



Annual Plan 2019/2020 Submission from Kaikōura Business Association

The association is a business support service organisation that has been set up to provide local business support. The association is focused on providing an independent voice for local businesses, capability development, industry support, consultation and advocacy.

All commentary and recommendations are based on our observations and expectations, as well as feedback from our business community. We have also encouraged business to make their own submissions.

RECOMMENDATIONS

We believe the Council has a very real opportunity to show innovative, proactive thinking to capitalise on opportunities and to support the community in creating a sustainable future.

We appreciate that Council has had to tackle many challenges over the past two and half years, however Council is now in the position to be proactive rather than reactive and start strategically working with the community in developing a vision for the future, based on Kaikōura's values and competitive advantages.

Council needs to think differently about its services delivery, operations and structuring of the organisation to be able to deliver business as usual local government ratepayer services whilst also delivering client-focused fee for service products that are efficient, high quality, cost effective and reflective of local community. This requires a combination of public and private sector thinking in order to deliver effectively to the community.

The Association would like to see the following considered and reflected in the Final Annual Plan document:

1. Current Goals and levels of service need to be effective in being able to hold Council to account. Goals and level of service need to be adjusted to be specific, measurable, attainable, relevant and timely and clearly outlined as such in the Plan in order to be able to effectively delivered and be measured by the community.
2. Greater transparency in project information, schedules and budgets. Currently the budgets do not provide enough detail nor individual line items as to what amounts are being allocated to various areas and how they are being funded for activity areas.
3. Provide more opportunities for the business community to have input. Greater recognition, support and consideration given to local businesses as the largest ratepayer group, investor group and volunteer base. This includes being transparent regarding core district projects and being proactive in providing opportunities for local participation, input and investment.



4. Plans and processes for ease of doing business with Council in a timely and efficient manner with minimal cost, both time wise and financially for businesses.
5. Before fees are increased, the association would encourage that proactive conversations are occurring with the building industry and earthquake navigators on the actual impacts of this on the community
6. Strategies and levels of service for creating a more business friendly environment for local businesses along with strategies for supporting local businesses, initiatives and local economy rather than just for potential external investors.
7. Investigate alternative revenue strategies to reduce the impact of rates. These include strategies for revenue generation that is not directly paid by local community nor impacts business operations or increases business operating costs.
8. Support for Central Governments focus on Localism and keen to see Council being innovative and creative in developing levels of service and models of service delivery that meet the needs of OUR community. This includes utilising local talent as much as possible when and where consultants are required.
9. Detailed Human Resource budget including full organisation chart (both current and for coming 12 months including any major proposed changes) should be incorporated into the plan. This enables the community to understand proposed additional staffing in the Annual Plan along with how staff are funded.
10. Strategies and models for delivering ratepayer services that meet expectations whilst delivering fee for service services in a professional client-focused manner that is on par with the quality, efficiency and value for money of private sector level delivery. This is standard expectation for any fee for service model.
11. The Association supports a focus on roading particularly in areas that have not been maintained including rural roading. The Association not only supports maintenance but supports future proofing rural roads, including appropriate signage, to support current businesses and future development of cycleway/shared pathways and rural tourism development opportunities.
12. We support the four Wellbeing's being brought back into Council's mandate but also feel that these may not be best executed within Council and need to work and build stronger relationships with the community in executing these mandates.
13. Actively consulting with the business community, whilst developing the new waste minimisation strategy.



14. Creating community ownership over Earthcheck and using this effectively as a branding strategy in all aspects of economic, social, cultural and environmental development.

COMMENTARY ON ANNUAL PLAN

1. Focusing on path to a better future

- a. The Association supports the Council focusing on creating stronger relationships with Treaty partners.
- b. The Association believes that there needs to be more weight given to the local business voice in the Council decision making processes. This includes in terms of short and long-term planning along with delivering community values and goals.
- c. The plan outlines Council working with community, treaty partners, visitors and investors however does not highlight the business community specifically. 70% of future investment will come from current local businesses and it is important to recognise their potential and impact on current and future sustainable economic development.
- d. The Business community makes up most of Kaikōura ratepayers through commercial rates, rural rates, residential rates (both owner occupier and rental rates on investment properties). They enable employees to pay their rates. They are also the largest group of volunteers and sponsors of community initiatives. The business community is often given the same weighting and voting input as small-scale interest and community groups. Stronger consideration needs to be given to local business interests as these are the key drivers of employment, increasing living standards and increasing the ratepayer base.
- e. The business community is also best placed to drive the future of Kaikōura, particularly where the Council is currently restrained with resources and a heavy focus to ensure rebuild of infrastructure meets the June 2020 target dates.
- f. Throughout the Plan there is continual mention of core district projects however the local business community has not been made aware of the details nor have they been involved, consulted nor asked as a first option if they would like to invest. It is extremely important to the business community that new projects and investors are aligned with local community values, particularly in relation to retaining a coastal village feel and environmental sustainability along with retaining revenue within the local economy.



2. Economic Development

- a. The Association supports the notion of Economic Development but believes that it needs to sit outside Council in order to be dynamic, innovative and meet the needs of the community.
- b. The goals listed under Economic Development are statements and are not specific, Measurable, Attainable, Realistic nor Timebound (SMART). These need to be rewritten in order to be measurable.
- c. There are no levels of service provided for Economic Development.
- d. There is no budget breakdown for Economic Development.
- e. The Informetric statistics on the Council website are skewed due to the earthquake and do not provide an accurate picture of Kaikōura's economy and should not be relied upon as a decision-making tool for the development of an Economic Development Strategy. (NOTE: The statistics Informetrics provided are available for free and hence may not be the best use of ratepayer money.)
- f. The Association would like to see proper economic analysis being undertaken that will enable strategic long-term plan development by the community and impact the current 2043 statistical predictions.
- g. The objectives are heavily focused on attracting external investment rather than supporting local business, local investment and local development.
- h. Doing business in Kaikōura is challenging, particularly when working with Council. Council has highlighted that it wants to make it easier to do business and the Association supports this, however nowhere in the plan does it outline how it plans to achieve this.
- i. The Association supports working towards sustainable wages however questions Council's role in this and understanding the Kaikōura economy and economic impacts on businesses. Over the past two and half year's businesses have had to deal with already increase wages to compete with roading construction work, statutory minimum wage increases (approximately \$2500/employee per year) and now the push to move to a living wage will be approximately another \$6240/employee per year. The Association supports Council looking at ways to support the reduction of operating costs through rates, fees and charges and efficient regulatory processes.



- j. The high operating costs in Kaikōura has meant that some businesses and potential investors have chosen to relocate their business to other towns and cities around New Zealand. In a survey undertaken by Enterprise North Canterbury 44% of businesses highlighted profitability had dropped by 20%, which is believed to be due to high operating costs including high rents, wage increases and other operating cost increases.

3. Tourism and Marketing

- a. The Association supports tourism and its associated industry's however there is a need for strategies to be place on diversification of industries. This does not mean that tourism stops growing but its percentage make up of Kaikōura's GDP needs to be reduced through growth of other industries.
- b. Tourism is heavily impacted by international and national events, outside of Kaikōura's control and hence having a balanced economy is important to ensure economic sustainability.
- c. The Association would like to see a strategic approach to tourism to ensure there is balance of a liveable coastal village with tourism. This may include looking at what is the maximum number and types of tourist Kaikōura can effectively handle in the future, with minimum negative impacts on ratepayers.
- d. The Association would like to see a detailed cruise strategy, with input from the wider community, as part of the tourism mix. It is key to ensure that we do not see the negative impacts experienced in Akaroa and Mt Maunganui.
- e. The Association supports building conference and event business. It is noted this is to be achieved by June 2020 however as both the Sudima and Mayfair are not scheduled for completion until after this date it does not appear that this will be attainable within the current Annual Plan cycle.
- f. The Association supports development of new product areas but no strategy is provided for this in the Plan. The Association would like to understand what the strategy is for supporting and developing up current tourism operators to ensure that they are at an international standard and market ready.
- g. The Association would like to see an increase in environmentally friendly operators over time rather than remain at only 18%.
- h. There is also no budget included nor the amount being contributed by Council towards this activity and from which rate categories.



4. Regulatory

- a. The Association supports a client focused and business friendly approach within Council's regulatory framework enabling a safe and liveable community.
- b. The Association supports compliance with building codes however the current method of managing building compliance does not encourage development and investment. The current approach is impacting businesses financially and mentally.
- c. The Association would like to see levels of service and measurable KPI's in the Annual Plan for the building activity, that will work towards increasing the community satisfaction ratings for inspections from 27% and from 34% for building consents respectively.
- d. Building compliance is a fee for service programme and hence needs to be client focused and delivered in line with the standards of any client-oriented business. It needs to be delivered professionally, constructively and in a manner that does not unnecessarily extend beyond the initial and expected fees paid. Excessive inspections and a non-solution focus are not reflective of business-friendly client-oriented business.
- e. The Association has the following concerns regarding increasing fees:
 - i. Many business, builders and residents are already feeling they are being charged for greater than expected inspections. Increased fees will result in greater financial impacts on the community and discourage further development and investment.
 - ii. Many businesses and residents are only just getting around to being able to access builders for earthquake repairs and increasing fees and charges may result in people being underinsured for the costs of consents, impacting rebuild and repairs occurring in a timely manner.
 - iii. A client and solutions focused approach will likely increase the efficiency and enable a reduction in associated work with providing business control services.

We suggest before fees are increased that proactive conversations are occurring with the building industry and earthquake navigators on the actual impacts of this.

- f. The Association would like to see levels of service that reflect effective measures to achieve the regulatory objectives and goals.
- g. There also is no detailed budget provided nor methods to reduce potential costs including those related to outsourcing and use of external consultants.



5. Leadership and Governance

- a. The Association recognises that the Mayor and Councillors have had to go beyond the standard duties since the earthquake.
- b. The Association also recognises that Councillors are stepping in to sit on various working groups and committees to ensure that they are kept on track and reflective of the community wishes. We also recognise that this time is often not paid and done voluntarily.

At the same time Councillors stepping in does highlight a concern that Council staff who have been running these committees and work groups are not able to reflect the community's views effectively nor manage the required processes in a timely manner.

- c. The Association would like to see what tools are being used to measure the levels of service for leadership and governance as these currently do not reflect the statistics in the Community Satisfaction survey. The Council and Council activities only achieved a satisfaction rating of 48% for 2018/2019 however levels of service state 75%. Only 47% of residents feel that they participate in decisions and planning yet the detailed plan states that 90% of community are stating that they were consulted with.
- d. The Annual Report for 2017/2018 has not been uploaded to the website.
- e. The Association also refers to Section 7 - Becoming more effective and efficient and the need for transparency in the increased planned spending on human resources and health and safety.

6. Financial and Corporate Sustainability Review

- a. The Association supports the focus on financial and corporate sustainability.
- b. The Association would like to see business input into the review of fees and charges, investigations into revenue opportunities, input to localising the Council structure to meet community needs and input into the 12-year plan. It is important to have local input from the business community that have extensive local knowledge and experience.
- c. The Association supports joining the LGFA.



- d. The Association requests that greater detail is provided in the budgets and financial information included in the Annual Plan, including in each section of the Plan.
- e. Business as usual budgets should be provided in a separate budget from rebuild and infrastructure work, where possible, to provide a clear picture and greater transparency in the Plan and financial reports. The grants and subsidies have a tendency to skew the view of what Council's actual financial situation is in a business as usual environment.

7. Becoming more effective and efficient

- a. The Association supports the Council delivery for ratepayers through staff who are professional, motivate, highly competent and connected to the community. The community connection, relationship and local knowledge and history and Council decisions is extremely important.
- b. Prior to the earthquake, Council had 23 staff of which only 4 remain plus the Chief Executive Officer. This is 81% turnover of original staff. The average turnover in New Zealand is 18.8%. Turnover of each staff member costs the ratepayer between 150% and 400% of each employee's salary/wage which is concerning.
- c. High turnover impacts the ability of ease of doing business and efficiency across the organisation with the lose of knowledge creating challenges for both staff and community and potentially led to poor decision making by not having local knowledge nor relationships.
- d. Staff commuting long distances to work is not safe nor financially or corporately sustainable. All staff, and internal contractors, should be permanently based in Kaikōura. The business community would like to see all staff and ongoing contractors, as part of the wider community, as it is important to have a full understanding of the community, if they are making decisions on long term future of Kaikōura.
- e. The Association would like to see Council investing in apprenticeship/traineeship scheme that may undertake the communications role. This would be a better use of money than hiring another communications person.

8. Roothing

- a. The Association supports a focus on roading particularly in areas that have not been maintained including rural roading.



- b. The Association requests areas such as Kekerengu, Clarence and Inland Road are not only maintained and managed for current requirements but strategically future proofed to support growth in these areas, particularly in relation to cycleway/shared pathway, rail stopping and rural/food tourism. This makes the area safe for increased traffic and encourages and supports local businesses to invest further. This also includes the maintenance of relevant business-related signage.
- c. The Association supports the development of a local roading contracting company and would like to see all current local contractors be provided with the contracting tender requirements to enable them to be able to recruit, train and develop their businesses to a standard which would allow them to tender. Over the coming 12-18 months approximately 150 local staff will be released by NCTIR providing local contractors with the ability obtain qualified and skilled staff.
- d. The Association supports working with Chorus to lower the costs of footpath renewals.
- e. The Association requests that accessibility, safety and ease of maintenance are taken into account when redoing footpaths.
- f. The Association also request that footpaths are design to encourage walkability of Kaikōura rather than driving being the main form of transport in Town.

9. Refuse, Recycling and Waste minimisation

- a. The Association strongly supports working towards innovation, strategic and forward-thinking strategies to achieve Zero Waste.
- b. The Association believes that this needs to be led by IWK and the entire community rather than Council.
- c. The Association would like to see Kaikōura take proactive ownership over waste management and encourage innovation and business development rather than focusing on transfer stations and shipping waste out of the district.
- d. The Association is concerned over where the Waste Management Strategy sits. In the Plan it is assumed that it is managed by Council however consultation meetings have directed issues raised by businesses to be the responsibility of Innovative Waste Kaikōura. There are no strategic, proactive KPIs listed with only reactive measurements listed, which occur after the fact.



- e. The Association is concerned that the Ministry of Environment provided \$2.63 million, shared between Hurunui and Kaikōura, for waste minimisation for of post-earthquake waste, including demolition and construction waste, however waste minimisation has not occurred.

10. Pool

- a. The Association supports Option 1: Scarborough Street South for its development potential and if designed properly the ability for revenue generation.

11. Freedom Camping

- a. The Association is not positioned to provide a defined stance on Freedom camping due to very different perspectives and economic impacts across the business community.
- b. The Association however supports minimal impact on the environment, including effective waste management, zero waste initiatives and signage pollution and minimal impact on ratepayers.
- c. The Association would like to see a proactive and innovative approach to freedom camping rather than a reactive response.
- d. The Association supports a solution regarding Kiwa Rd and requests that the business community have input into this.

We would like to speak on this submission. Please contact us at kaikourabusinesses@outlook.com