

NORTHLAND REGIONAL COUNCIL

# Organisational Performance Committee

## Agenda

For meeting to be held in the Council Chambers  
on Tuesday 27 May 2014, commencing at 2 pm

**Recommendations contained in the agenda are NOT decisions. Please refer to minutes for resolutions.**

### MEMBERSHIP OF THE COMMITTEE

**Cr Shepherd (NRC Chairman)**  
**Cr Ramsey (NRC Deputy Chairman)**  
**Cr Sinclair**

*As this is the inaugural meeting of this committee and its chairperson has not been appointed by the council, the Chief Executive will preside until the committee elects its own chair.*

### OPEN MEETING

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**ISSUE: Election of Committee Chairperson****ID:** A579903**To:** Organisational Performance Committee, 27 May 2014**From:** Malcolm Nicolson, Chief Executive Officer**Date:** 5 May 2014

**Summary** The purpose of this report is to facilitate the election of the Chairperson of the Organisational Performance Committee, as required by the Local Government Act 2002. It describes the options for voting as set out in the Act and recommends that "System B" be used.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

A chairperson is required to preside over the meetings of a council committee. As Council has not appointed the chair of the Organisational Performance Committee, the committee must select one of its members to preside<sup>1</sup>.

A proposer and seconder will be required for each nomination. Any nomination that is proposed but not seconded, will be deemed to have lapsed.

If only one nomination is received, that person will be declared to be elected.

Should more than one nomination be received, the committee will be called upon to decide which of two systems of voting is to be used to make the appointment.

These voting systems are specified in Clause 25 of Schedule 7 to the Local Government Act, are as follows:

**System A**

- (a) requires that a person is elected or appointed if he or she receives the votes of a majority of the members of the local authority or committee present and voting; and
- (b) has the following characteristics:-
  - (i) there is a first round of voting for all candidates; and
  - (ii) if no candidate is successful in that round there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and

<sup>1</sup> Clauses 26(2)(b) and 26(3) of Schedule 7 to the Local Government Act 2002.

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- (iii) if no candidate is successful in the second round there is a third, and if necessary subsequent, round of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and
- (iv) in any round of voting, if two or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.

**System B**

- (a) requires that a person is elected or appointed if he or she receives more votes than any other candidate; and
- (b) has the following characteristics:
  - (i) there is only one round of voting; and
  - (ii) if two or more candidates tie for the most votes, the tie is resolved by lot.

Once elected, the Chairperson will assume the chair from the Chief Executive and preside over the remainder of the meeting.

**Legal compliance and significance assessment:**

This item is submitted for consideration pursuant to the statutory requirements of Schedule 7 of the Local Government Act 2002. The item complies with the decision making requirements of section 76(5) which takes precedence over the remaining provisions of sections 76 to 82. Committees are required to have a chairperson and therefore in relation to section 79 of the Local Government Act 2002 and council's policy, this issue is considered to be of low significance.

**Recommendations:**

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1. That the report, "Election of Committee Chairperson", by Chief Executive Officer, Malcolm Nicolson, dated 5 May 2014, be received.
  2. That if more than one nomination for chairperson is received, System B as specified in Clause 25 of Schedule 7 to the Local Government Act be used for the election of the Chairperson.
  3. That \_\_\_\_\_ be elected Chairperson of the Organisational Performance Committee.
-

**ISSUE: Terms of Reference Review****ID:** AA636568**To:** Organisational Performance Committee, 27 May 2014**From:** Malcolm Nicolson**Date:** 1 May 2014

**Summary** The purpose of this report is to provide the committee with its Terms of Reference as set by the council in January 2014. It concludes with the recommendation that, should the committee see the need for any amendment, these be recommended to council for approval.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

The council established the Organisational Performance Committee in January 2014 and assigned its terms of reference (**attached**).

The council's standard practice has been to provide its committees with an opportunity to review the terms of reference and recommend changes, if any, for the council's consideration. The committee is therefore invited to consider the terms of reference and resolve to make a recommendation to council for desired amendments.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with the committee's terms of reference and sections 76-82 of the Local Government Act 2002.

This matter has been assessed according to the council's Significance Policy and considered to be of low significance.

**Recommendation(s):**

- 
1. That the report, "Terms of Reference Review", by Malcolm Nicolson, Chief Executive, and dated 1 May 2014, be received.

**OPTIONAL:**

2. That the committee, having considered its terms of reference, recommends to council the following changes:
    - a. \_\_\_\_\_
    - b. \_\_\_\_\_
-



## COMMITTEE TERMS OF REFERENCE

### Organisational Performance Committee

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#### Membership

The Organisational Performance Committee (the committee) shall be comprised of three (3) councillors, as follows:

#### *Members:*

Cr Shepherd (NRC Chairman)  
Cr Ramsey (NRC Deputy Chairman)  
Cr Sinclair

#### Quorum

The quorum for meetings of the committee shall be two members, being a majority of members (including vacancies).

#### Introduction

A number of Councils have performance and remuneration committees that provide a mechanism to manage the performance of the Chief Executive and through this the performance of the organisation.

The Organisational Performance Committee has been established to conduct such a role with the additional brief to examine key areas of the organisations performance. The purpose is to clarify council's expectations in key areas by developing policies and guidelines for operational expectations.

#### Composition

The composition of the committee (as above) is the Northland Regional Council Chairman, Deputy Chairman and a Councillor with organisational performance experience in public sector organisations.

Council recognises that the Chairman has regular day to day contact with the Chief Executive where the Chief Executive may use the Chairman as a sounding board on operational issues from time to time.

This committee may provide an additional informal reference point for the Chief Executive to explore organisational issues.

#### Specific Terms of Reference

1. Chief Executive's performance

The committee will develop for council approval draft KPI and the performance agreement for the Chief Executive. Once approved the committee will provide ongoing monitoring of the KPI with the Chief Executive in order to provide ongoing guidance on behalf of Council.

2. Remuneration

The Committee will commission such market data as required (currently through Strategic Pay) in order to assess appropriate remuneration for the Chief Executive at his annual review. The committee will determine a pay policy for the Chief Executive and make recommendations to Council. In conjunction with this the Committee may examine pay policy for all staff prior to any annual review. (NB this does not include any individual

pay decisions which are the province of the Chief Executive but rather examines issues such as remuneration design, structure and relationship to market).

3. Other areas

Council has from time to time identified areas where new strategies or a revision of strategy is required. Council's communications approach is one example of this. Council's mechanisms for engaging with communities across Northland are another. The Committee shall have the authority to examine any such areas of organisational performance from a governance perspective in order to make policy and strategy recommendations to Council. In doing so it will work directly with the Chief Executive. Other staff members may be included on a case-by-case basis as agreed between the Committee and the Chief Executive. It is envisaged that the work in this area will clearly define outputs, examine implications for resources and thus for Annual Plan purposes, as well as looking at monitoring frameworks to ensure results are achieved.

4. Preparation for Local Government changes

Council recognises that the current discussions on local government reform with possible transition to a new authority within Northland is a time of considerable uncertainty and change for staff.

While the Chief Executive employs all staff it is Council who has the overall responsibility for the organisation. It will be a key role for this Committee to provide additional assistance to the Chairman and the Chief Executive during this transitional period. A further benefit will be that the Committee can provide comfort to the Council that the transition is being handled as smoothly as possible.

5. Resources

Only minor resources will be required for this committee. However, in the same manner as all council committees, it will meet all statutory requirements relating to such subordinate decision making bodies; including but not limited to notification and minute taking requirements. No additional budget is required although if required application would be made to Council.



**ISSUE: Proposed Organisation Review****ID:** A636576**To:** Organisational Performance Committee**From:** Malcolm Nicolson, Chief Executive**Date:** 16 May 2014

**Summary** The purpose of this report is to prompt a committee discussion on a proposal to review the council organisation's efficiency. It concludes with the recommendation that the committee articulate its preferred objectives, scope and methodology for such a review.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

The committee has as a term of reference that:

*“Council has from time to time identified areas where new strategies or a revision of strategy is required.*

*The committee shall have the authority to examine any such areas of organisational performance from a governance perspective in order to make policy and strategy recommendations to Council.*

*In doing so it will work directly with the Chief Executive. Other staff members may be included on a case-by-case basis as agreed between the committee and the Chief Executive.*

*It is envisaged that the work in this area will clearly define outputs, examine implications for resources and thus for Annual Plan purposes, as well as looking at monitoring frameworks to ensure results are achieved.”*

As part of this function, committee members have expressed an interest in initiating a review of the organisation's efficiency. This matter has been placed on the this agenda in order that the committee may collectively express in more detail what its preferred objectives, scope and methodology are for such a review.

“Efficiency review” is a broad term, particularly when applied to an organisation with as diverse a range of functions as the regional council. The committee's objectives for the review will enable the development of a review that focuses on those matters of greatest import. For example, the committee may wish to:

- Be assured that the right amount of resources have been used to deliver a process, service or activity; and/or
- Focus on whether the council delivers services that meet customer requirements and needs; and/or
- Clarify that key service areas have a clear purpose and objectives setting out the desired outcomes, quality and level of services to be provided; and/or

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- See clearly articulated strategies to deliver efficiency, innovation and improvement, with plans that are closely linked to its wider performance measures; and/or
- Aim for long term gains and service improvement, alongside short term savings, with opportunities identified for efficiencies and better outcomes through better collaborative practices, e.g. pooling resources, removing duplication, shared services or redesign of service delivery.
- Cover an inter-council review to identify how local government can collectively best service the needs of the Northland community. Such a review could address the issue raised in public debate about “What Represents an Enhanced Status Quo?” for local government in Northland.

The scope of an efficiency review could range from quite narrow, i.e. focussing on particular areas or activities where a perception exists that greater efficiency could be achieved, or very broad, i.e. applying a more general yardstick across the organisation to determine whether the organisation is appropriately resourced to deliver its responsibilities. Similarly the scope could range in depth, from limited, i.e. using a range of simple indicators to assess efficiency, to extensive, i.e. using both qualitative and quantitative methods.

The committee is also asked to turn its mind to its preferred method for completing the review. Depending on the preferred objectives and scope, it may be necessary – indeed, desirable – to put the review in the hands of an experienced independent third party. This would require currently unbudgeted expenditure.

This matter is now set down for discussion. Once the committee has provided further guidance on its intent, expectations and scope, I will investigate and report back at the earliest opportunity on options to progress the efficiency review.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with the committee’s terms of reference and sections 76-82 of the Local Government Act 2002.

This matter has been assessed according to the council’s Significance Policy and considered to be of low significance.

**Recommendation(s):**

- 
1. That the report Proposed Organisation Review by Malcolm Nicolson, Chief Executive, and dated 20 May 2014, be received.
  2. That the Committee provides the following guidance on its intent for an organisation review:
    - a. **Objective(s)**\_\_\_\_\_
    - b. **Scope:**\_\_\_\_\_
    - c. **Methodology:**\_\_\_\_\_
-

**ISSUE: Alignment of Chief Executive KPIs with Draft Organisation Performance Measures****ID:** A636591**To:** Organisational Performance Committee, 27 May 2014**From:** Malcolm Nicolson, Chief Executive**Date:** 1 May 2014

**Summary** The purpose of this report is to enable the committee to review the draft organisation key performance measures in the context of its role to develop the Chief Executive's key performance indicators for council approval. It concludes with the recommendation that the committee refer any observations to the council for its consideration.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input checked="" type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

Over recent months the council has had a number of workshops to consider the organisation's objectives and key performance measures, as a preamble to the development of its next Long Term Plan (LTP) for the period 2015 to 2025.

The draft performance measures (**attached**) are still very much a work in progress, with the council next scheduled to review them at a workshop to be held 17 June 2014. A function of the committee is to develop for council approval my KPIs and performance agreement. It therefore makes sense that the committee should have an additional opportunity to consider the organisation's draft performance measures, prior to the council workshop, to identify any desired changes that would better align the organisational performance measures and the executive KPIs. These changes could apply to either, or both.

The draft organisation performance measures are currently based on the following draft objectives:

1. To develop meaningful and inclusive relationships with Iwi and Tangata Whenua within Te Rohe o Te Taitokerau.
2. To increase Northlanders' involvement in council activities.
3. To maintain or improve the quality of Northland's overall environment.
4. Encourage the sustainable access to, and use of, our environment.
5. To provide a business friendly environment.
6. To identify, promote or invest in regionally significant infrastructure.
7. To use council's funds and assets effectively.
8. Promote Northland (*still to be considered by council*)

It's suggested the committee should consider these objectives, and their attendant performance measures, and provide feedback on whether they provide an adequate base from which to develop my draft KPIs. The committee could then turn its mind to any changes to the draft performance measures for the council's consideration, if it

believes these would provide better alignment of the council's priorities and expectations.

I would, however, point out that the committee cannot wait until the draft LTP has been concluded to achieve full alignment as this would have me operating for most of this year without performance measures.

I would further note that as currently drafted the objectives and performance measures do not reflect the importance of local government reform. As has been agreed with the Chairman, this has been the major focus of the activities I have undertaken for the year to date, which forms part of the review period for which the KPIs are being developed.

#### **Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with the committee's terms of reference and sections 76-82 of the Local Government Act 2002.

This matter has been assessed according to the council's Significance Policy and deemed to be of low significance.

#### **Recommendation(s):**

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1. That the report, "Alignment of Chief Executive KPIs with Draft Organisation Performance Measures", by Malcolm Nicolson, Chief Executive, and dated 1 May 2014, be received.
  
  2. That the committee recommends that the council consider the following observations in the context of ensuring alignment between the draft organisation performance measures and the Chief Executive's key performance indicators:
    - a. \_\_\_\_\_
  
    - b. \_\_\_\_\_
  
    - c. \_\_\_\_\_
-

**Objective 1 - To develop meaningful and inclusive relationships with Iwi and Tangata Whenua within Te Rohe o Te Taitokerau.**

<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
Management and governance arrangements for resource management include Māori.	Maintain or increase the number of contracts, joint management agreements, joint decision making and planning arrangements, monitoring programmes, between council and iwi/hapu.	Contracts - 2 Monitoring programmes - 2	9
Successful Māori advisory committee established	TBD		

**Objective 2 - To increase Northlanders' involvement in Council activities.**

<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
The number of active community pest control areas (CPCAs) <sup>1</sup> .	Increases by five annually.	Achieved (36 in total)	2
Nationally issued Civil Defence warnings are acknowledged within 30 minutes.	100%	no data available	100%
Emergencies are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans.	100%	100%	100%
Accurate and timely flood warnings issued.	100%	no data available	100%
Reducing the annual number of fatal motor vehicle crashes in Northland <sup>2</sup> .	<20	21 (based on the averaged crashes for the 4 years up to June 2011)	15
Reducing the annual number of serious injury motor vehicle crashes in Northland <sup>3</sup> .	< 90	92 (based on the averaged annual crashes for the 4 years up to June 2011)	79
Submissions received on council's long term plans and annual plan <sup>4</sup> .	Increasing number of submissions for Annual Plans and Long Term Plans.	11/12 Annual Plan 222 submissions. 2009-2019 Long Term Plan 612 submissions.	18
Time to respond to submitters post adoption of annual plans and long term plans.	Within one month of adoption.	Responses to 10/11 Annual Plan - achieved.	within one month

*Continued....*

<sup>1</sup> The number of Community Pest Control Areas (CPCAs) is not, in my view, an appropriate measure. Total hectares under CPCA would better approximate the environmental effect

<sup>2</sup> Crash statistics are too distant and there's a lack of ability to influence the outcomes. They are not appropriate as an organisational or personal performance measure, but can still be reported as an approximation for the effectiveness of the road network strategy.

<sup>3</sup> Serious injury - See note 2 above

<sup>4</sup> I would suggest that the number of submissions is inversely proportional to the quality of the work undertaken and therefore is a flawed measure.

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<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
Increased active participation as measured by - Successful Maori Advisory Committee established - Number of people involved community catchment groups - Number of schools involved in EnviroSchools	X number of people involved.		
Level of advocacy undertaken on issues of importance to Northland over and above government submission processes.	10 submissions made annually.	no data available	13
Increased number <sup>5</sup> of landcare <sup>6</sup> , catchment groups, river liaison committees and Community Pest Control areas. <sup>7</sup>			

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<sup>5</sup> Number of entities is an inferior measurement to hectares under management.

<sup>6</sup> Council has no ability to influence the establishment of landcare groups, as the establishment of these groups is the function of the NZ Landcare Trust so these should be excluded from this list, unless it is the intention this is to be an entirely new activity created to promote landcare groups. If it is a new activity, then we need to define the purpose and function for their establishment.

<sup>7</sup> We actively promote CoastCare groups and these should be included in this measure.

**Objective 3 - To maintain or improve the quality of Northland's overall environment.**

Performance Measure	Performance target	Baseline	2012/13 Result
The number of community pest control areas (CPCAs) achieving their targets for pest reduction.	90%	no data available	80%
The water in our priority harbours, rivers and at the coast is suitable for swimming except for 2-5 days after rain <sup>8</sup> .	The compliance rates for meeting the Suitability for Recreation Grade (SFRG) is maintained or improved based on the 20 core bathing sites monitored for trends.	Achieved	93%
Shellfish collection is safe in open coastal areas <sup>9</sup> .	Levels of indicator bacteria in open coastal waters at 15 popular shell fish collections sites is maintained or improved.	no data available	no result
The water in our streams supports a healthy habitat for flora and fauna.	The macroinvertebrate community index (MCI) at 10 regionally representative sites show improving or maintained trends.	Refer page 97 2012 LTP	91.15 MCI
The number of annual significant non-compliance events resulting in a reduction in water quality of receiving waters.	Less than 100	111	119
The number of annual significant non-compliance events resulting in any unauthorised/prohibited discharge to water.	Less than 40	60	42
Those consents requiring monitoring are monitored as per the council's monitoring programme.	100%	90%	96%

*Continued....*

<sup>8</sup> Water quality, bathing water standards, shellfish collection are appropriate for organisational performance measures but have too many uncontrollable variables to apply to a personal KPI

<sup>9</sup> As above



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<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
The appropriate action is taken to rectify significant non-compliances.	100%	Not achieved (69%)	99%
Air sheds meet the national environmental standards.	100%	100%	100%
Incidents reported to the Environmental Hotline, where more than minor environmental effects have been confirmed, are resolved within 30 working days.	70%	no data available	86%
Improved FDE compliance			
Improved TLA wastewater compliance			
Expanded number of wetlands protected.			
Increased protection and improvement of "significant spaces" <sup>10</sup>			
Improved water quality in - <ul style="list-style-type: none"> <li>• Priority rivers</li> <li>• Monitored sites across Northland</li> </ul>			
Evaluate and respond to a report of an oil spill within one hour of the report being received.	100%	100%	100%

<sup>10</sup> Clarification and definition of the concept of "significant areas" is required.

**Objective 4 - Encourage the sustainable access to, and use of, our environment.**

<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>

**Objective 5 - To provide a business friendly environment.**

Performance Measure	Performance target	Baseline	2012/13 Result
All resource consent applications are processed in a timely manner.	98%+ of all applications processed within the statutory timeframes.	Achieved (99.4%)	100%
	Bore permits processed within 5 WDs	no data available	1 not processed
Employment rate - the proportion of the labour force that is in paid employment. <sup>11</sup>	Increases annually.	91.5%	90.80%
Business growth - the ratio of business start-ups to business closures <sup>12</sup> .	Increases annually.	0.8 (revised)	0.66
Review council processes and culture to: <ul style="list-style-type: none"> <li>• Build a culture of "can-do" and "how can we help to make this happen?" amongst council staff.</li> <li>• Identify areas of attention</li> <li>• Develop action plan</li> <li>• Customer survey (to be reviewed)</li> </ul>	Report and implementation plan accepted by council		
Economic growth - real GDP per usual resident population.	Increases annually.	\$20,521	21,305
Number of incidents from providing pilotage services within BOI harbours.	Zero incidents related to pilotage.	0	zero incidents

**Comment:**

The committee should consider setting targets for growing the number of jobs created within the organisation.

<sup>11</sup> The regional employment measure is outside the organisation's or a person's capacity to influence.

<sup>12</sup> Business start-ups can be an organisational goal via Northland Inc but is difficult to influence, as is the "GDP per resident" measure.

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**Objective 6 - To identify, promote or invest in regionally significant infrastructure.**

<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
Number of failures of flood protection system for the Awanui, Whangarei, and Kaeo, schemes below specified design levels.	Zero failures.	no data available	zero failures
Implement the programmed minor flood control works for other rivers in accordance with the approved annual budgets.	100% of programmed minor works completed.	no data available	70%
Maintain hazard information for river flooding and beach profiles.	Priority beach profile sites updated biennially.  Flood level monitoring at priority rivers updated within 1 month following every large flood event.	Achieved  no data available	Completed  no events
Number of passengers for the Whangarei urban bus service.	Increases annually.	287,006	305737
Successful advocacy on key issues: <ul style="list-style-type: none"> <li>• RONS</li> <li>• Tolloed 4-lane highway to Whangarei and Marsden Point</li> <li>• At least double the number of passing lanes north of Whangarei</li> <li>• Road funding</li> </ul>	<ul style="list-style-type: none"> <li>• RONS to Warkworth continues</li> <li>• Government commits to extend RONS to Whangarei together with other improvements</li> <li>• Road network funding from Government is maintained at current levels and CPI</li> </ul>		
Continued development of Northport leading to increased turnover <sup>13</sup>			
Clear strategy for rail and rail corridor is determined and implemented	Plan is adopted by council		

*Continued...*

<sup>13</sup> Other than changing the directors the organisation has limited ability to influence Northport turnover.

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<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
Failures to navigation aids are repaired within five working days of reporting.	100%	no data available	100%
Comprehensive roading plan and business case for the region in place that emphasises: <ul style="list-style-type: none"><li>• economic development</li><li>• forestry roads</li><li>• alternative funding methods, e.g. tolling, PPPs</li><li>• health issues, e.g. dust</li><li>• environmental considerations</li><li>• safety</li></ul>	Plan completed		

**Objective 7 - To use Council's funds and assets effectively.**

Performance Measure	Performance target	Baseline	2012/13 Result
Complete clear strategy for commercial property held by council, which may include leveraging off commercial property to <ul style="list-style-type: none"> <li>provide community facilities/infrastructure</li> <li>reduce the impact of rates</li> </ul>	Plan adopted by council.	0	1
Increased funding available for projects from existing budgets			
Return on investments – may be included in commercial property strategy. <sup>14</sup>			
Risk review updated	Recommendations adopted by council		
Ongoing improvements to organisational culture as measured by annual staff survey <sup>15</sup>	Staff survey designed and initiated		
Tangible process on integrated services across councils	<ul style="list-style-type: none"> <li>List of potential shared services completed by 1 June 2014</li> <li>3 priorities agreed by 1 June 2014</li> <li>1 shared service implemented and operative by 31 December 2014</li> </ul>		
Rates revenue complies with the limits set in the council's financial strategy			
Debt complied with the limits set in the council's financial strategy			
Rates per rating unit			

*Continued...*

<sup>14</sup> The use of commercial property revenue to fund economic development is not reflected in the performance measure.

<sup>15</sup> I recommend that the current morale survey be reviewed by the committee before finalising this measure.

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<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
Net debt per rating unit			
Operating revenue, excluding development and financial contributions and revenue from revaluations, exceeds operating expenditure (sustainability - balanced budget)			
Capital expenditure on the five network infrastructure services exceeds depreciation on those five services (sustainability - essential services)			
Interest expense is less than 10% of operating revenue, as defined in the balanced budget benchmark, except for local authorities with projected population growth greater than or equal to New Zealand's projected population growth. For those authorities the benchmark is 15% of operating revenue. (sustainability - debt servicing)			
Net cash flow from operations equals or exceeds budget (predictability - operations control)			
Net debt is less than or equal to forecast debt in the long-term plan (predictability - debt control)			

**Objective 8 - Promote Northland (*still to be considered by council*)**

<b>Performance Measure</b>	<b>Performance target</b>	<b>Baseline</b>	<b>2012/13 Result</b>
Awareness of Northland as a positive brand in key markets (Auckland, Australia)	Close relationship with Auckland Tourism, Events and Economic Development Limited (ATEED) further enhanced	0	1
Positive image of Northland by Northlanders (survey to be developed)	Communication strategy developed promoting Northland to Northlanders		

Local Government Reform <sup>16</sup>


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<sup>16</sup> Does the Committee wish to consider a performance measure related to engagement around Local Government reform?



**ISSUE: CEO Annual Performance Review****ID:** A636673**To:** Organisational Performance Committee, 27 May 2014**From:** Malcolm Nicolson, Chief Executive**Date:** 2 May 2014**Summary** The purpose of this report is to facilitate committee discussion about material previously provided to members on the Chief Executive's performance management framework.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

One of the committee's terms of reference is to: "...develop for council approval draft KPI and the performance agreement for the Chief Executive. Once approved the committee will provide ongoing monitoring of the KPIs with the Chief Executive in order to provide ongoing guidance on behalf of council".

Material relating to my performance management framework, including previous performance reviews, was provided to committee members earlier this year. The committee is invited to raise any matters about the framework and review process to facilitate the future fulfillment of its delegated function. Committee members will be aware that, should the discussion turn towards matters within the ambit of section 48 of the Local Government Official Information and Meetings Act 1987<sup>1</sup>, then it would be appropriate to pass a resolution to exclude the public from that portion of the meeting.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with the committee's terms of reference and sections 76-82 of the Local Government Act 2002.

This matter has been assessed according to the council's Significance Policy and deemed to be of low significance.

**Recommendation(s):**

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1. That the report CEO Annual Performance Review by Malcolm Nicolson, Chief Executive, and dated 2 May 2014, be received.
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<sup>1</sup> This section provides the committee the right to exclude the public from any part of a public meeting, where the public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which would be necessary to allow the committee to protect the privacy of natural persons, including that of deceased natural person (section 7(2)(a)).



**ISSUE: Local Government Reform Update****ID:** A636645**To:** Organisational Performance Committee**From:** Malcolm Nicolson, Chief Executive**Date:** 12 May 2014

**Summary** The purpose of this report is to provide the committee with an update on the proposal to reform Northland's local government. It concludes with the recommendation that the report be received.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

Under its terms of reference, the committee has functions relating to preparation for Local Government changes, specifically to assist the Chairman and the Chief Executive during any transitional period. This report therefore provides the committee with an update on the status of the reorganisation proposal for Northland's local government to ensure it is in a position to provide assistance should the proposal be confirmed.

The Local Government Commission's public submission process is now complete. It has advised that many submissions were in the form of photocopied pre-written coupons, while others contained detailed commentary about an ideal model for local government arrangements. Hearings of submissions in Northland occurred over a six week period, in Whangarei, Kerikeri, Kaitia, Kaikohe, Mangawhai, Waitangi/Paihia Dargaville, Kaeo and Waipoua Forest.

Anecdotally it would appear that community support for the proposal is low, but detailed analysis is not possible as submissions have not been made publically available.

The Commission has publicly responded to criticisms about its process, saying it has dealt in good faith with submitters and affected parties, and in accordance with legislative requirements.

The Commission now has four alternative decisions – to issue the draft proposal as a final proposal; modify the draft proposal and issue it as a final proposal; issue a new draft proposal based on a different preferred option for local government in the region; decide not to issue a final proposal at all.

In the event the Commission issues a final proposal, the public will have the opportunity to call for a poll to decide whether it goes ahead. The proposal would have to be supported by at least 50% plus one of voters for it to take effect.

**ITEM: 3.6**

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At this stage there is no indication of the timeframe in which the Commission will announce its decision.

The Local Government Act Amendment Bill No.3 was reported back to the House as expected on 12 May 2014 and the second reading is imminent. Staff are currently reviewing the Select Committee's recommended changes.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with the committee's terms of reference and sections 76-82 of the Local Government Act 2002.

In relation to the council's Significance Policy, the matter of local government reform is a matter of high significance. The provision of information and updates, however, is standard practice and is therefore deemed to be of low significance.

**Recommendation(s):**

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1. That the report, "Local Government Reform Update", by Malcolm Nicolson, Chief Executive, and dated 12 May 2014, be received.
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