

ŌTOROHANGA DISTRICT COUNCIL

INDEPENDENT EVALUATION REPORT



Te Korowai
//
NOVEMBER 2024

An independent assessment report issued by the Independent Evaluation Panel for Te Korowai, local government's continuous improvement programme.

ASSESSMENT SUMMARY

At a glance >

The Ōtorohanga district, located in the heart of the Waikato region on Aotearoa New Zealand's North Island, is renowned for its rich natural beauty and strong cultural heritage. The district spans 1,976 square kilometres, encompassing a diverse landscape of rolling hills, fertile plains, steep hill country, picturesque harbours and striking limestone formations. It is bounded by the Waikato River to the east and the Tasman Sea to the west, with the Rangitoto Range and Pirongia and Kakepuku maunga framing the southeastern and northwestern boundaries.

Ōtorohanga is famously the "Gateway to the Waitomo Caves," a globally recognised attraction and is home to the internationally acclaimed Ōtorohanga Kiwi House, where our national taonga are at the centre of conservation efforts. The district also features lush native forests and significant agricultural activity, particularly dairy farming, which underpins the local economy.

Culturally, Ōtorohanga district holds deep ties to te ao Māori, being the landing place of the Tainui and Aotea waka and forming the northern boundary of the King Country, together with many marae and historical sites reflecting its importance to mana whenua. The town of Ōtorohanga, the district's administrative hub, is a vibrant community known for its rich local history and being the 'Kiwiana Capital'.

With its unique history, stunning geography and thriving communities, Ōtorohanga offers a harmonious blend of natural wonders and cultural depth, making it a cherished part of the Waikato region.



**Serves:****11,050**

people live in the district (2024 estimate) up 0.6% from 2023 Census (source Stats NZ subnational population estimates)

**Occupied private dwellings:****4,416**

(source: 2023 census)

**Population is a mix of:****77%**

identify as European/European decent

33%

identify as being of Māori decent

4%

Identify as Asian

2%

Identify as Pacific



Water bodies

Waikato River (425 km – part)
 Waipā River (115 km - part)
 Mangatutu Stream (18 km)
 Mangapū River (30 km)
 Ōpārau River (24 km)

Limestone springs and streams: The western areas of the district are rich in karst landscapes, leading to the formation of springs and subterranean rivers, especially near the Waitomo Caves area.

Kāwhia and Aotea harbours (part) with coastal estuaries and wetlands contributing to biodiversity and economic activity.



Growth/ population trends

Population Level¹

People, annual level, June Years



What % of NZ total Land area

197,600 ha,

in the Ōtorohanga district (1976 sq kms) stretching from the Tasman Sea in the west to the Waikato River in the east.



GDP

GDP in Ōtorohanga District measured \$690.2m in the year to March 2023, up 4.2% from a year earlier. Growth was greater than in New Zealand as a whole (2.8%).

Economic growth in Ōtorohanga District averaged -0.2%pa over the 10 years to 2023 compared with an average of 3.0% pa in the rest of New Zealand.



How many KM of roads

526km

of sealed roads and 278 km of unsealed roads.



Iwi

Ōtorohanga District includes the rohe of a number of iwi and hapū including – Maniapoto, Raukawa, Ngāti Hikairo, Ngāti Apakura, Ngāti Mahuta, Ngāti Te Wehi, Ngāti Uakau and Te Patupō, with approximately 17 marae located in different parts of the district.

¹Source: Infometrics, Regional Economic Profile



Kia ora Tanya rāua ko Max,

On behalf of Local Government New Zealand, congratulations on reaching this point in our local government continuous improvement programme, Te Korowai.

In Māori culture, the korowai refers to a traditional cloak that serves as a protective garment, shielding its wearer from external elements. The process of weaving a korowai involves the collaboration of multiple craftspeople, each contributing their skills and knowledge to create a unified piece. As a cloak is woven, it gradually takes shape and transforms from individual threads into a cohesive garment.

In the name Te Korowai, we seek to share core values of protection, strength, unity and growth. Te Korowai is our commitment to supporting and empowering councils on their journey towards excellence and continuous improvement.

Members of the Ōtorohanga District Council have shown great strength and unity in their participation in this programme. We were extremely pleased to gain input from 18 kaimahi or staff, 6 Executive leadership team (ELT) members and 9 Councillors including the Mayor, along with iwi and a diverse range of stakeholders who shared their views openly and constructively.

They provided a balanced and reasoned view of your performance. They are both motivated by the opportunities ahead and pragmatic about the challenges you face. They are also committed to supporting you strive for excellence.

Our sincere thanks to everyone involved.

HOW TE KOROWAI WORKS?

Te Korowai applies a descriptive, action orientated four-point range of performance benchmark as outlined below.

Mauri Moe - INACTIVE:

At this stage, councils may not yet recognise the opportunities for improvement, reflecting an initial level of performance where growth and development have yet to begin.

Mauri Oho - AWARE:

Here, councils recognise the need for change and begin to engage actively. This phase marks a transition towards improvement and exploration of new opportunities, indicating a moderate level of performance.

Mauri Tū - ACTIVE:

Councils in this state are committed to change and actively implementing plans to achieve their goals. They demonstrate a high level of performance through proactive actions and effective governance.

Mauri Ora - THRIVING:

The pinnacle of performance, councils in this phase are not only aware and active but also thriving. They continuously evolve, adapt, and excel in their operations and relationships, embodying vitality and resilience.

YOUR EVALUATION

Attached to this letter is your Independent Assessment Report, including areas of strength and weakness, a statement of overall performance and a statement of performance across the four priority areas. When interpreting the data note that the four priority areas are not weighted equally, with financial management and service delivery considered to hold more bearing on overall performance than governance, leadership and strategy.

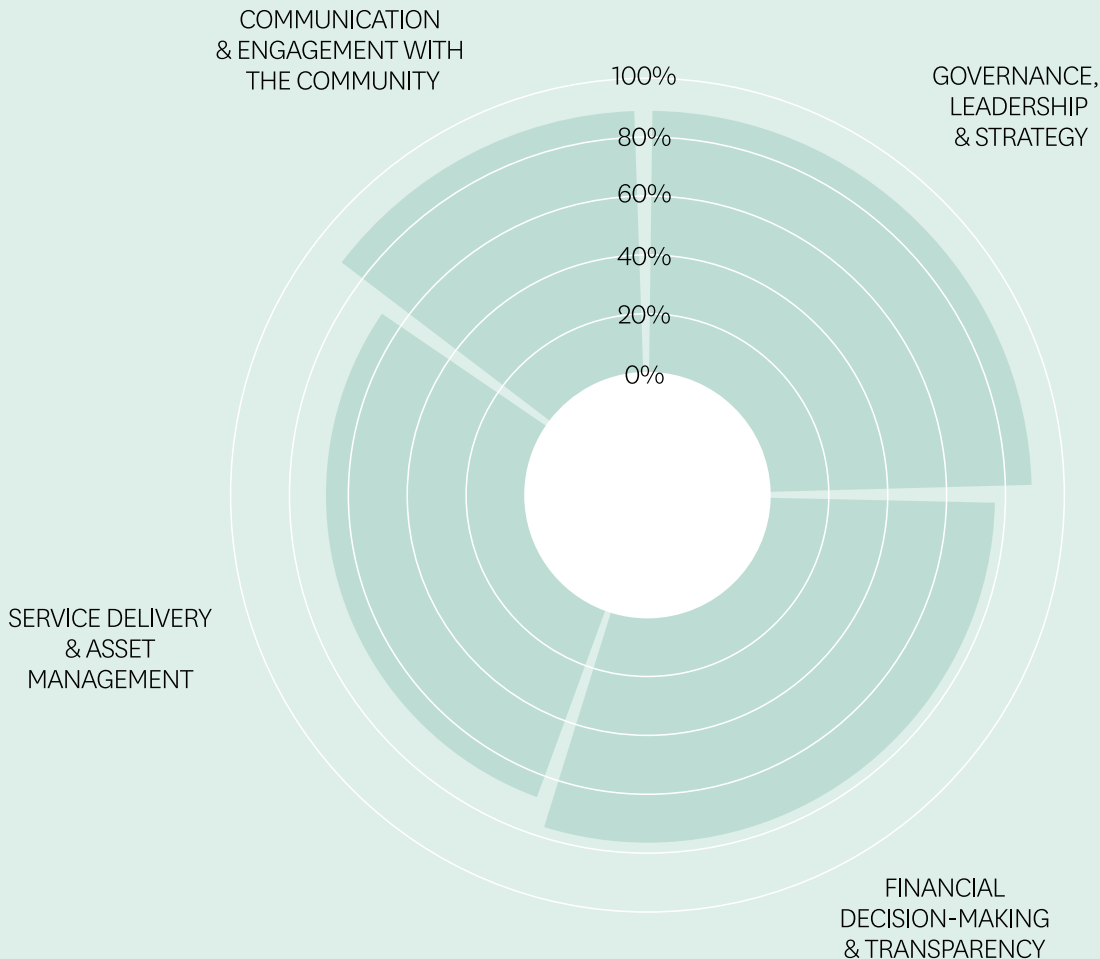
Overall, your performance has been evaluated as **Mauri Ora** recognising that the Council is performing to high standards across most areas, and outstanding in governance, leadership, communications, and engagement. Mauri Ora is equivalent to an **'A'** according to the former CouncilMARK grading scheme.

Across the four priority areas, your council has been evaluated as follows:

	Te Korowai Benchmark	CouncilMARK Grade
PRIORITY 1/ Governance, leadership and strategy	Mauri Ora	AA
PRIORITY 2/ Financial decision making and transparency	Mauri Ora	A
PRIORITY 3/ Service delivery and asset management	Mauri Tū	BBB
PRIORITY 4/ Communications and engagement	Mauri Ora	AA

Performance Assessment Framework priorities

Ōtorohanga District Council, Nov 2024



Making sense of it all >

When processing all this information, it is important to reflect on both the areas for improvement and the strengths in your council. Celebrate your strengths and continue to invest in them. It can take very little for things to change for the worse. For example, a community's view of council communication and asset management could change dramatically following a single, severe weather event.

Similarly, while it can be tempting to focus on where performance has slipped, there are many factors that can lead to this, for example a change in personnel, external change or a failure to address something that becomes more problematic as time passes.

Community priorities are also a factor in evaluation. A council may be high performing in terms of service delivery, but if they are not focused on the things the community has deemed most important, then the council's performance will be evaluated less positively.

Regardless of the outcome, Te Korowai is a programme to support ongoing performance improvement and the strive for excellence. Te Korowai takes a holistic focus and is less about your 'starting point' and more about supporting you to continually move in a positive direction through self-reflection, planning and carefully targeted action.



NEXT STEPS

Local Government New Zealand and your development consultant Mark Abbot will be in touch to discuss this information in more detail.

They will work alongside you to plan for how you can celebrate, reinforce and protect your areas of strength and address your areas of weakness in a practical and realistic manner.

We look forward to continuing to work alongside you.

Ngā mihi, Toby Stevenson - Chair, Te Korowai

OVERVIEW

Kia mau tātou ki te ara... steady as she goes!

Ōtorohanga District Council is a small rural council in a strong financial position, with low debt and rates, and not much population growth pressure. Since the last CouncilMARK assessment (the predecessor programme of Te Korowai) five years ago, Council has undertaken a very successful organisational change and realignment. Today it has a strong focus on community wellbeing which has buy-in at all levels – Councillors, staff, community boards, iwi and wider community.

Overall, Council is very well run, and elected members and senior staff understand and manage finances and services prudently. Clarity of leadership and community engagement is especially strong, as are partnerships with iwi.





Key challenges and opportunities >

+ Governance and leadership:

Council has strong leadership and governance - the challenge will be to maintain this through a succession after the next election and ensure the organisation is fit for future challenges.

+ Resilience and asset management:

retaining momentum on climate change adaptation and natural hazard risk assessment to increase understanding of community vulnerability and build this knowledge into the resilience and redundancy in key infrastructure assets and networks through continuous improvement of asset management plans and service delivery.

+ Partnerships and water reform:

build on strong relationships with neighbouring councils and stakeholders, and good communication between operational and governance levels, to navigate current reform of water so that it delivers for the community.

+ Financial strength

maintain Council's strong financial position while broadening revenue sources and preparing for the use of financial contributions to pay for any population growth that might occur.

+ Sustaining community engagement

maintaining high-trust levels with the community, and the strong and mutually respectful relationships with local iwi, is critical to Council's ongoing success. Council will need to be mindful of when and how it engages with the community to avoid consultation fatigue.



Commonly used terms >

Asset Management Plan (AMP):

A tactical plan for managing a council's infrastructure and other assets to deliver an agreed standard of service.

Infrastructure:

Flood stop banks, pumping stations, water gates and science monitoring equipment including meters and telemetry.

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 (LTP):

The document required under the Local Government Act that sets out a council's priorities in the medium to long-term.

Māori:

Ōtorohanga District Council are engaging with a broad and dynamic groups of Māori including: local iwi, hapū, marae, mana whenua and Māori communities. These terms are used interchangeably throughout the report.

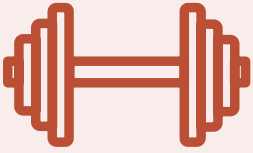
KEY FINDINGS

Ōtorohanga District Council is performing well overall, and in fact is quite outstanding in key areas such as leadership and governance, communications and engagement, and partnership with iwi. Furthermore, elected members work well together, understand and manage the finances prudently, and have a shared wellbeing vision for the Council that has high levels of buy-in from the wider community.

Council is in a strong financial position, with low debt and comparatively affordable rates. Furthermore, the Council's strong technical capability and asset planning, excellent relationships with neighbouring councils and stakeholders, and good communication between operational and governance levels provides a solid foundation for future challenges, such as navigating water reform.

This assessment does suggest some areas of improvement, but they are largely about positioning the Council for the future.





STRENGTHS /

- > Organisational and cultural change since the last assessment is now well embedded.
- > Dedicated and experienced communications and engagement resourcing has been put in place.
- > Council has high-trust, strong and mutually respectful relationships with local iwi.
- > Community views come through strongly in decisions, Council is strategy-led and has a track record of well-informed and pragmatic decision-making.
- > The LTP, financial and infrastructure strategies are well aligned, and along with good asset management plans for roads and three waters, clearly drive investment.
- > Collaboratively developed township concept plans position Council well to understand and achieve community aspirations and respond to any population growth.
- > The Council's low debt levels and sufficient surplus infrastructure capacity means they are in a strong position to address future challenges (eg: resilience risks, modest population growth).
- > The Risk and Assurance Committee's role has been strengthened, and the new independent Chair has brought new disciplines to the Council.



AREAS OF IMPROVEMENT /

- > Risk assessments (including climate change adaptation) to increase understanding of community vulnerability, alongside considerations such as resilience and redundancy in key infrastructure assets and networks, and the role of debt and self-insurance.
- > LTP consultation questions on matters such as infrastructure and community resilience to climate change and natural hazards (amongst others).
- > For elected members and community leaders, communicating community outcomes and planning for succession prior to the next election.
- > The structure of the approach taken for elected member development and the CE's KPIs on resilience to natural hazards and preparedness for future challenges.
- > Staff performance management and recruitment processes (which is currently being addressed).
- > Completion of the community facilities asset management plan and use it to improve service delivery and financial planning for Council's library, housing and other social infrastructure.
- > Resource consent processing, especially compliance with statutory timeframes.
- > Timing and frequency of engagement with the community, to avoid consultation fatigue and focus on resilience to natural hazards.

Leading
Locally >

**Governance
Leadership &
Strategy**

SETTING THE DIRECTION FOR THE DISTRICT

Three years ago, the Council adopted a fresh approach in its long-term plan (LTP), with a strong focus on wellbeing – people place and partnerships. The 2024-2034 LTP very much builds on this vision of “weaving the future together or Kotahitanga”.

The Council ran a very successful community engagement on its latest LTP, and through other engagements, has a high level of buy-in to its wellbeing direction. This buy-in appears to be at all levels – Councillors, staff, community boards, iwi and wider community. It’s a very unified council environment with no public conflicts or media issues.

The overall message from the community was “keep to the path you are on currently - nothing flashy or fancy – stay connected to our communities, do the basics well and ensure we are prepared for the future”. This aligns with the LTP theme of “kia mau tātou ki te ara... steady as she goes” - and fits well with a small rural council, in a strong financial position, and with little population growth pressure.

Consequently, the LTP translates seamlessly into the Council’s decision making and operations - whether it’s the financial and infrastructure strategies, asset management and levels of service, or day-to-day operations and interactions with the community.

EFFECTIVELY MANAGING COUNCIL BUSINESS

The elected members appear to work very well together – and referred to themselves as being “whānau” - and take collective responsibility for their decisions. They are very community wellbeing focussed rather than “just about roads, rubbish and rates”, but in doing this they have a good sense of their role as enablers rather than the doers. While they do on occasion approach staff directly on behalf of the community, they are respectful of the different roles of the Chief Executive (CE) and staff respectively.

The Deputy Mayor leads a fortnightly kōrero to talk through the issues – “it’s a good healthy environment and a safe place to let off steam”.

The elected members are proud of their community, the Council and the staff. They talked about the huge change that followed the CouncilMARK assessment 5 years ago and that progress in addressing the findings of the last assessment has been a regular conversation around the Council table. The selection of a new CE and the assessment helped embed the focus on people and culture and drive the improvements in communication.

They said the organisation had completely transformed as a result and there were no “skeletons in the Council closet”. They particularly valued their alone time with the CE where they can talk candidly and resolve any relationship issues that do arise.

The strong relationship between the Mayor and the CE is a major asset to the Council. They work effectively together to not only set direction but the tone – a happy and positive vibe pervades the organisation from top to bottom.

While elected members have shown they can make hard decisions (eg: keep rates down through the LTP), they also recognised there are challenges coming down the pipeline. The Mayor and several Councillors are standing down at the next election and planning for succession is an important issue to tackle next year. National level changes (such as Māori Wards referenda and RMA reform) may also be a challenge in coming years, but Council expressed confidence in their core values and ability to navigate any changes with their community in their own way. In this respect they highlighted the challenges likely to emerge from “Waikato Water Done Well” and the need to ensure any solution meets the best interests of their community and that the integrity of the Council is maintained.

DEVELOPING ELECTED MEMBER CAPABILITY

All the elected members undertake a self-review (using Ākona) and can create their personal development programmes. They commented about the value of LGNZ through zone meetings, Māori councillor network, conferences (especially involving community board members) and topic related workshops. These have reinforced the value of self-improvement and building useful networks. They also noted more funding would be beneficial to support ongoing self-development.

There was an improved induction programme after the last election, and the elected members hold informal council forums and especially value engaging with community boards.

As suggested in the last CouncilMARK assessment, the Council has appointed an independent and qualified Chair of the Risk and Assurance committee. The new Chair, Peter Stubbs, has made a big difference in terms of better reporting and focus on risk management.

The elected members would benefit from more structure around their own development. This could include 360-degree performance reviews, developing a matrix of capability around the table, and an agreed and funded development plan for each councillor.

The Mayor and some elected members have indicated they are standing down at the end of this triennium. Prior to the next election, the Mayor and elected members may wish to think about communicating community outcomes (eg: through a pre-election report) and planning for succession. If there is a major change in elected members next year this will also require more emphasis on induction and team building in order to maintain the current culture and momentum (eg: there may be a need for training on Treaty of Waitangi issues).

ENSURING WELL-INFORMED COUNCIL DECISIONS

The elected members are generally well informed in making critical decisions. They are driven by the LTP and its underpinning values around wellbeing and community connection.

Community views come through strongly in decisions though genuine engagement across all issues, and they have a track record of being pragmatic and making hard decisions where necessary (eg: not proceeding with a reticulated wastewater scheme for Kāwhia). However, it is important that in making such decisions there is focus on future risks and consequences that may flow from them (eg: septic tanks in Kāwhia need to be monitored and managed to avoid environmental and public health impacts).

The staff reports are generally clear and aligned with strategy, although sometimes quite long and detailed. Details are often needed to provide assurance around delivery of outcomes on complex issues, however, more focus on outcomes/impacts/risk at the beginning (a top-down procedure) and more use of appendices might assist decision makers. There is also some opportunity to use more visuals and summaries for ease of reading, especially when reporting progress (eg: dashboards etc).

DRIVING CHIEF EXECUTIVE PERFORMANCE

The elected members have had a clear focus on supporting the CE to lead the very successful organisational transformation and culture change over the last few years. In doing this they are also very aware of their role in looking after the CE's wellbeing through the change (through practical support as well as the respectful way they interact).

The CE has a clear set of KPIs set by Council and these are regularly reviewed by a special Council committee, including an independent expert advisor. The KPIs currently tend to be pragmatic and organisational change focussed – this is a totally appropriate approach and has helped the organisation make significant progress over the last few years. However, they are now at a maturity stage where there is an opportunity to refocus some of the KPIs more on organisation resilience to natural hazards and preparedness for future challenges.

CREATING EFFECTIVE IWI PARTNERSHIPS

The Council has made large strides in creating effective partnerships with iwi since the last CouncilMark assessment. As one local iwi leader said,

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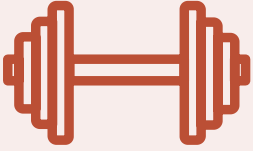
we can now see ourselves in what the Council is doing, it far exceeds ordinary type engagement, and they are genuinely concerned about iwi expectations and touch base on everything.

While the Māori engagement framework is still to be formally adopted, it is already in place on a practical, day-to-day basis. Three factors were considered by staff and elected members as important in this journey:

- > The Rangjātea (Māori Ward) Councillors have made a substantial contribution – especially in knowing who to talk to, bringing a different perspective to the table and clarifying iwi expectations.
- > formal agreements with iwi and regular face-to-face meetings on marae have helped immensely to create trust.
- > the creation of a Kaitakawaenga (Iwi Relations Advisor) role reporting directly to the CE, has helped enable staff in stepping up to engage with iwi and provided a core internal resource to support change.

Māori noted by way of example the concerted effort to get them involved in major initiatives such as the development of Town Centre Concept plans and the Reserves plan. Staff now “don’t start writing documents until they’ve had conversation”.





STRENGTHS /

- > Elected members work well together and have a shared wellbeing vision for the Council that has high levels of buy in from the wider community.
- > Organisational and cultural change since the last assessment is now well embedded – a happy and positive vibe pervades the organisation from top to bottom.
- > Community views come through strongly in decisions, they are strategy-led, and they have a track record of well-informed and pragmatic decision making.
- > The Risk and Assurance Committee has an independent Chair and is managing risk well.
- > The iwi partnership is strong and effective.



AREAS OF IMPROVEMENT /

- > Council could move to the next level of organisation maturity with more focus on being future-fit, and more proactively understanding and managing future risks, challenges and resilience.
 - > Elected member development could be more structured.
 - > Reporting could be improved with more focus on outcomes and impacts of decisions. Consider whether greater use of visuals and summaries could make reporting to the public more accessible.
 - > Some of the CE's KPIs could be refocussed especially on resilience to natural hazards and preparedness for future challenges.
 - > For elected members and community leaders, consider communicating community outcomes and planning for succession prior to the next election.
-

Investing
money well >

**Financial
decision-making
and
transparency**

Ōtorohanga District Council is a small rural council in a strong financial position, with low debt and rates, and little population growth pressure. The elected members and senior staff understand and manage the finances prudently.

FINANCIAL PLANNING AND REPORTING

The LTP and financial strategy are well aligned. The CE and finance team have an excellent understanding of the Council's finances and, along with elected members, made some difficult decisions in the latest LTP to keep rates at affordable levels (2024/25 rates increase was 10.37%, which is lower than similar councils).

As part of the organisational realignment work over the last few years the finance team recruited well and has built capacity. They have also introduced new financial systems, such as the new cashflow forecasting tool. They produce a financial report monthly for the Council and quarterly to the Risk and Assurance Committee. The annual report has a comprehensive set of financial and non-financial measures.

Debt is low and well within treasury limits. They therefore have considerable borrowing headroom to deal with unforeseen events and future investment if required.

Their biggest immediate financial challenges are inflation and reduced NLTP roading funding. On the latter the Council has used some depreciation reserves, prioritised some resealing to address road condition and pulled back on some of the planned drainage and culvert work. They continue to closely monitor actual costs against forecast.

As part of the LTP the Council decided to defer some depreciation to keep rates affordable, but they have prudently budgeted to make this up over the medium term. It is also important in making all the above financial trade-offs that council considers intergenerational equity.

BUDGETING AND COST ALLOCATION

The Council regularly achieves a balanced budget in both LTP and Annual Plans. The budget is worked up from zero base. As part of this process the leadership team apply a "litmus test" to all activity plans and competing demands for funding.

The LTP and annual budget have been produced on time despite the need to wrestle with keeping rates affordable and major changes to the Government's three-waters policy. There were qualifiers by auditors on the LTP, but these are due to last minute funding changes by central government (i.e. NZTA's underfunding on roading).

Council revenue is about \$35m and comes from a variety of sources. They have a uniform annual charge which collects about 25% of revenue and most of the rest is collected via several targeted rates, such as the Kāwhia community rate. They also have water metering, income from rental/leases and subsidies from NZTA (they have received other government funding in the past).

There are no major assets or investments that produce significant income, and only small amounts of revenue from development and financial contributions due to low population growth. There is potential to increase income from property rentals and leases, and notwithstanding the low growth rates, it would be prudent to review their development and financial contributions policy to ensure it is fit for infill and new subdivisions should they occur.

Council capital and operating budgets are modest (capital budget for 2023/24 is about \$15m) and they have appropriate cost controls and a good handle on costs such as overheads. They reported that cost increases over the last few years have been low compared to other councils. Procurement is covered in the following section on service delivery and asset management.

MANAGING INVESTMENTS

The Council's infrastructure assets are generally professionally managed and in good repair. The asset management plans for roading and water supply/wastewater infrastructure have been reviewed and improved in recent years – and these are aligned with LTP and now drive maintenance and renewal investment programmes to maintain current levels of service. The Ōtorohanga wastewater plant has undergone extensive investment in recent years and Council has recently purchased land around the plant for expansion and as a buffer zone.

An asset management plan for community facilities (buildings, parks etc) is nearly complete – this will ensure all assets have plans and bring a more systematic approach to managing investment in these assets. It will also likely raise affordability and investment questions about the sustainability of some of these assets.

Broadly the district has sufficient surplus infrastructure capacity to accommodate any modest population or industry growth. This, and the low level of debt, mean the Council is in a good position financially. There are no major investments on the horizon – it's steady as she goes!

The biggest risks to current investments are natural hazards and unforeseen failures. Refer to further risk discussion in the following section on service delivery and asset management. Any responses to risk do not necessarily need to be about investment in infrastructure – there are valid level of service choices to be made and financial options around self "insurance" (in some respects current low debt levels are acting effectively as a self-insurance).

The Council has in recent years received \$2.4m from the Mayor's Taskforce for Jobs. This investment has seen 341 people employed in permanent jobs so far.

Finally, Council has in recent times made small loans to outside organisations, such as, to help the Ōtorohanga Kiwi House to progress a major redevelopment and the Westridge land developer to continue through Covid-19. The appropriateness of these loans was thoroughly debated at the time, however, if this were to become a common activity the Council may wish to consider developing a consistent community loans or investment policy.

MANAGING AUDIT, RISK & CONTROL

The Risk and Assurance Committee's role has been strengthened, and the new independent Chair Peter Stubbs has brought new disciplines to the Council. In particular, Council is now "more focussed on impact not just reporting what has happened".

The Committee closely monitors progress on capital projects and other major initiatives - and provides discussion and guidance about managing risk and keeping projects on target.

The Chair has also focussed on a plan to close out all earlier audit actions. As noted earlier, independent auditors have in recent years given unqualified reports (notwithstanding recent disclaimer on the LTP due to last minute loss of NLTP funding).

The Council has thoroughly reviewed its processes and documents which maintain its integrity. This includes the procurement plan, delegations' policy and register, fraud and corruption policy and elected member code of conduct and pecuniary interests register.

Risk reporting has been reviewed and a risk framework adopted. Elected members, leadership team, and key staff regularly update the risk register and mitigations. A risk consultant has been employed via the Co-Lab partnership.

As discussed above and in the following section on service delivery and asset management, the Council is likely to face resilience challenges off the back of the climate change adaptation risk assessment and response plan. More regular 'deep dives' on specific hazards and infrastructure risks may also be needed.



REPORTING PERFORMANCE

The Council has a comprehensive set of financial and non-financial measures which it reports through its long-term plan and annual plan reporting process. These reports are very accessible to the public through written material, the Council's new website and public forums. Summaries and a 'plan on a page' are produced to make it easier for the public to engage. Progress is regularly reviewed by Council and the Risk and Assurance Committee.

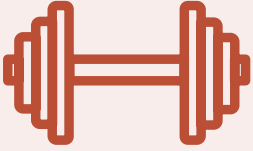
All financial targets were met. Non-financial performance measures and reporting are discussed further in the following section on service delivery and asset management.

BEING CLEAR AND TRANSPARENT

As noted in the previous sections, recent LTP and annual plan processes were very well run and all decision-making clear and transparent. For example, the 2021-2031 LTP process focussed public engagement around some key investment questions – they were quite specific rather than strategic questions, and this generated a lot of public interest in the communities potentially impacted (eg: whether to proceed with a wastewater scheme in Kāwhia).

The rating policies are clear, well targeted toward the beneficiaries and publicly available. While the rating system has multiple types of rates, the process of calculation is thorough and the targeting rational.

The Council's low levels of debt and comparatively more affordable rates are widely supported by ratepayers. The Council's strategic clarity, good communications and openness is reflected in high levels of trust with the community (60%) and residents' satisfaction with Council performance is exceptional (90% satisfied or neutral).



STRENGTHS /

- > The Council is in a strong financial position, with low debt and comparatively affordable rates.
- > Elected members and senior staff understand and manage the finances prudently.
- > The LTP, financial and infrastructure strategies are well aligned, and along with good asset management plan for roads and three waters, clearly drive investment.
- > The Council's low debt levels and sufficient surplus infrastructure capacity to accommodate any modest population or industry growth, means they are in a strong position to address any future challenges (eg: resilience risks).
- > The Risk and Assurance Committee's role has been strengthened and the new independent Chair has brought new disciplines to the Council.
- > The Council has a comprehensive set of financial and non-financial measures which it reports in clear, transparent and accessible way to the public.



AREAS OF IMPROVEMENT /

- > There may be opportunities to increase income from property rentals and leases.
 - > The development and financial contributions policy could be reviewed to ensure it is future-fit for any infill and new subdivision growth that might occur.
 - > Consider developing a Community Investment policy.
 - > Consider investment priorities emerging from the climate change adaptation risk assessment and response plan (underway), including role of debt and self-insurance in addressing resilience challenges.
 - > Consider the use of 'deep dives' on specific hazards and infrastructure risks.
-

Delivering
what's
important >

Service Delivery and Asset Management

A comprehensive organisational review and realignment was undertaken in recent years to ensure that Council has sufficient capability in place to deliver on community outcomes and levels of service. Concurrently, an accelerated programme of initial infrastructure upgrades for wastewater, water supply and stormwater has largely been completed. As it builds on this work, Council has the opportunity to further mature its knowledge, management, and funding of physical and social infrastructure assets to face future challenges. How this looks will partly depend on Council decisions regarding Waikato Water Done Well, which is currently being explored with regional neighbours in response to central government reform of water service delivery.

The climate change adaptation risk assessment and targeted risk assessments will be essential to increase understanding of resilience and redundancy in key infrastructure assets. The ongoing effectiveness of flood protection for Ōtorohanga township and approaches to coastal adaptation may also need to be explored with communities and stakeholders in coming years to understand the potential intergenerational financial, social and environmental costs that may lie ahead.

SETTING AND EVALUATING SERVICE LEVELS

Council identifies infrastructure service levels through its asset management plans; while levels of service for other activities are developed via related strategies, plans or policies. Overall service levels are consulted on through the LTP process and reported on by way of performance measures in the Annual Report.

Levels of service for physical infrastructure appear to be well understood, with decisions made to decommission assets when needed. For example, Council is proposing to close the Arohena Drinking Water Scheme as compliance with drinking water standards had been difficult to achieve, instead retaining this as a non-drinking water supply (this could require compliance monitoring). Wastewater challenges at Kāwhia are also on Council's radar, although a wastewater treatment plant at Kāwhia has not been included in the Infrastructure Strategy or funded at the current time. Consequently, the Council will need to consider how to manage the potential risk of poorly maintained septic tanks polluting the harbour.

Staff are working with Waikato Regional Council to make improvements to the Ōtorohanga Wastewater Treatment Plant following receipt of an abatement notice earlier this year, demonstrating a commitment to compliance.

Levels of service and priorities for social infrastructure could be more fully developed, however, this should be rectified through the community facilities asset management plan currently being developed.

A Performance Management Framework was released this year and identifies a suite of internal measures, as well as those included in the Annual Report. Each measure is assigned to an individual staff member to ensure accountability and enable the development of work programmes. The 2023/24 Annual Report identified that just over half of performance measures were achieved. This information is provided upfront in the Annual Report, aiding transparency. There is an opportunity for Council to be bold and move beyond the mandatory measures for three waters infrastructure, to reflect what matters to Council and ratepayers now and in the future.

For example, once risk assessments have been completed, potential targets regarding infrastructure resilience and redundancy, as well as targets for quality and coverage of asset condition data, could be reported on.

PLANNING FOR THE FUTURE

A series of 'concept plans' (or spatial plans) for three geographic areas covering the district were developed and widely consulted on with the community and stakeholders. These plans identify local place-based projects to inform the LTP and a wider framework to guide future statutory planning processes.

The development of these concept plans represented a shift away from the status quo, seeking to balance competing demands through a wider process than available through current statutory pathways. These concept plans position Council well to respond to population and economic growth, as well as resource management and water infrastructure reform. The plans also position the Council well to inform any future district plan review and/or the development of a regional spatial plan should this be required through resource management reform.

The process for developing the concept plans was praised by stakeholders, who saw them as a great tool likely to strengthen communities. Iwi said that they felt included in the process right from the beginning.

SERVICE DELIVERY, INVESTMENT AND THREE WATERS

Dependent on upcoming decisions to be taken, Council's overall approach to water service delivery and investment will be shaped by Waikato Water Done Well, a regional response to central government's Local Water Done Well reform programme. At the time of assessment, Waikato Water Done Well was top of mind for elected members, who were seeking clarity on the benefits of this approach for both current and future residents of Ōtorohanga district, of whom only 30% currently use water services.

Council's technical capability, strong relationships with neighbouring councils and stakeholders, and good communication between operational and governance levels will provide a solid foundation to fully consider the complex decisions required to navigate reform in the best interests of local communities and the environment.

Council has asset management plans in place for wastewater, stormwater, water supply, and land transport. A community facilities asset management plan is under development and will improve service delivery, financial planning and community visibility of trade-offs and risks for Council's library, housing and other social infrastructure. A dedicated team is responsible for all asset management plans, creating efficiency and accountability in this function.

Although asset condition knowledge has increased in recent years, staff acknowledged that Council is 'still on a journey' in this regard. Practice is better in the roading area (see transport section below) but in other areas asset condition is largely determined based on age of assets and desktop assessment. The use of technology has been explored although was not always considered to provide a sufficient return on investment. Renewal costs for the three waters are forecast based on historic trends, an approach which may have been sufficient to the present but may not withstand any additional pressure placed on infrastructure networks as a result of natural hazard events or unanticipated population and economic growth.

Staff advised that criticality is considered in its asset renewal and replacement programme, although opportunities exist to review and build in redundancy particularly at critical control points (eg. we heard that the Kāwhia water supply intake is quite vulnerable to failure). A detailed view of asset resilience and redundancy is essential and will need to be supported at the governance level due to potential trade-offs, financial and social costs.

DELIVERY OF CAPITAL SPENDING

Council's capital programme encompasses a three-year period, rather than the previous year-by-year programme approach. This is working well for larger renewals projects and has achieved efficiencies such as combining several projects into one contract through a single procurement process. Staff spoke highly of Council's project delivery team, which has increased in-house capability and received praise from external contractors.

No formal business case process is in place due to the reportedly infrequent need for such analysis, and external resourcing is used when required. Reporting on capital project risk is provided to the Risk and Assurance Committee on a quarterly basis and regular reporting on project progress and cost is also provided. Reporting on benefit realisation "doesn't happen a lot"; Council could consider this type of reporting to broaden its understanding of return on investment.

CLIMATE CHANGE AND HAZARD MANAGEMENT

Various efforts are in the pipeline or underway to inform Council's adaptation response to climate change and hazard management. This includes efforts such as developing specific risk assessments, modelling of Waipā River flood protection with Waikato Regional Council, and investigation of a resilience explorer tool. In addition, asset management plans take a precautionary approach to potential climate change impacts such as automatically upsizing stormwater/culvert renewals.

It is critically important to understand areas of community and infrastructure vulnerability under various climate change adaptation and natural hazard scenarios to determine the extent of planning and investment required to achieve service continuity, maximise safety, and aid recovery should an event occur. Retaining momentum with risk assessment work is important. Accurate data, strong relationships, and good communication will help navigate what may be some tricky conversations ahead between Council, communities and stakeholders in relation to climate change responses, risk appetite, and investment trade-offs.

Recognising that it needs to play more of a role in climate change adaptation, Council signalled that it wants to have a climate change response plan well advanced by the end of next year. This may include adaptation considerations in any upcoming district plan review and additional investment in resilience (eg. sea walls).

TRANSPORT

Council has a relatively small roading network which is generally low risk, with roads, bridges and drainage generally in good condition. The GM Engineering and Assets and the Roding Manager have good understanding of the network and assets, and their relationships with NZTA, neighbouring councils and contractors are strong.

The roading teams' capability is further enhanced by its involvement in the national Road Efficiency Group (REG) and collaboration with neighbouring councils through Regional Asset Technical Accord (RATA) and Co-Lab. RATA roading asset management is a shared service across the Waikato region, and along with REG, provide useful benchmarking and sharing of expertise/experience.

Council has recently refreshed and improved its asset management plan (AMP) and developed a road transport activity procurement strategy which sets out its plan for the network and value for money objectives. Both align closely with the LTP, infrastructure and financial strategies, and are used to drive the annual maintenance and renewal programme and guide any critical trade-offs around levels of service.

The Land Transport AMP is of good quality and with benchmarking information which demonstrates that data quality is improving, and better than their peer group of councils. Most performance indicators are acceptable and stable (eg. value for money), however, pavement and surface condition indicators have shown a gradual but small decline over recent years. In its latest work programme, the Council has prioritised resealing to address these road condition issues, despite the shortfall in NZTA subsidy.

The recent NZTA funding shortfall illustrated the roading teams' ability to provide mature advice to Council on options, such as enabling priority capital and operating projects while leaving the door open should extra NZTA funding emerge in the future. Council still managed prioritised resealing to address this road condition issue but have pulled back on some of the culvert renewal work. The latter may have to be revisited once the climate change response plan is completed.

REGULATION

Council has a recently updated Compliance and Enforcement Policy which emphasises its engagement, education and enabling approach to compliance. Prosecution is a last resort as the organisation is not resourced to undertake proactive enforcement.

The building consent process appears well-run, with Council obtaining International Accreditation New Zealand (IANZ) reaccreditation and reporting excellent relationships with the construction sector, who are “like family, we’re on a first name basis”. Council is also moving to an online building consent process which will achieve further efficiency gains. Resource consent processing is an area for improvement with statutory timeframes consistently not met over the past few years. Staff identified an issue with how statutory working days are recorded within Council systems which may be contributing to this non-compliance. Although resource consent numbers are not high, this area would benefit from intervention to ensure statutory obligations are met and retain credibility with service users.

Animal control is a shared service with Waitomo District Council, achieving efficiency gains across both districts. Health and safety of frontline staff appears to be top of mind; staff are issued with lone worker devices and vests. A property risk register is being developed to identify potential hazards present on individual properties, which will be useful. Council reported a strong relationship with local Police which is beneficial.

PEOPLE, CAPABILITY AND CULTURE

A recent organisational review and realignment focused on right-sizing Council, attracting quality staff, and developing a positive culture. This approach appears to be paying off, with a recent staff survey indicating that an average of 89% of staff enjoyed working for Council. As noted, a happy and positive vibe is evident throughout the organisation and is a credit to Council leadership.

Opportunities to improve performance management and the recruitment process were noted, with no set process in place if people do not meet their key performance indicators. Managers thought that the recruitment process is too long, with candidates often taking other offers while waiting for a decision. These issues have been recognised by senior leadership and are being addressed.

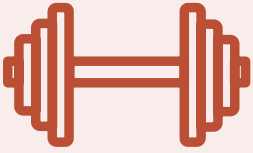
PROCUREMENT

The procurement strategy has been recently reviewed and has appropriate policies for a council of this size. The contractor market appears competitive – typically getting 2-3 bids on a significant procurement.

Council is a standing member of Co-Lab, an organisation owned by 12 councils across Waikato and Bay of Plenty. This has benefited Ōtorohanga through access to shared services and joint procurement arrangements. In the last financial year, Co-Lab estimated that Council had saved a reasonable amount on procurement through utilisation of its shared service and in efficiency gains. Council demonstrates a pragmatic approach to shared services where it is efficient to do so.

TECHNOLOGY

An Information Management Strategy to improve document management practices is currently being developed. This is timely as document management is a point of frustration for staff and received the lowest score in a recent staff survey. Some progress is being made in the digital space, with a new user-friendly Council website recently launched and IT processes being put in place. However, Council appears to lack on overall digital strategy to guide future plans regarding the use of technology (including AI) to deliver faster, cheaper, and better-quality services. Developing such a strategy may be beneficial to consider as the organisation matures.



STRENGTHS /

- > The Council's organisational structure and resourcing are now in place to deliver on community outcomes and levels of service, particularly in asset management and project delivery.
- > Council's technical capability, strong relationships with neighbouring councils and stakeholders, and good communication between operational and governance levels will provide a solid foundation to navigate current reform of water service delivery.
- > Asset management plans are in place for three waters and land transport. A dedicated team is responsible for all asset management plans, creating efficiency and accountability in this function.
- > Collaboratively developed concept plans position Council well to understand and achieve community aspirations and respond to population and economic growth and legislative reform.
- > Council's land transport function is well-run with in-house capability, a thorough asset management plan which aligns closely with the LTP, and the ability to pivot when expected NZTA funding was not provided.
- > The building team appears to be performing well, and the upcoming move to an online building consent process will achieve efficiency gains.
- > Involvement in Co-Lab is beneficial, providing access to shared services and joint procurement arrangements.



AREAS OF IMPROVEMENT /

- > Retaining momentum with the development of risk assessments to increase understanding of community vulnerability alongside resilience and redundancy in key infrastructure assets and networks.
- > Council could consider moving beyond mandatory measures for three waters infrastructure to develop measures that more directly address the local context.
- > A community facilities asset management plan is under development and should improve service delivery and financial planning for Council's library, housing, and other social infrastructure.
- > Resource consent processing is an area for improvement, with a view to assuring and increasing compliance with statutory timeframes.
- > The need for improvement to performance management and recruitment processes has been noted and is being addressed.
- > Consider developing a digital strategy to guide future plans regarding the use of technology.

Listening
and
responding >

**Communicating
and Engaging
with the public
and businesses**

A focus on communication and engagement in recent years has resulted in the strengthening of relationships between Council, community, and stakeholders. In the 2022/23 annual survey, approximately 80% of residents thought Council communicated well with the community.

Council has a comprehensive communications and engagement framework in place and in progress, informed by community survey findings and social media usage data. Comprehensive survey improvement plans respectfully consider residents' feedback and assign actions to staff, reflecting a commitment to continuous improvement. Communications resourcing is lean but proportional to the size of both Council and the district. A Kaitakawaenga (Iwi Relations Advisor) role has operated effectively since its establishment two years ago, contributing greatly to building trust between Council and iwi partners as well as internal cultural capability.

COMMUNICATIONS POLICIES

Council has a recent Communications Strategy that was workshopped with staff and elected members. The Significance and Engagement Policy is also being updated and Council is developing a Māori Engagement Framework as a toolkit for staff and elected members. These strategic documents are underpinned with event-specific communications plans, for example, for the recent Long Term Plan (LTP) consultation. Findings from residents, iwi leaders, and staff surveys are given serious consideration and improvement plans developed to fine-tune and improve Council's communication and engagement efforts.

Staff noted a change in Council's approach to communication and engagement from 'nothing' to a 'big focus'. This is reflected by an uplift in resourcing, with a dedicated part-time Communications Manager and full-time Communications Advisor in place to drive actions previously assigned to staff undertaking multiple roles.

ENGAGEMENT ON PLAN CHANGES AND OTHER CONSULTATIONS

Statutory consultation appears well planned and executed as evidenced by the existence of comprehensive communications planning documents and positive community feedback. The consultation document for the recent LTP was well written and presented, providing information clearly and effectively. Opportunities exist in coming years for Council to develop meaningful LTP consultation questions on matters such as infrastructure and community resilience to climate change and natural hazards, canvassing residents' risk appetite, priorities and consequent funding trade-offs.

Interestingly, residents' feedback on the recent LTP consultation process pointed to consultation fatigue in the community, with reports of 'too much consultation'. Council will need to be mindful of when and how it engages, developing approaches to balance statutory requirements with community willingness and ability to engage.

CRISIS MANAGEMENT

Processes for emergency communications and stakeholder coordination during a crisis response are outlined in various documents, including the Waikato Civil Defence Emergency Management Group Plan. Specific message management tasks are identified in the Ōtorohanga Operational Plan to facilitate the two-way flow of information between the Customer Service Team and Emergency Operations Centre to support situational awareness. Council advised that training on these processes is undertaken regularly, including as part of larger joint exercises with Waipā and Waitomo District Councils. It is unclear whether regular review of the ongoing effectiveness of these processes is undertaken, including the use of emerging communication technologies. If not, Council may wish to consider doing so.

EXTERNAL COMMUNICATION AND MEDIA

Council has greatly increased the number and type of communication channels it uses to engage with the public and stakeholders. This includes a mix of traditional print media, email, social media, and software such as Granicus (a consultation platform) and Antenno (a communication app). Residents are also enabled to engage kanohi ki te kanohi (face to face) at the Council office or at various ‘pop up’ Council events across the district. Refurbishment of the Council office has made the organisation a more welcoming place, with a friendly reception area and the ability for non-Council organisations and community groups to use meeting rooms. Iwi groups were included in the development of refurbishment plans, gifting names for meeting rooms and assisting in the design to enable residents to connect with Council spaces. This approach reflects an overall shift in Council towards becoming a more approachable, collaborative and customer focused organisation, leading to a strong sense of pride and community service evident in staff at all levels.

Council also utilises regional relationships to inform and deploy its communication and engagement function. Regular regional communications meetings are held with neighbouring councils and one-off meetings as needed on specific topics. For example, councils met to align messaging around Waikato Water Done Well. In addition, leadership teams connect regularly, for example with neighbouring Waipā District Council to explore opportunities for communications alignment and shared support.

In terms of media, the Mayor, Chief Executive or leadership team are responsible for speaking to media. Staff advised that media training for elected members and staff hasn't really been needed but “it's a gap we can plug”.

INTERNAL COMMUNICATION

A survey completed last year indicated that an average of 77% of staff were happy with Council's internal communication. As a smaller Council, staff spoke of the advantages of a relatively flat hierarchy meaning that the Chief Executive and Senior Leadership Team were accessible and approachable. The Chief Executive holds regular ‘Time with Tanya’ drop-in sessions where staff can raise any issues or questions and sends a weekly email to all staff. Staff appeared to have a good awareness of the role and responsibilities of other teams, often covering for each other when needed, such as in the Library.

ENGAGING DIGITALLY

Communication and engagement data indicates that social media follower numbers are increasing, with 558 people following Council's Instagram account and 3,831 following its Facebook page. Interestingly, on both platforms approximately 25% of followers were located in Ōtorohanga, while a number of followers were located in Hamilton, Te Awamutu, Waitomo, and Auckland.

This may influence Council's approach to social media content to capitalise on ‘out of town’ interest. Council has recently upgraded its website, which appears user-friendly and easy to navigate. This includes a specific consultation and engagement page, efficiently centralising engagement information for ratepayers. The Annual Residents Survey explores what topics ratepayers would like to know more about, and plans are in place to respond to this, for example, more targeted communications for Kāwhia. Opportunities exist for Council to understand ratepayer preferences in terms of communication channels to further optimise digital engagement.

Building good relationships >

Māori/ Iwi

Both the Mayor and Chief Executive have prioritised iwi relationships over the past five years, with a high level of mutual respect and trust evident between parties. Iwi noted that Council makes a genuine effort to understand iwi expectations and ensure iwi are kept up to speed with what ŌDC is doing. One iwi partner said “ŌDC has made a concerted effort” building relationships with iwi. Although these relationships are not always smooth sailing, their strength assists both parties to navigate areas of disagreement and/or contention with authenticity and respect.

A Kaitakawaenga (Iwi Relations Advisor) was co-recruited with iwi partners and has been pivotal in enhancing relationships between Council and iwi. One iwi representative “couldn’t say enough” about the positive contribution this role has made. Council is developing a Māori Engagement Framework as a toolkit for staff and elected members. This is due to be adopted in early 2025 and will continue to build cultural capability within the organisation.

Business

Council’s primary link to the local business community is through Elevate, previously known as the Ōtorohanga District Development Board. Council contracts Elevate to “promote, encourage, support and undertake activities and services that are focused on the economic wellbeing of Ōtorohanga District”. A service agreement is in place, although this expired in June 2024 it is planned to be renewed.

An Economic Wellbeing Strategy was adopted in the last financial year, including a vision and four pou (pillars) to improve the community’s economic wellbeing. Each pou is underpinned by a series of comprehensive actions, however, these actions do not identify responsible parties. Council advised that a priority action plan is under development which may address this. Progress against achievement of stated actions will form part of an Environmental Scan undertaken every three-years to support the delivery of the LTP.

Council is also advertising for an Economic Development Manager to lead its relationship with Elevate. Care will be needed to ensure that this role complements, and does not duplicate, those functions within the remit of Elevate.



Sands

OF KAWHIA

Central Government

Council engages with central government through membership of various local government sector bodies and the Waikato Mayoral Leaders Forum. Where it has the capacity to do so, Council makes submissions on Select Committee processes relevant to the district, including the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill and the Fast Track Approval Bill. Council also regularly engages with central government agencies such as the Department of Internal Affairs, Kanoa (Regional Economic Development Agency), Ministry of Social Development, and Ministry of Housing and Urban Development.

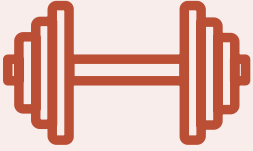
District councils

Ōtorohanga District Council works exceptionally well with local government neighbours, recognising the benefits of sharing limited resources across district borders. These relationships put Council in a good position to meet the challenges of legislative change coming from central government and other quarters, including Waikato Water Done Well. Staff noted how councils joined together to attend the tangihanga for the late Māori King (Kingi Tūheitia Pōtatau Te Wherowhero VII) as a particularly poignant example of positive and enduring relationships with council colleagues from across the region.

Reputation

Although the Annual Residents Survey does not contain a specific question regarding Council reputation, it does test the level of trust in ŌDC and satisfaction with overall performance. In the 2022/23 survey, 60% of respondents said they had high trust in or trusted Council 'most of the time' and 26% had an average level of trust. 63% were satisfied or very satisfied with Council's overall performance in the last year and 27% were neutral. These reflect relatively low levels of dissatisfaction and a community generally comfortable with its Council.

Stakeholders were complimentary of Council and its approach to engagement and communication, one stating that he was "impressed with the commitment of the organisation and its openness to feedback". Another noted that "ŌDC is good at building relationships and not too proud to ask for help, in a partnership way - not a servile way". Council therefore appears to have a solid reputation, potentially due to its authentic, committed and open approach to local and regional relationships.



STRENGTHS /

- > Dedicated and experienced communications and engagement resourcing has been put in place over recent years, strengthening this function which previously fell to multiple staff members.
- > Council has high-trust, strong and mutually respectful relationships with local iwi, championed by the Mayor and Chief Executive and assisted by a capable Kaitakawaenga (Iwi Relations Advisor).
- > Ratepayers generally trust Council and are satisfied with Council's overall performance.
- > Excellent relationships with neighbouring councils are leveraged to work efficiently across topics of common interest and provide mutual support.
- > A commitment to enhancing engagement and building cultural capability of staff and elected members is evident through the adoption and implementation of an upcoming Māori Engagement Framework.
- > Good use is made of 'improvement plans' to action survey findings.



AREAS OF IMPROVEMENT /

- > Opportunities exist for Council to develop meaningful LTP consultation questions on matters such as infrastructure and community resilience to climate change and natural hazards (amongst others).
 - > Multiple communications and engagement documents could be combined or linked for ease of reference and use.
 - > Council will need to be mindful of when and how it engages with the community to avoid consultation fatigue.
 - > More rigorous analysis of social media usage data could be undertaken to understand audiences and target content.
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