

**Kaipara District Council Meeting 30 October 2012****Chair's Report by John Robertson, Chair of Commissioners**

Commissioners were appointed by the Minister of Local Government to Council on 6 September 2012. The Gazette Notice of that date notes the expectations of Commissioners under their appointment. Expectations are outlined by way of tasks, under a timetable that is split into phases. The Notice advises that in the first phase, from appointment date to December, the Commissioners will:

- work through issues raised by the Council's 2010/2011 Annual Report and the Council's 2012/2022 Long Term Plan (LTP) that relate to the financial risks faced by Council;
- undertake actions to enforce the payment of 2012/2013 rates and any unpaid rates from previous years;
- work with the Kaipara Community and ratepayers and the Department of Internal Affairs to identify options for dealing with invalidly set rates and other legal compliance matter;
- identify the capacity of the Mangawhai Community Wastewater Scheme, whether it is fit for purpose, and the ideal funding model for the scheme for the future. This work is to have regard to the findings from the Auditor-General's Inquiry into the Mangawhai Community Wastewater Scheme ("the Auditor-General's report");
- begin to identify the extent of the problems faced by the Council (building on the work of the Kaipara District Council Review Team ("the Review Team") and the Auditor-General's report), and engage in existing Council initiatives to address these issues; and
- begin initial engagement with the community and Iwi to rebuild confidence and trust in the Council. This may include the establishment of community and Iwi reference groups.

The Commissioners have been applying their minds to each of the matters raised above. They are also considering matters specified in the phases outlined for future focus.

As they go about their work, the Commissioners must carry out their functions in accordance with the Local Government Act 2002, and other Acts of Parliament.

The Minister's letter of appointment to Commissioners notes that the "...purpose of the Kaipara Commission is to work with the community and other stakeholders to develop and implement enduring solutions to the challenges currently facing the Council." It further refers to the Review Team's report, and suggests that this report provides particular areas of focus.

This report records the work that the Commissioners have been engaged in through their first seven weeks in office (Phase One). It then details the Commissioners' Action Plan for November and December 2012. (Phase Two).

## **Phase One - Immediate Assumption of Responsibilities by the Commissioners**

The Commissioners recognised within a week of their appointment that the issues facing the Kaipara District Council needed urgent attention. Kaipara District Council is an organisation that:

- is under stress financially and organisationally.
- has lost the support of some in the community that it serves.
- has made decisions in the past that have not followed proper process.
- has asset investment and management plans that need review.
- is under siege by some in the community who believe that associated with poor management decisions in the past are poor ethical standards and questionable practices.

Commissioners believe that the longer the issues involving the Kaipara District Council remain unresolved; the more costly and difficult will be their resolution. Thus fast action is important to repair matters, to review strategic priorities and the Long Term Plan, to review and where necessary to redirect resources, and to restore stakeholder confidence in the organisation.

The Commissioners have identified key issues and begun to address them.

### **Governance Matters:**

The Commissioners have:

- met with the Chairman of the Review Team, and explored the issues discovered.
- reviewed and amended the governance structures of Council, to introduce best practice.
- held two Council Meetings (8 and 30 October 2012).
- established an Audit and Risk Committee, and appointed Commissioner Richard Booth to chair this Committee. This Committee will become the key sub-committee of Council to identify and monitor areas of financial and investment risk, to ensure that prudent financial practice is followed, to overview contracts of significance, and to liaise with the Council's Auditors.
- held the first Audit and Risk Committee meeting (23 October, 2012).
- established a Chief Executive Performance Review Committee. This Committee will be the committee that sets performance indicators for the Chief Executive and reviews this performance from time to time.
- resolved that Council meetings will be held monthly.

### **Financial and Treasury Matters:**

The Commissioners have:

- reviewed the Report to Commissioners on the audit of the Council for the year ended 30 June 2011, and begun attending to the key issues raised in a systematic way.
- determined to implement a policy requiring that debt is not raised to cover operational costs.

- determined that Council must lift its financial management capabilities, to provide monthly financial reports to Council on an accrual basis rather than a cash basis, effective 1 January 2013.
- committed to meeting deadlines for Annual Report's and Long Term Plan's.
- met with the Council's bankers and Treasury advisers.

#### **Rating Matters:**

The Commissioners have:

- received an "induction" briefing from the Department of Internal Affairs.
- reviewed the various legal opinions on past rating and other matters.
- begun considering options to resolve these matters, and appointed Commissioner Peter Winder to become the Commissioner who coordinates the work stream involved on such matters.

#### **Significant Asset Management and Investment Matters:**

- reviewed the key fixed assets of Council.
- begun to review the contract management regimes in place.
- determined that as major contracts expire, they will be re-tendered with a clear monitoring regime in place.

#### **Stakeholder Engagement:**

Stakeholder and community engagement has been recognised by the Commissioners as critical to the accomplishment of the tasks that they have been assigned. The Commissioners have:

- written a September open letter to all Kaipara District residents and ratepayers, to introduce themselves, and to advise of the task of the Commissioners.
- set up and advised of an e-mail address for those who wish to contact the Commissioners.
- sought meetings with and met with ratepayer groups in Dargaville and Mangawhai.
- begun pro-active engagement with community organisations in the District, and appointed Commissioner Colin Dale as its "champion" for community groups, and its reference point with Iwi.
- begun developing a communications strategy and communication protocols.

#### **Organisational Matters:**

The Chief Executive is responsible to the Commissioners for the operational management and performance of Council. The Commissioners have:

- established a working relationship with the Chief Executive, and met with all staff.
- acknowledged the commitment of staff under these times of change and pressure.
- begun to review with the Chief Executive organisational capability and competencies .

- provided direction to the Chief Executive on various strategic and policy matters.

### **Phase Two – November through December.**

The Commissioners action plan includes the following. Where required, such work will be assisted by the Executive team. (Letters next to items indicate which Commissioner is to lead the work.)

#### **Governance Matters:**

- Hold monthly Council Meetings. (John Robertson)
- Hold quarterly Audit and Risk Committee meetings to consider matters around assets, major contracts and risks. (Richard Booth)
- Review Chief Executive Delegations Policy and complete by the end of November. (Colin Dale)
- Hold a Chief Executive Performance Review Committee meeting. (John Robertson)

#### **Financial Matters:**

- Review Treasury Policy. (John Robertson)
- Support management to enhance management accounting and reporting (John Robertson)
- Begin to review the Long Term Plan, its robustness, its assumptions and its priorities. (John Robertson)
- Begin to review Long Term Plan, and begin to develop options and principles around rating (Peter Winder)

#### **Rating Matters:**

- Consider options to secure rates in arrears from those who have chosen to withhold them. (Peter Winder)
- Consider options to deal with invalid rates and other historic issues needing attention. (Peter Winder)

#### **Stakeholder Engagement:**

- Write a November open letter to all Kaipara District residents and ratepayers, to advise of the work of the Commissioners, and to encourage those withholding their rates to pay them. (John Robertson)
- Hold forum with Iwi and develop method of engagement with Iwi. (Colin Dale)
- Continue to build on and implement a community engagement plan, recognising that service delivery to the Kaipara community is a core and key function of Council. (Colin Dale)
- Build relationships with neighbouring LGA's on matters of mutual interest. (Colin Dale)
- Develop a communication strategy with the community (John Robertson)

**Organisational Matters:**

- Support Chief Executive to bed down an appropriate organisational structure. (John Robertson)
- Develop with the Chief Executive a strategic planning framework, with a clear mission.  
(John Robertson)
- Review the Council and Regional Council approach to economic development. (Colin Dale)