

Cr Sandra Kai Fong - LGNZ conference report

Thank you for the opportunity to attend the conference. Below is a summary of notes taken at the conference.

Held in Christchurch in the new Te Pae Conference venue which was a great facility for 750 attendees which was the largest LGNZ conference to date. The venue and the functions meant that there were lots of opportunities for networking.

AGM

Tania and I attended the AGM and voted in accordance with the council resolution. The remits we opposed re co-chairs and kiwisaver had the support of other councillors. All remits put forward were passed.

One remit was amended referring to trying to find a consensus position to add "or positions" on the Future for Local Government recommendations as there may be one or more views.

New LGNZ president elected: Selwyn District Council Mayor Sam Broughton, and Vice President, Hutt City Council Mayor Campbell Barry.

Main speaker presentation:

"Decision making for the future - lessons from Sophie Howe"



Sophie served as the first Welsh Future Generations Commissioner until January 2023. The role of the commission is to consider future generations not yet born and take them into account when making decisions today.

"This is not our planet to trash and destroy, this is our planet to pass on to the next generation"

In 2015, Wales passed the Well-being of Future Generations Act which sets out 7 long-term well-being goals as a kind of "vision for the country".

An example was a job was requesting the government justify its decision to spend money on a motorway in response to traffic congestion. This changed from just a motorway to a focus on public transport and infrastructure for walking, cycling and connecting communities.

Last chances not where you are born but when.

The world in 2023- Life expectation age has plateaued, it's the end of our love affair with plastic, new norm is a 4-day work week, exponential growth in use of technology and an aging population. The risk of climate change is greater as it affects older people more who are more likely to be affected by heat.

We have poor with term planning because we have a 3-year election cycle.

Can't think of ourselves in the future any better than thinking of a stranger.

Most people can identify a number of worldwide corporate logos but could not identify photos of plants and animals. Therefore, not a surprise we are in a climate crisis.

Prosperity is not measured by GDP but by planetary health

Social partnership act.

Consider long term impacts of all our decisions

Back cast what steps do we need to take to get us there, to get to a vision

Prevent problems or from getting worse.

People in the justice system are not bad but sad.

Everything is connected to everything. More than 50 percent of life expectancy is what councils do. It's not just about health care.

The Welsh law requires council to collaborate with government. If not, councils will compete for funding or resources. To go far, partner, to go fast go it alone.

Civil service introductory system which says Show me how you are making decisions today affect the future. An example was a Transport strategy. Decarbonise and go electric but you still sit in traffic jams. Utrecht was an example of a good transport option.

Make Education fit for future. Teach stuff that robots can't do.

Reduce waste when we are buying stuff. E.g. Go to library to borrow lawnmower

The system currently has green shoots disconnected. Reconstruct new ways of working .

Abominable no man

Never think you are too small. Can believe be brave.

Te Maruata presentation:

55 councils now have a Māori ward, 22 percent councillors are Māori

6 Māori Mayors

Key message-Change must be transformative.

Disappointed the remit re co-chairs was the least supported by councils.

Break Out session:**Good Governance for CEO Pay and Performance – a comprehensive framework by Strategic Pay**

Factors affecting level of remuneration:

1. Job size
2. Market relativity. Annual increases based on public/private data is 2-3%
3. Make sure policy regularly reviewed. Interesting that some councils had not done a review for 5 or more years.
4. The organisation's ability to pay. E.g., during covid private sector withheld pay rises to ensure cashflow
5. Individual performance- need a robust process to determine.

Job size should be done every 2-3 years unless there is a significant change where review should be triggered.

Market data is best practise for rem. Looking at public sector and private market.

Look at this data annually if the external market is changing. Make sure the data is from a reputable source

Have a clear rem policy and a process for performance review

Use benefits as levers designed with the CEO. E.g., leave. Other benefits could be professional development, car, leave, subs, additional kiwi saver, health or wellness benefits.

Incentive bonus is used less and less and need really good tools to asses. Use independent advice as it needs a higher level of scrutiny. Downward trend to using bonuses.

Median market is usual range.

Local government data for CE's is published in March and Sept annually.

Job sizing. What combination do you need?

Mental effort- what degree of problem solving does the CEO bring.

CEO performance review part of the workshop by Mark Stenhouse of Sheffield.

Has done 50 CEO appointments, 25% of their revenue is council work, sits in on CEO annual reviews.

Question to the attendees using an app- Are you confident the CEO performance agreement provides clear direction? 45% yes, 32% no and 23% don't know.

Under the ERA- good faith, mutual trust, be a good employer and some work on the no surprises principle. - needs regular and transparent comms.

The ERA doesn't define an annual performance process.

Some IEA contain a "your face doesn't fit anymore" clause. Its now used in 25% of appointments.

Skill set when recruiting- may have a list of 20 competencies but has never found one with them all so keep it to a tight 4-5 when advertising.

Performance agt- 50% are poorly executed.

Your "true north" should be 6-8 priorities for the CEO and his team.

The priorities should be spelled out so they move the dial for council and are not BAU. It will require some stretch for the CEO and his team to deliver.

Topics should include- service delivery, financial performance, capital project delivery and project mgt. Councils have a poor record on project met (have a budget that is twice as big as the year before when they failed to deliver on half of the projects).

Make sure the CEO provides quality and timely advice to councillors, look at the way in which reports are presented to councillors.

Do employee engagement surveys annually as well as ratepayer satisfaction surveys.

Check risk management and H and S compliance.

Check stakeholder engagement.

To get a performance review started ask the CE first what are the 6-8 biggest items. They may think of things you didn't. Have a discussion if the items are in or out and do it 6 monthly with an alert system. A CEO will put in more than they can deliver. It's a moderation process and should be shared and endorsed by the full council.

Do a 360-degree survey to complement the Performance agt every 3 years.

Ask Mayor and councillors, senior mgt team or at least 6-8 staff. And some stakeholders but be aware low response rate of 50% from crown entities, chamber of commerce type organisations so use a bigger sample size.

A performance agt keeps the CE safe.

Councillors have a variety of aims and objective as there are different views on the priorities of council.

CEs are bad at professional development.

Relationships when things go bad; - its seldom about technical skills, usually issues that lead to loss of trust and confidence. 7 areas:

1. Failure in the no surprises e.g., commitments made by CE that councillors are not aware of, financial bombshells on capex
2. Non delivery with the perf agt

3. Council confidence or lack of in the senior mgt team. When do you do a restructure. When should a CE listen to council- usually too slow or too quick to action.
4. Not respecting role of governance and mgt. CE too involved in the politics
5. CEO aligns to the council "A" team rather than being a Switzerland
6. Ego contest
7. Service delivery- too much noise.

Local Government Remuneration Report March 2023

PARTICIPANT DATA:
37,920 employees | 87 participating councils & council controlled organisations

MEDIAN MOVEMENTS FOR WHOLE SAMPLE MARCH 2022-2023 AND CHANGE IN PAST 6 MONTHS

Grade Range	Base Salary		Fixed Remuneration		Total Remuneration	
	Change past 6 months	Change past 12 months	Change past 6 months	Change past 12 months	Change past 6 months	Change past 12 months
6 - 25	4.8%	6.6%	4.5%	5.6%	4.4%	5.5%
6 - 12	6.3%	9.1%	6.5%	8.6%	6.3%	8.2%
13 - 20	3.7%	4.9%	3.2%	4.0%	3.2%	4.0%
21 - 25	4.6%	5.8%	4.1%	4.1%	4.1%	4.0%

CHANGES IN DATABASE MEDIANS EXCLUDING KIWISAVER

Grade Range	Base Salary		Fixed Remuneration excluding KiwiSaver		Total Remuneration excluding KiwiSaver	
	Change past 6 months	Change past 12 months	Change past 6 months	Change past 12 months	Change past 6 months	Change past 12 months
6 - 25	4.8%	6.6%	4.5%	5.8%	4.4%	5.7%
6 - 12	6.3%	9.1%	6.0%	8.5%	6.0%	8.6%
13 - 20	3.7%	4.9%	3.2%	4.0%	3.1%	3.9%
21 - 25	4.6%	5.8%	4.6%	4.8%	4.5%	4.8%

PERCENTAGE OF EMPLOYEES RECEIVING BENEFITS

Benefit	March 2022	March 2023
KiwiSaver	72%	75%
Additional Leave	1%	1%
Life Insurance	1%	4%
Medical Insurance	3%	6%
Use of Council Vehicle	1%	-
Superannuation	7%	11%
Other Allowance	4%	4%

Interesting Findings from the Local Government Remuneration Report 2023

StrategicPay

What participants said

AVERAGE TENURE

- Information Management roles have the longest tenure, at **8.9 years**
- Health and Safety roles have the shortest tenure, at **4.6 years**

ANNUAL LEAVE

- 64%** Council employees provided with 20 days of annual leave
- 36%** of council employees are provided with 21 OR MORE days of annual leave

GENDER DISTRIBUTION

- 45%** Percentage of female employees at the Senior Management level
- 11%** Increase since 2022
- 31%** Increase since 2018
- GENERAL staff level roles are populated by a higher number of FEMALE EMPLOYEES

SALARY INCREASES

- Organisations that indicated **80%** HIGHER SALARY INCREASES compared to 2022
- Organisations that indicated **4%** LOWER SALARY INCREASES compared to 2022
- 87%** Organisations with a formal PERFORMANCE APPRAISAL SYSTEM to assess employees
- 4.0%** Expected OVERALL MEDIAN SALARY INCREASE for the year ahead

GOOD GOVERNANCE FOR CHIEF EXECUTIVE PAY & PERFORMANCE REVIEW

Every organisation should review their CEO remuneration policy, systems and processes to ensure that they are robust, defensible and consistent with good governance.

So what constitutes good practice for CEO pay?

A clear CEO remuneration policy framework is in place that outlines the process, mechanisms and timeframes concerning CEO performance management and remuneration.

This will include:

- How market data is sourced and applied to setting the midpoint and pay range for a competent CEO
- The use of job evaluation as a means of thoroughly assessing role complexity as well as an input to accessing market data
- How the remuneration package will be structured (e.g. pay salary with benefits on top, total remuneration package with benefits deducted to arrive at base salary)
- Whether the package includes or excludes KiwiSaver
- The appropriateness of use of "at risk" pay
- How performance is measured
- The linkage between the performance outcome and pay movement and/or payment of any at risk portion

While this framework can be set out as a schedule to the CEO's individual employment agreement, in our view both parties gain greater transparency and the process gains greater credibility where a formal policy framework is in place.

Up-to-date and understandable market data is accessed.

This would be based on the market(s) from which the organisation would recruit a new CEO or lose an incumbent to. Always rely on a credible remuneration provider with valid data representative of the market place, aim for large data sets.

Market data should be sourced every year. Be aware that the executive market does move differently than other roles. This is around the supply and demand for CEOs and senior executives.

The CEO role is job evaluated on a regular basis. Job evaluation is widely used across the public and private sectors as the starting point for assessing market value for senior executives. The JE system used needs to be able to directly reference market data for similar sized roles in the external market.

The outcome of job sizing and market benchmarking is a remuneration range.

This allows placement of a new incumbent and room for pay movement over time to recognise competence and performance.

Benefits should be valued along market lines. Where benefits are provided they should reflect the true cost to the organisation of providing the benefit, including GST and FBT. Examples are additional leave, additional KiwiSaver, wellness benefits, vehicles, insurances, and any other guaranteed benefits would be included.

A robust framework is in place for measuring CEO performance. This should include formal performance agreement documentation covering both key result areas/accountabilities, including agreed KPIs, as well as key competencies such as leadership. Mechanisms should be in place to provide regular two-way feedback, including informal review during the year. Input from direct reports, along with the CEO's self-review, will add validity to the process, as will the use of an independent facilitator.

Clear mechanisms exist for linking performance and pay movement. The linkage should be transparent, understood by both parties, established at the outset of the employment relationship and enshrined in either the IEA, or a policy framework, or both. Competent CEO performance should be rewarded around the midpoint of the remuneration range for the role.

In summary, we recommend that organisations strive to consider several factors in their decision-making on CEO pay, including:

- The CEO Remuneration Policy for year on year consistency
- Market data (sourced annually)
- The job itself as analysed in a rigorous manner (i.e. job evaluated) and reviewed every 2-3 years or when there is significant change
- The performance of the individual (reviewed annually)
- From time to time, there may be a need to reflect on additional criteria, such as regional factors, market premiums, and perhaps the desirability of attracting and retaining a specific individual
- Organisation affordability

It is important to recognise that the guidelines above are the norm for public sector agencies as well as listed and unlisted organisations with Boards of Directors. All employers have a moral and legal obligation to deal with their CEO in good faith in all matters concerning employment, remuneration and performance. Handled in the manner we have outlined, governing bodies can be confident they are treating CEO remuneration and performance fairly and prudently and should easily handle the test of wider media or public scrutiny should that arise.

Break out session:

Taking a Loveable approach to delivering infrastructure for Future Communities - a GHD Workshop

Presented by GHD.


Use a lovable approach to create a vision for council. Use the template (see photo) to facilitate a workshop in the community.


Name: _____
Organisation: _____
Email: _____


GHD

Creating a Loveable vision for _____


STEP 1: Think + Ink


I love... 
What do you love about where you live?

I wish... 
What do you wish for your area's future?

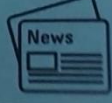
I wonder... 
What would you change now?

STEP 2: Pair

The vision 
What do you see for the future of your area?

Actions 
What steps could be undertaken to achieve the vision?

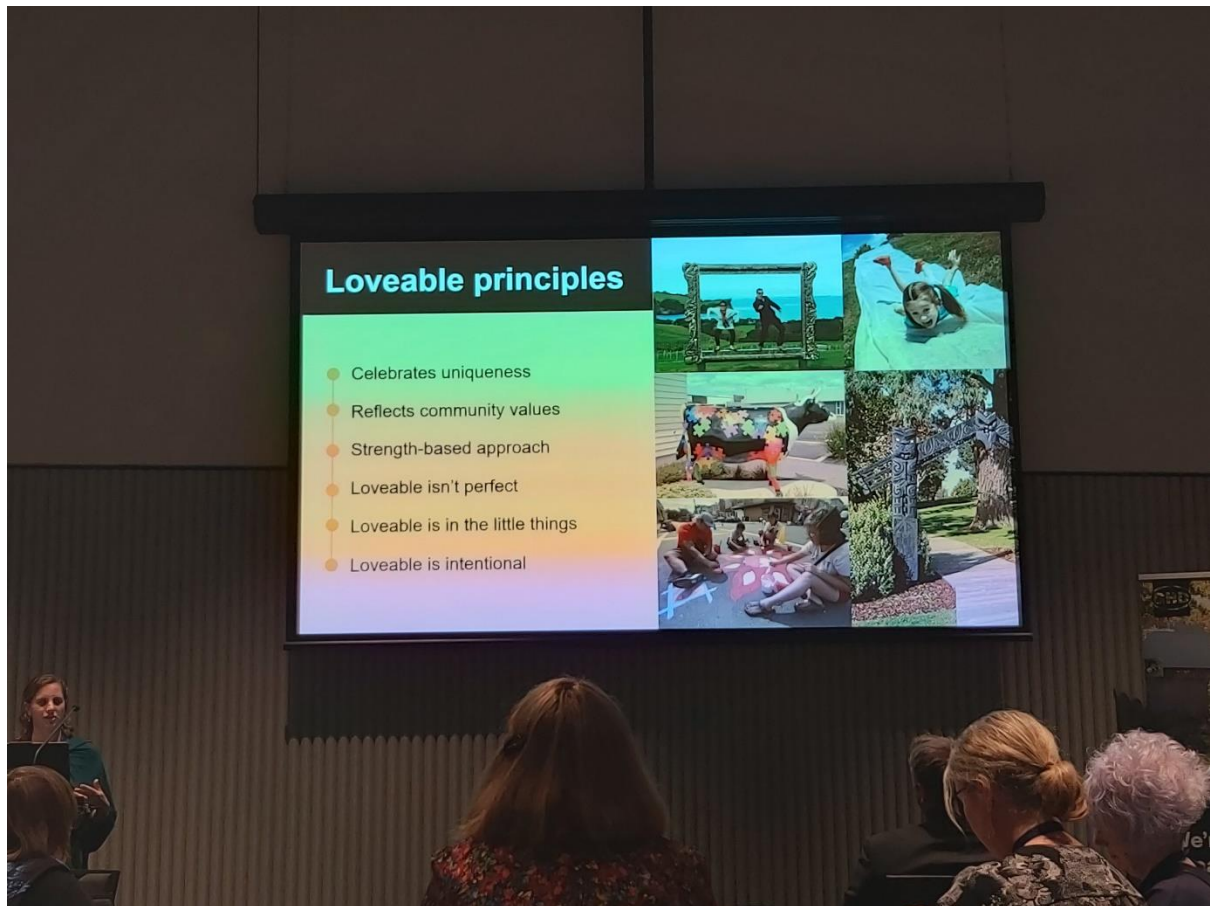
STEP 3: Share

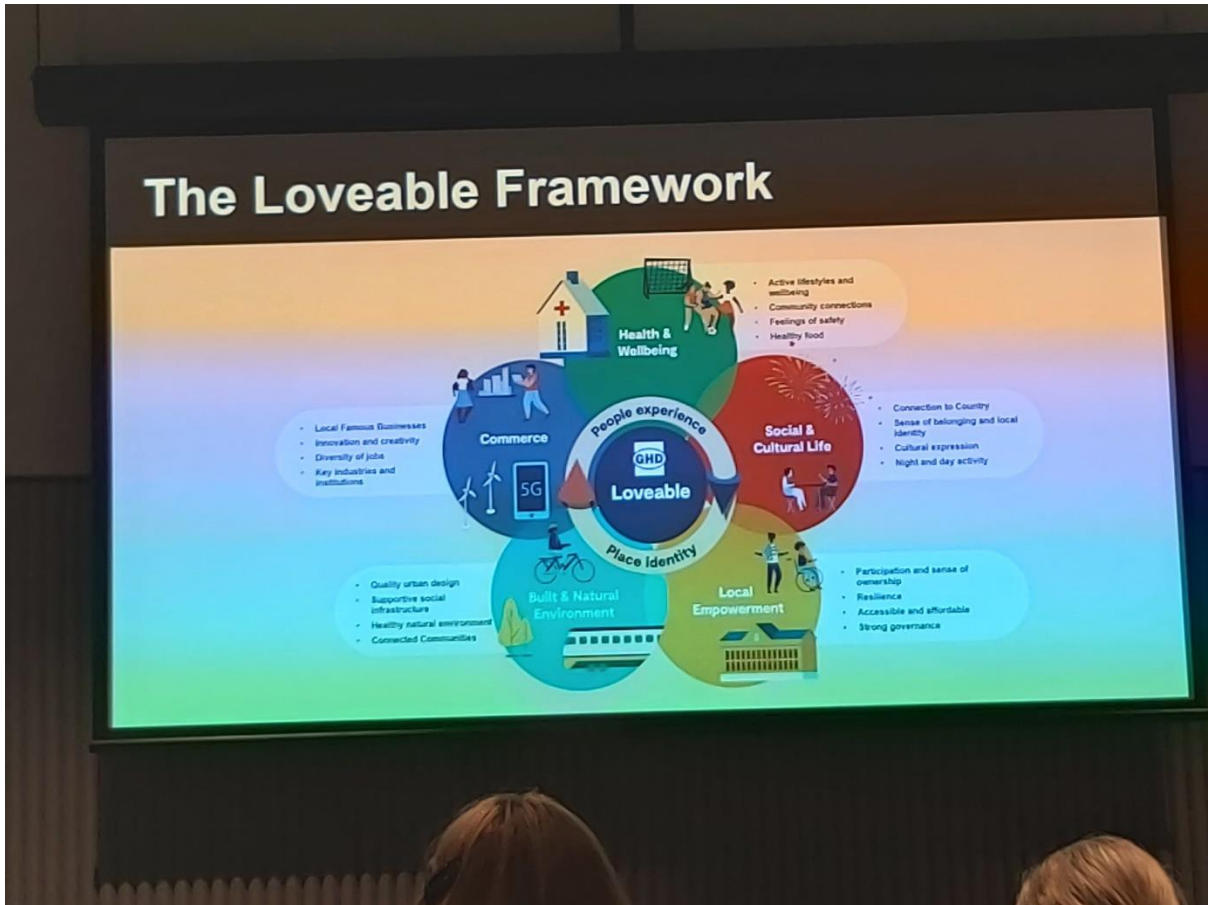
Headline for the year 2040 
What headline would you like to see in the media that captures the future of your area?

A good city should be like a good party- no-one wants to leave.

“liveable” to “lovable”- the love story that connects us to this place.


Some thoughts of how to use this process to design a vision for the LTP:






STEP 1: Think + Ink


Using the photos as inspiration brainstorm what you love, wish and wonder for your Council






I love

What I LOVE about where I live



I wish

What I WISH for its future

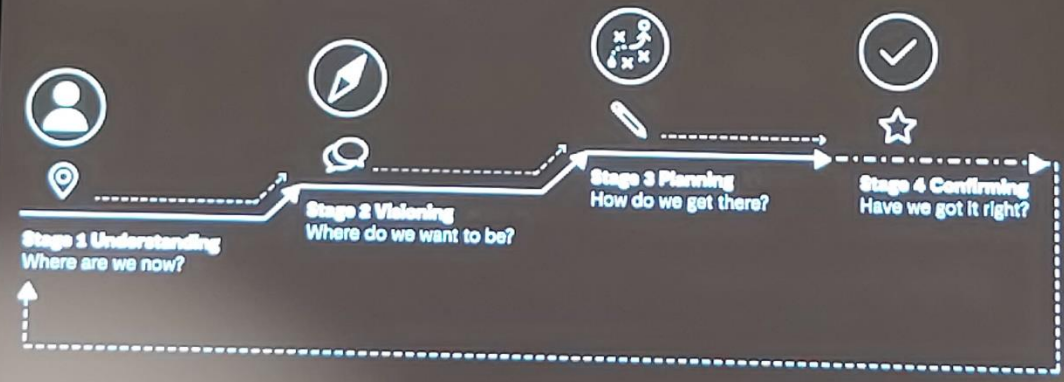


I wonder

What I WONDER we could do now

Two audience members are visible in the foreground, looking at the screen.

The Loveable Process



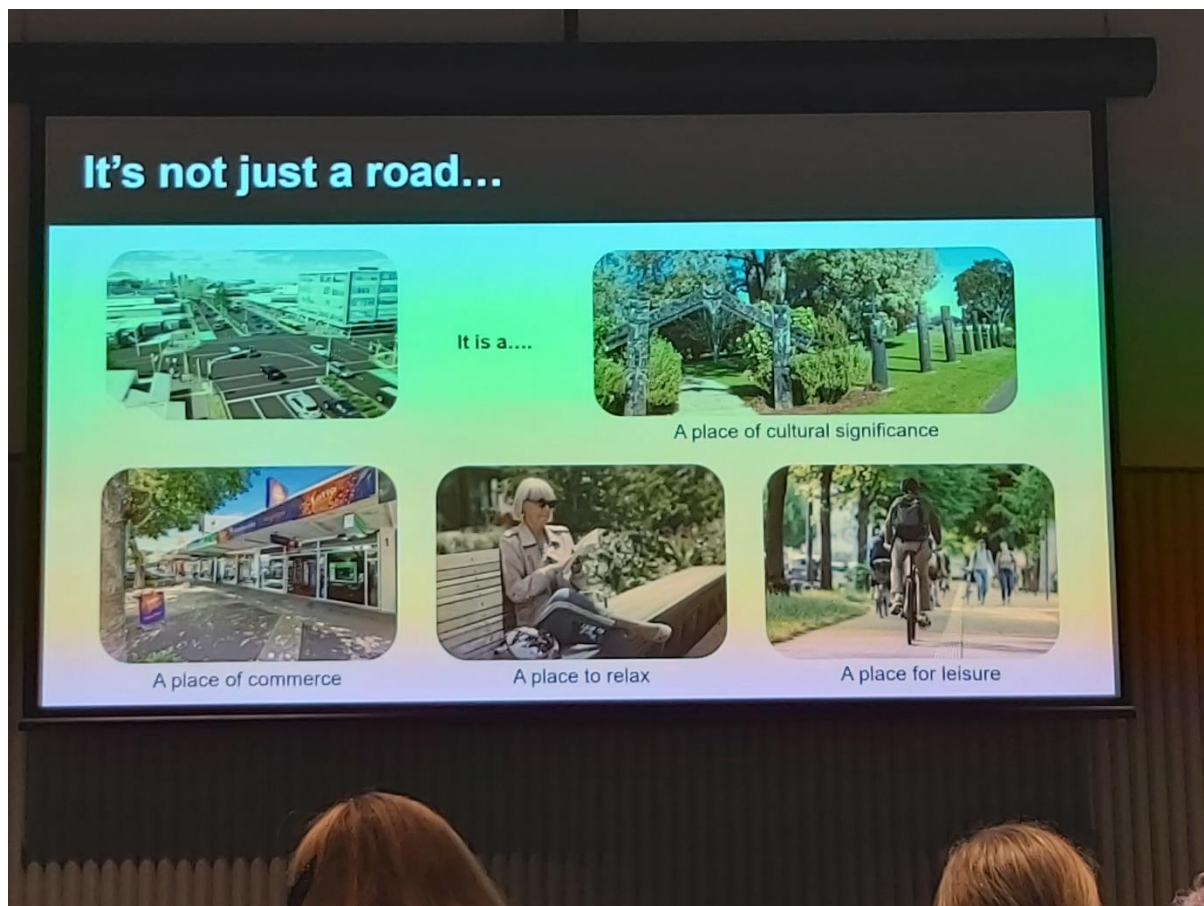
Stage 1 Understanding
Where are we now?

Stage 2 Visioning
Where do we want to be?

Stage 3 Planning
How do we get there?

Stage 4 Confirming
Have we got it right?

An audience member is visible in the foreground, looking at the screen.



Consider all infrastructure is social infrastructure. Don't think of infrastructure as having only 1 purpose. E.g., a road. It can be a social place, a place of commerce, a place for houses, schools, community. Therefore, you uplift the value of it by not just planning for one purpose.

Managed Retreat in Practice

Omahu Hawkes Bay managed retreat of 153 houses. 75% classed as 2C which meant subject to mitigations/retreat. Last time there had been an overland flow like that was Cyclone Bola.

Decided to do a modified managed retreat to move to Puketapu Hill. There people still felt connected to their land.

Australian example- Grantham- made it voluntary to retreat. Cost \$18m, 120 families involved.

Elements to make retreat successful- engage, get data, co design by the people affected to they can see what the future looks like, and then engage, engage, and engage some more.

It's a lot of talking, use a recovery and welfare huts over lots and lots of cups of tea

HB still waiting to see what Govt funding will look like, with insurers pausing or wanting to make a cheap payment to settle a claim.

The Big Question - What is Super Local? A Panel on Reimagining Local Government

Moderator: Rohan O'Neill-Stevens

Panellists: Tara Moala, Helmut Modlik, Caren Rangi, Mayor Bernie Wanden

Caren spoke about the opportunity to shape a new future by working in partnership to support communities, and the role that arts, culture and creativity can play.

Rangi spoke of the role that arts and culture played in rebuilding Chch after the city was struck by earthquakes. They used a Dance-O-Mat as an example.

The importance of listening to communities and using that information for the good of the community.

LGNZ address- Choose Localism.

Do you trust each other and is there trust between central and local government was discussed. Seemed to be a perception of "less trust". 45% of people have trust in local government.

and interesting LGNZ launched its "Choose Localism" theme with a pin and new website to sign up to. Localism is about using the power, knowledge, skills and views of local people to strengthen our communities. Localism builds on the unique qualities that make every town, city and region special.

You can find out more about this here <https://localism.nz/>

Challenged the 3-year election cycle as it incentivises short term thinking.

Council's tax takes the same as what it has been for a very long time compared with govt which is a steady rise.

Transporting our communities into the future

Panel discussion with Dean Kimpton from Auckland transport, Brad Olsen and Mayor Alex Walker from HB.

Think and plan long term. 39% increase in bridge build cost since 2022

Ask what is on your priority list and then design it with the community. We will not be able to achieve everything you want to if you are constrained by funding.

HB mayor used example of community finding solutions on their own like farmers using their tractors to get some works done.

Unfunded aspiration will be rhetoric forever.

Akd transport- 15% of capex budget is Road cones.

Transport is enabling infrastructure.

We haven't been able to reconcile how we fund in the future. Opex budgets will double in cost with the same level of funding.

Exhibitor- see the EQC site which now shows every property that has an EQC claim. Could be used as an additional tool when buying a property to see if there has been any earthquake, land slip or flood claims.

RCH
26 - 28 JULY 2023

Before you buy a property, find out how natural hazards might affect it.

Be informed, visit the Natural Hazards Portal:



naturalhazardsportal.govt.nz

Our data, made accessible.