

JOHN ROBSON on Tauranga City Council for REAL CHANGE in Tauranga City Council

Now

Tauranga City Council is not financially sustainable.

Council has resorted to selling assets - not to get debt down - but to hide the level of debt increase.

If it hadn't sold assets, the debt increase over the three years of this Council would be in the order of \$100 million.

And rates are still rising much faster than inflation - a conservative calculation puts average residential rate rises at three times the rate of inflation over the three years of this Council.

And all this when the city is (supposedly) 'booming'.

When the last 'boom' in Tauranga ended - with the GFC - rates increased by approximately 30% over three years.

Control

The future doesn't have to be like this.

The answer is simple - Council must reduce spending to a sustainable level - one that doesn't take an ever-increasing share of its residents' income.

In short -- average residential rate rises should not exceed the rate of inflation.

To do this, Councillors must take control of the budget (or in Council-speak - the Annual or Long-Term Plan).

And the Mayor must take the lead in the setting of the budget which, thanks to recent changes in the Local Government Act, they are now empowered to do.

If you want rates rises 'capped', you need to elect a Mayor that:

- Commits to delivering a budget where average residential rate rises do not exceed inflation
- Has a proven ability to lead budget setting for an organisation as complex as Council.

To state the obvious - that is a very short list.

You also need to elect Councillors that:

- Share the Mayor's commitment
- Have the ability, and desire, to contribute to the budget-setting process
- Are prepared to put the City's interests ahead of their desire to get elected (or re-elected).

The last point is crucial.

Too often you will see candidates making 'promises' - with no indication of how they might be made real - simply to 'buy' (with other peoples' money) the votes of a particular Ward or group within the city.

These 'promises', made for the purpose of getting elected, are rarely delivered upon.

And create obstacles to the delivering a budget that is best for the city as a whole.

Please think carefully before you vote for such candidates.

Your role

You have the most important role in addressing Council's sustainability.

You have to choose the Councillors that are able, and willing, to address the issue.

You have to ignore the lure of the false promises and the 'pork-barrel' politics of previous and current Councillors who have failed to address the issue.

You have to ignore the claims of candidates that are without merit or relevance.

You have to somehow, amid the 'noise' that accompanies an election, select the Councillors that the City needs.

Because, if you don't choose wisely now - I guarantee you will pay later.

Budgeting Problem

Council must, by law, have a Long-Term Plan.

In reality, the Long-Term Plan is a crude ten-year budget - which is reviewed very three years.

Year on year, Councillors do not look at the budget in any detail.

They focus on significant amendments to the Long-Term Plan, including:

- Changes to the timing of a project (e.g. a parking building)
- Changes to the budget for a project or activity (e.g. events)
- Adding (or deleting) a project or activity

This focus on 'significant changes' means that the vast bulk of spending, the so-called business-as-usual (BAU) spending, is effectively ignored by Councillors.

I believe this is a complete abdication of a key requirement of your Council under the Local Government Act - which is to ensure effectiveness and efficiency.

Not properly considering all spending delegates to the Chief Executive an enormous amount of discretion in terms of exactly where he proposes to spend your rates.

To be fair to the Chief Executive, some spending proposals (but, not all) are put to Council - but, in the face of a report recommending a proposal, your average, inexperienced, Councillor often lacks the ability to effectively 'challenge' any proposal.

So you end up with a financially unsustainable organisation employing a brand consultant and a creative agency to do a 'brand refresh'.

This failure to properly scrutinise spending has, over time, created two major issues:

- A 'cost-plus' culture within Council
- A failure to have proper cost-management processes in place

To be very clear - these two issues are simply a result of successive groups of Councillors showing little interest in budgeting or cost management.

Future

Tauranga City Council is running out of assets to sell.

You will hear proposals to sell the parking buildings - but any sale will be at less than cost - which makes no sense at all.

The financing option proposed for the new Civic Administration building effectively 'sells' the Council's land in the city centre to a developer.

Council will lose control of the land for 100+ years - consider it 'sold'.

Despite what some candidates suggest, over 6,000 years of Council experience shows there are no 'magic' solutions for funding council expenditure.

It always comes back - directly or indirectly - to the residents to pick up the bill.

So when Council runs out of assets to sell - or the next GFC comes along - rates and other Council charges will rise - significantly.

Problem Solved

To deliver a sustainable Council requires three steps.

One - Council must move from 'cost-plus' to 'zero-based' budgeting.

Simply put, all spending must be scrutinised - and justified.

Zero-based budgeting will require that Council's systems deliver accurate and timely cost information.

Quality cost information is a vital component of any Management Information System (MIS).

Without such information, the organisation is effectively flying blind.

The fact that the current systems and processes do not deliver this basic level of information is an indictment of previous Councillors.

This must become a focus of the first eight months of the new Council.

The budget already exists for the delivery of the ICT component of a fit-for-purpose MIS - it must be made a priority for the Chief Executive - and must be in place by the middle of 2017.

To be clear, this change requires no additional spending by Council.

Two - In parallel, there must be a review of all activities and projects of Council.

This is not with a view to looking to make crude cuts - Councils of the past have occasionally undertaken such exercises and they have proved either ineffective or unsustainable.

The purpose of the review is to bring Councillors up to speed with what is happening at Council - so that all Councillors have a complete, and accurate, picture - of the organisation they govern.

This is not currently the case.

This review can be undertaken without any additional spending by Council.

Zero-based budgeting and the proposed review will have two valuable consequential effects:

- Zero-based budgeting will start to change the cost-plus culture of Council
- The review will deliver clarity around the current 'strategic direction' of Council

Third step

Once Council has an effective MIS and Councillors have a complete and accurate picture of Council's current activities and projects, the third, and most important step, can occur.

And that is the engagement of the people of Tauranga, both individually and in their communities, in the process of prioritising the work of Council, and thereby setting the strategic direction of the City.

And this engagement, unlike the engagement around the Civic Heart project, must:

- Involve the people of Tauranga from the start
- Be based on quality information
- Not have a pre-determined outcome
- Be designed to obtain a 'true view' of the priorities of the people of Tauranga
- Inform the 2018-2028 Long-Term Plan

The record of Councils with regard to engaging with the people of Tauranga is very poor.

For a Council to celebrate when a non-representative sample of less than half of one percent of the population participates in the consultation phase of a project described as a 'once in a lifetime' opportunity for the City speaks volumes.

Councillors, if genuinely committed to engaging to the people of Tauranga, rather than to those whose politics and/or financial backing they share, should aspire to a much greater level of engagement.

This fact speaks poorly to their commitment to representative democracy.

It is an irony that a number of current Councillors professing business and/or governance experience seem so unfamiliar with, or unwilling to use, the various tools that successful organisations use to understand their 'customers'.

Perhaps if Council's customers could change Councils, Councillors would take their obligations a little more seriously.

My role

Since July 15, I have used the Weekend Sun to provide some balance with regard to the true state of Council - and its finances.

I have broken the number one rule of politics - to be relentlessly positive - and instead opted for telling the truth.

It may not help me get elected - but I sleep well at night.

And I have one more thing to offer - a promise with a \$300,000 guarantee.

A promise that I believe I am the only candidate with both the capability and confidence to make.

If elected Mayor, I promise to present to you a sustainable Long-Term Plan in 2018 - or you get your money back.