite weak for community facilities. The core plans are linked well with Council's current vision and strategy but will need to be updated to align with proposed significant changes in the 2021-31 LTP and the vision of Te Manahuna Ki Uta. The AMP's are transparently and consistently summarised in the LTP, Annual Plan and (final draft) 30-year Sustainable Infrastructure Strategy.

### Three waters

Staff and contractors have a good understanding of the condition, performance and current/future costs of three waters assets. The AMP itself is quite high level and does not contain a lot of analysis of the issues and risks nor does it provide adequate justification for the interventions and improvements likely to be required in the future. In fact, more analysis can be found in the draft 30-year Sustainable Infrastructure Strategy.

Community satisfaction with three waters levels of service is quite high, and apart from occasional sewage overflows (not meeting KPIs for the last two years) and high faecal counts at Burkes Pass, the wastewater discharges (to land) are all consented and compliant. However, Council has identified urban growth challenges in Tekapo/Takapō (a new disposal site is required in the medium term), a range of sludge management issues that need addressing and a growing need for replacement of some of the piping network.

Council understands it has challenges providing for growth in water supply and in meeting new drinking standards (especially for protozoa). Not all facilities have water safety plans in place and there are potentially questions around the viability of some of the small rural community schemes (especially in light of the proposed new regulatory regime). It also has very high per capita water usage (Twizel is the highest per capita usage in New Zealand) and has challenges around the resilience of water supplies in severe drought conditions. While Council is considering some improvements to water supply (eg increasing Fairlie water storage), it needs to have a more comprehensive understanding and response to both the public health and resilience risks and the consequent reputation risk for tourism.

Council will need to consider the full range of options to improve water use efficiency (including water harvesting, metering and use of pricing) as well as the means of increasing the resilience of water supplies.

### **Waste management**

Council has no active landfills, and any residual waste is collected at resource recovery parks and exported to suitable landfills outside the district. Council is committed to waste minimisation and provides curbside rubbish and recycling facilities for urban (and some rural) properties. The resource recovery parks also provide a range of recycling services direct to the public.

The solid waste and recycling services achieve high public satisfaction ratings and there is ample landfill and recycling capacity to cope with growth. A new waste services contract starts in October 2021 and there is an option to provide organic curbside collection (estimated to be 50 per cent of waste collection). Such a service is estimated to cost each household \$40 per annum on the rates bill and the affordability of this service will need to be worked through as part of the 2021-31 LTP.

### **Roading**

In terms of roading assets Council has developed a comprehensive AMP and prepared a thorough Programme Business Case. Council has a good understanding of road condition and performance and has worked hard in recent years to improve data quality. Generally, Council provides good value for money (benchmarked against their peer group under the Road Efficiency Group programme) and has invested over the last three years in catching up on their resealing programme.

Council has an extensive network of gravel roads and recently commissioned an independent review of their approach. This review concluded that Council was adopting best practice and has been innovative in the use of materials to reduce maintenance costs and address dust issues. The biggest challenge is accessing good gravel material and Council is likely to face increased costs transporting gravel in the future.

The key transport issues are:

- Freight – the move to 50 Max trucks and permitting High Productivity Motor Vehicles (HPMs) to support agriculture and forestry productivity is likely to increase the cost of rehabilitation of roads and bridges. Forestry also presents challenges for road maintenance, however, Council has been successful in getting the industry to help with the costs of grading gravel roads.
- Tourism – staff identified six rural roads with high use due to tourism (200 to 700 vehicles per day, often with seasonal peaks) that were causing maintenance and safety issues. If this is to be addressed a business case needs to be developed and affordability issues addressed.
- Mode shift – public transport is not viable in a sparsely populated area like the Mackenzie District. However, greater

investment in the cycling network and footpaths is probably the most productive area to consider further.

- Road safety – the primary risk on rural roads is sole vehicle runoff which will need focus, ongoing maintenance and attention to edge treatment and roadside obstacles. On the state highway, and on some rural roads, speed limit reviews are also being considered.
- Placemaking – as part of the spatial and district planning, especially for Tekapo/Takapō, there is likely to be improvements required to both state highways and local roads. As part of the strategy work Council may need to consider some leading investment to get the desired urban form and amenity outcomes – perhaps even considering contributing to state highway upgrades to achieve the outcome.

For affordability reasons Council takes a quite conservative approach to roading investment largely due to the constrained National Land Transport Plan (and a 51 per cent Funding Assistance Rate (FAR)) and rates revenue, and this has generally served them well in the past. However, as part of Te Manahuna Ki Uta, Council may need to consider exceptions to this approach to achieve broader sustainability and growth objectives. While Council could seek additional external funding, including lifting the 51 per cent FAR, this may not be forthcoming, and in any case, is unlikely to pay for all the desired improvements. The assumptions Council uses in its 2021-31 LTP and the risks associated with its financial strategy will need to be clear.

### **Community services**

Council acknowledges that its community services lack a coherent strategy, and it has begun developing an Open Spaces Strategy and AMPs for its community facilities. This strategy will also need to be closely linked to the development of Te Manahuna Ki Uta and the 2021-31 LTP (eg developing a plan for the Tekapo/Takapō lakeside reserve) and should define the role Council wants to take in relation to the “four well-beings” in light of growth and changing demographics. Historically, these services and facilities have been funded from a targeted rate for each township, however, the 2021-31 LTP consultation is being designed to help develop a more acceptable and sustainable long term funding model. The role of Community Boards in shaping the policy and day-to-day decision making also needs to be clarified.

## **Assessing capability and capacity**

Like many small rural councils in New Zealand, recruiting and retaining capable staff is a major challenge. With only 48 staff Council is used to “running on the smell of an oily rag” and, as a consequence, there are ‘key person’ risks in a number of areas (eg asset management, planning and finance). Interactions with staff during the assessment showed there are high levels of buy-in to the strategic direction and recent changes at Council, however, they also report high levels of stress with constant multi-tasking and change. While a staff satisfaction survey is currently

underway, there has not been any such surveys since 2018, and therefore it is not possible to establish a quantitative baseline.

Options to address these issues include attracting new staff, “growing your own” and/or sharing resources. Council does share resources with neighbouring councils to some extent (eg infrastructure procurement through Aoraki Roading Collaboration), and is looking at other areas (eg building consents), however there is also a need to consider more sharing of capability with neighbours, crown agencies and contractors (eg some form of alliance arrangement with contractors and consultants). Such collaboration has the potential to address capability, ‘key person’ and staff resilience risks and potentially deliver efficiency gains.

These issues will only escalate with the growing work programme, where particular focus is needed on capital programme management (noting Council is already establishing a Project Management Office), asset management, procurement and contract management and strategic financial management.

Council has developed a comprehensive staff performance assessment framework, “Leading for Performance”, and is in the process of updating position descriptions and developing a skills matrix. This work, if put alongside a more deliberate staff development programme, has the potential to assist in recruiting and retaining staff and providing for career (succession) paths and a better understanding of the capability gaps.

## Establishing a business case for investments

Council has in the past had a very small capital programme, and the processes to inform decision-making and to monitor and manage risk has been understandably quite minimal. This situation is now changing significantly with the capital programme already ramping up, and the capital programme is expected to grow a lot more as part of the next and subsequent LTPs.

Council has recently undertaken an “environment scan” in preparation for the 2021-31 LTP and developed a draft of the 30-year Sustainable Infrastructure Strategy, which includes climate change and other environmental sustainability issues (eg. freshwater quality and biodiversity). These latest documents are part of the wider strategic work programme, in particular Te Manahuna Ki Uta/Destination Mackenzie Project, the development of spatial plans, the review of the District Plan and any changes to services and infrastructure AMPs that emerge in the 2021-31 LTP.

Notwithstanding that the strategic direction is still in development, it is clear from the 30-year Sustainable Infrastructure Strategy and discussions with elected members and the Executive Management Team that Council is on a path to respond more proactively to tourism growth and wider environmental and climate sustainability issues. While the case for further investment has not yet been made to the community, the above work will most likely have implications for the levels of service provided, and will require changes to planning

policies/rules and greater investment in infrastructure. Council is signaling that it will need to take on inter-generational debt and to source other funding for infrastructure improvements.

This new strategic direction and case for investment is not yet fully reflected in the 2021-31 LTP being developed, and consequently changes to the LTP may be required during its three-year term. However, it is not yet certain if formal change is required in the next few years or whether it can evolve into following three-year LTP.

### Strengths

The Roading AMP and programme business case work well, and are combined with good performance on key benchmarks and innovation in the management of gravel roads.

The development of the 30 year Sustainable Infrastructure Strategy reflects the new strategic direction emerging from Te Manahuna Ki Uta and demonstrates a good understanding of key assets and future growth needs.

The approach to the development of spatial plans in the three townships aligns well with best practice.

There are high levels of staff support for the new strategic direction and the improvement pathway.

### Areas for improvement

AMPs in three waters and community facilities needs improvement, in particular, in resilience of water supplies and developing better KPIs for community facilities and services.

‘Key person’ risks is a significant issue, especially in asset management and compliance/enforcement. There is also the need to develop better workforce planning and/or collaborative arrangements with neighbouring Councils, contractors or other agencies.

The current District Plan does not align well with the sustainability and growth challenges faced by Council and needs to provide more certainty for business and the community.

# Listening and responding

## Communicating and engaging with the public and businesses

The communications and engagement policy framework Council has developed and is now implementing is very soundly based. The recent engagement with iwi has been a breakthrough and the growing collaborative partnership with them and other key councils and agencies in the Mackenzie District sets Council up to successfully address their growth and sustainability challenges.

### Priority grading

Better than competent

< Council needs to put more emphasis on telling their improvement story >

### Planning effective engagement

Council communication and engagement practice has improved significantly over the last few years. This has seen a move from low awareness and unclear responsibilities to now having communications and engagement being embedded as a core activity of Council. The recently developed Communications Policy (draft) and the Significance and Engagement Policy are comprehensive and aligned with good practice and especially provides clarity on what to consult on and why.

This new approach has been demonstrated by a concerted move to pre-engagement around projects and other significant initiatives, and perhaps is best illustrated by the recent innovative approach to engagement on the Spatial Plan.

Given the small size of Council and the large and spread-out district, communications are increasingly designed to be digitally led. This makes eminent sense, although Council will need to ensure that some engagement remains face-to-face to ensure authenticity and enduring relationships with key stakeholders.

Council is aware of this need and the different requirements of varied and remote communities, as they demonstrated with the approaches on consultation over the Spatial Plan and in engaging iwi.

### Engaging with the community

Notwithstanding these positive changes there is still a degree of skepticism in the community. This is apparent in the customer satisfaction survey and through feedback from external stakeholders and is no doubt a legacy of previous performance and controversy (eg Plan Change 13). The feedback heard was that while people see good signs of improved engagement it remains inconsistent (eg “it depends on who you get to talk to”).

### Engaging digitally

Council is increasingly taking a digitally led approach to communicating and engaging with the wider community. This is sensible and has been effective, however, some of the feedback during the assessment with external stakeholders saw both positives and negatives with this approach. This is because of the changing demographics, such as older people, migrant workers and other groups. However, as illustrated by the recent spatial planning engagements, Council does use a range of engagement channels, including face-to-face meetings and hard copies being made available.

Council uses its “Let’s Talk” platform to record both digital and written feedback and also monitors requests for services and complaints. The platform has tools that allows data to be captured, analysed and presented in a number of ways for staff delivering services and projects, and for feedback into the preparations of policies, plans and strategies.

## Reputation

Conversations with external stakeholders and through customer satisfaction surveys showed Council's reputation has varied over time. It was also noted that the nature of the communities are different and changing, and that Council needs to be more responsive to this change (eg migrant workers in agriculture and tourism) to develop its standing in the community.

Council does annual customer satisfaction surveys and is proposing to move to quarterly and more targeted surveying via the "Let's Talk" platform. Council currently segments the customer survey on a range of demographics but developing the ability to "drill down" more will provide them with greater insight.

An important approach to lifting Council's reputation will be a deliberate and sustained effort to tell the Council's improvement story to the community. The proposed rebranding will, in part, help reinforce this shift.

## Communicating through the media

The Mayor and the wider Council generally have good relations with media, especially local media. Council has recruited new communication capability and developed policy and guidelines, including social media guidelines. Council has also provided media training to elected members and to the Executive Management Team and has been up-skilling staff with the aim of better shaping the public narrative on the Mackenzie District. This will be critical as the new strategy emerges (Te Manahuna Ki Uta and the 2021-31 LTP), and Council tells its improvement story and deals with critical issues such as urban growth, environmental sustainability and rates.

## Building relationships with Māori/iwi

There is clear evidence that the relationship with iwi/papatipu rūnanga has undergone significant improvement and will continue to be transformed. The iwi representative spoken to during the assessment talked of a long legacy of neglect and exclusion and that, while very supportive of the transformation, iwi still remain somewhat skeptical – "the proof will be in the pudding".

However, elected members and staff spoke enthusiastically about the new relationship, as did iwi. A recent hikoi with elected members and staff gave iwi a chance to tell their stories about their place and what was important to them going forward. Furthermore, the inclusive approach to co-designing the strategy Te Manahuna Ki Uta has been critical in reshaping the relationship and building trust.

Council is determined that the partnership developing with iwi will be long term and will provide tangible opportunity for Māori to

participate in decision making through early engagement and regular dialogue. Iwi want the same thing, but also, they are looking for Council to help them re-establish "a place to stand" (ie they have no land in the district and need a base).

## Building relationships with the community

Discussions with the business and wider community indicated that their relationship with Council was "patchy".

The business community generally provided good feedback on the relationship with the Mayor and the Chief Executive, but they were looking for this to be reflected in a consistent and pragmatic approach from all aspects of Council. They also mentioned that the quality of information from Council had improved in recent years but were now looking for Council to be more of a "team player", especially around Te Manahuna Ki Uta and with the greater focus on the issues of tourism and growth. They noted the approach to Te Manahuna Ki Uta had seen Council work much more collaboratively with central government and other local government agencies, and they were keen for this to continue and broaden.

Given there is always a lag in any change process, the challenge ahead is to focus on telling the Council's improvement story and the change in mind set that will flow from the new strategic direction.

### Strengths

There is clear evidence that the relationship with iwi/papatipu rūnanga is undergoing a significant improvement.

The approach to community engagement and background documentation for spatial planning is excellent and will set the stage for the District Plan review to get underway.

### Areas for improvement

Council needs to better communicate their improvement story into the community.

Council needs to work on achieving more consistency in the way staff engage with stakeholders and the public.

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