

Report No:	RCN12-07-07
File No:	
Date:	19 July 2012
Information Only – no decision required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 26 July 2012
Report Author L McKenzie, Chief Executive
Subject: **Chief Executive's Activity Report**

EXECUTIVE SUMMARY

This report highlights the key activities that I have been involved with or have undertaken since my appointment. The first few weeks were taken up with induction and orientation. The programme that was arranged has enabled contact to be made with many of the groups and individuals who have key relationships with the Council.

A summary of the proceedings of the recent Local Government New Zealand conference is provided. While the key note speakers, including the host Mayor of Queenstown spoke well on the issues, the workshop sessions were disappointing.

Progress with the Port Tarkohe water supply and port development plan is reported along with updates on the industrial water users' arbitration and other legal proceedings.

On overview of staffing issues and finances to 31 May 2012 is also provided. The best way to report on financial matters through this report is still being finalised.

RECOMMENDATION/S

It is recommended that the report be received.

DRAFT RESOLUTION

THAT the Tasman District Council

- 1. receives the Chief Executive's Activity Report RCN12-07-07**

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1. Purpose

- 1.1 The purpose of this report is to inform Council about the operational activities of the Chief Executive for the period to 19 July 2012. The report headings have been adapted from the key accountabilities in my job description.

2. Strategy and Planning – *vision, direction, plans and policies, Long Term Plan, implementing*

- 2.1 A **draft vision for the organisation has been prepared** and put on the Intranet. It talks about the big issues that the organisation faces, the things that we have to achieve in order to be successful and the approach I plan to take to achieving that result. We will be starting work on an implementation plan early in August. Bryan Travers who lectures at the Auckland University School of Business and who has also had a successful career as a private sector CEO, is coming down to assist us. His forte is in helping to identify the strategic challenges that organisations need to meet to be successful and in Lean Thinking.
- 2.2 There was a meeting of the **Port Tarakohe Working Group** at the boat club on 29 June 2012. It was agreed following that meeting that the water supply to the port would recommence. The supply was damaged in the December 2011 storms. In the past, the obligation on the Butts was to supply water that was surplus to their requirements. The port will have priority in the future with an allowance for growth. Part of the agreement was that the Council would prepare a port development plan. A letter has been written to the Butts family setting out the terms of the agreement for a future more secure water supply and on the contents of a draft port development plan. We await a reply.

3. Advice and Reporting – Long Term Plan, annual report, current issues, governance support

- 3.1 The **Local Government New Zealand Conference** was held in Queenstown from 15 -18 July 2012. The Annual General Meeting was a short affair. The constitution was amended to provide for the Auckland reforms and the change in definition of a member that was required. The meeting resolved to support retaining the current local government purpose statement in the Local Government Act 2002. The next conference will be held in Hamilton in July 2012.
- 3.2 Jonathon Salter of Simpson Grierson spoke at the AGM on the **Better Local Government Reforms**. He contrasted the current reforms with those of 1989, 1996 (financial strategy), 2002 (coherent purpose – LTCCP), 2010 (TAFM reforms – LTP and financial strategy). He said that there is no evidence to support the fixes proposed and that there is no evidence that the discretionary ‘wellbeing’ expenditure is the cause of rates and debt levels. There is concern that the proposed new purpose could result in challenges to councils’ decision making and service delivery choices. ‘Most cost effective’ – is a high test. If the purpose is to service households and business - what about visitors, the government, charities – he asked. His concern was that, when taken together, the provisions in the new law will define what will be lawful, rather than consultation and community engagement, and will significantly erode local democratic self determination.
- 3.3 Malcolm Alexander – LGNZ’s CEO spoke about the need for LGNZ to change direction. They need to front foot and lead the policy debate rather than be responders. He said that there is an opportunity to talk more about the value of local government. ‘Project Horizon’ is the name given to the organisation review that is underway.
- 3.4 Minister David Carter described the Better Local Government Reforms as another plank in the Government drive to improve the nation’s economic performance. The Bill provides a ‘policy setting to focus LA’s on operating more efficiently’. He said that in his view a more focused purpose won’t remove local decision making.
- 3.5 The Prime Minister acknowledged the hand in glove relationship between Local Government and Central Government. He reiterated the point that clarity of role, stronger governance, efficiency and a simpler re-organisation process are needed in the sector. He said that the current purpose gave rise to unclear expectations on what could be delivered and hence rates and debt increases.

- 3.6 Sir Graham Henry had some good advice about leadership and high performance in organisations. His messages were to –
- add to the legacy
 - break the changes down into manageable and deliverable pieces
 - increase resilience
 - build strong relationships
 - encourage each person to be better at what they do
 - understanding the big picture
 - allow people to step up
- 3.7 Fran O’Sullivan’s (Business Writer – NZ Herald) message was similar to Malcolm Alexander’s. LGNZ needs to decide if it is to be a voice at the table or shape its own destiny and that we are ‘not without armaments’. She is concerned that, despite the rhetoric, the Better Local Government Reforms are not really about growth but rather constraint. She said we should try and be famous for taking control of our finances, leveraging our balance sheets and liquidating our holdings.
- 3.8 The Hon John Brumby, former Premier of Victoria spoke about the world in transition. He provided an interesting insight into the opportunities for the future, especially in trading with China. The workshop sessions that followed were disappointing and there was nothing in them that you do not know or could not have guessed.
- 3.2 Work is underway to review **the format and style of reports to Council**, committees and the community boards. The form of minutes will also be reviewed. A priority will be to introduce ‘Infocouncil’. There are inconsistencies in the approach to the agendas and the reports that they contain. The changes are intended to make our reports more readable and the advice more complete and robust. Writing style of itself is not the issue. The culture or messages about “the way things are around here” that our writing style conveys are at the heart of the work. By reviewing writing style and report presentation we can shift behaviours and perceptions about us that will flow on into other things that we do. Improved trust and confidence in us is the end result sought.
- 3.3 A **Notice of Hearing Date** has been received advising that the case - VPCL Trustees Limited v Tasman District Council - will be heard in the High Court in Nelson over 3 days commencing 26 November 2011. Discussions with a view to settlement have been ongoing.

- 3.4 The dispute over **industrial water users' charges** has gone to arbitration. Staff and legal counsel presented our case to the arbitrator over three days early this month. A further 3 days of hearings are set down for 15-17 August 2012. The Mayor and I sat in on two sessions. I was very impressed with the performance of our people.

4. Management of Council Resources – *finance, operations, systems and processes*

- 4.1 The **financial report** to Departmental Managers for the period ending 31 May 2012 showed total income just ahead of total expenditure. The net surplus of \$452K is the first reported for several months. All departments contributed to the result. Year end invoicing will confirm whether this trend is a result of an effort to cut back expenditure or is a timing issue. The previously reported unbudgeted port dividend produced a positive variance to budget but a shortfall in vested assets of \$2.4M has produced a reversal.
- 4.2 Emergency works and the cost of the Jakkett Island Environment Court proceedings and erosion works have materially increased costs. The Engineering Services Committee has received reports on those matters. The costs of the emergency event in December 2011 also shows in the Environment and Planning Department budgets where actual costs are \$1.34M compared to a year end budget of \$364K. Staff are working with the appropriate agencies to ensure that all reimbursements from central government and insurers is received for both the Jakkett Island and December 2011 emergency costs.
- 4.3 Legal costs are at 189% of budget and will increase as the industrial water users' arbitration costs come to charge. The work on the Richmond office extensions and strengthening is expected to come in on budget. Our net position is not helped by fees and charges income being lower than budget (resource consents and regulatory).

5. Organisational Development – *leadership, culture, change, service delivery*

- 5.1 A terms of reference has been adopted by **the senior management team** (SMT) to assist in the way that it operates. The members of the SMT are the five departmental managers plus the CEO supported by Pamela White, Joanna Cranness (HR) and Chris Choat (Communications). The senior managers had expressed some concerns about the way they functioned and sought change. Two of the changes that should assist the Council are that SMT will collectively sign off decision reports to Council, committees and the

community boards and make collective decisions on some key issues affecting the organisation e.g. remuneration policy.

- 5.2 The **Engineering Services Review is progressing** well but is slightly behind schedule. This review is assessing the benefits – financial and non financial – of bringing most of the engineering services work in-house. It is currently contracted to MWH. Early indications are that the business case is strong financially for a return to in-house delivery. We are planning a workshop with Council on 30 August 2012 to present the findings ahead of a report to a full Council meeting in September.

6. Managing People – good employer, performance, health and safety, policies

- 6.1 **Staff numbers** for the year ending June 2012 were 211 Full Time Equivalents (FTE). The headcount was 239. This is a 3.5% increase from June 2011 and includes several casual and fixed term positions. A full analysis will be reported at the Corporate Service Meeting on 16 August 2012. Staff turnover for the year ending June 2012 was 5.7%. Our turnover has been steadily decreasing over the past three years to levels that could be considered 'unhealthy'. This is being driven by a number of variables such as:
- living in a beautiful and desirable are of the country
 - aging workforce nearing retirement age and wanting to work longer and transition
 - employment security and redundancy potential pre amalgamation
- 6.2 Vacancies and Recruitment included -
- Assistant Librarian – Young Adults (1 FTE) - currently being advertised as a result of Heather Bates choosing not to return from maternity leave
 - Business Systems Analyst (1 FTE) – three applicants being interviewed. Position currently held by Sue Greatrex who has resigned and working part time until her replacement starts.
 - Resource Scientist – Contaminants and Hazardous facilities - arising from Jenny Easton's retirement and Paul Sheldon (NCC) has accepted the role and starts mid September.
- 6.3 Two staff are on extended sick leave. Lloyd Kennedy is expected back at the end of this year and Jenny Ball – Library Assistant – Children's & Young Adults (0.5 FTE).
- 6.4 The **Collective Employment Agreement negotiations** are progressing and are awaiting the outcome of the Union ratification process. The salary band increases offered this year are the average of the Local Government salary survey and the General Market salary survey and increases across the bands vary from 1.2% to 2.3% (with an average of 1.8%). The same salary band

increases have been offered to staff on individual employment agreements, with the changes effective 2 July 2012.

- 6.5 The Senior Management Team annual performance assessments will be completed by the end of August.
- 6.6 Over 180 staff participated in this year's Kenexa JRA employee engagement survey. The results are similar to last year's. A summary will be reported at the Corporate Services Meeting on 16 August 2012.

7. Relationship Management – <i>Iwi, customers/ratepayers, media, other councils, CCOs</i>

- 7.1 As part of my induction I've attended a briefing by Wakatu Incorporation on their business and philosophies, toured two of the rural wards extensively, attended two Waimea Water Augmentation Group meetings, the Community Board meetings and the Mapua and Districts Community Association meeting. Introductions and visits to the port and airport and to the Nelson Regional Sewerage Business Unit (Board meeting and Bells Island) have occurred. The NRSBU Chair has asked for support with a review of the heads of agreement between the councils and with a review of their joint committee status.
- 7.2 Representatives of Walking Access NZ have been in to seek support to resolve several access issues around the district – East Gowan, Marahau Valley, Goodall Road – Riwaka and Mahana.
- 7.3 Nelson Tasman Tourism has been assisted to obtain legal advice ahead of the strategic funding review that the Council signalled in the Long Term Plan.

8. Draft Resolution

THAT the Tasman District Council

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