
**CONSULTATION ON LOCAL GOVERNMENT MANDATORY
PERFORMANCE MEASURES - SUBMISSION**

1. Purpose of report

This report provides for the consideration and adoption the Wellington City Council's submission to the Department of Internal Affairs (DIA) on proposed compulsory performance measures for essential services.

2. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Agree to the submission to the Department of Internal Affairs on their draft performance measures (attached as appendix 1).*

3. Background

Changes to the Local Government Act (2002) undertaken in 2010 require a universal set of performance measures for key infrastructure to be reported on from 2015 by all local authorities. These measures cover 5 areas: water supply, sewerage, stormwater drainage, flood protection, and roads and footpaths. They will be required to be incorporated into councils' long term plans and annual reports.

4. Discussion

Compulsory performance measures have the potential to improve practice in Local Government; but also hold a risk of increasing the burden on Local Authorities and not adding value.

In their best form, they will enhance reporting; enable benchmarking with other local authorities and be able to show the benefit of our activities. If poorly done, they have the risk of imposing further measurement and reporting burden on the Council, introducing perverse incentives and clouding the performance story for the community, who are the ultimate users of the data.

We have therefore prepared our submission with the following questions in mind:

- Does the measure tell our 'performance story' to the community accurately?

- Is there significant cost of collection?
- Will this measure be a meaningful benchmarking measure?
- Are the measures sensitive to change, accurate and timely?
- Are there better alternatives?

DIA is seeking feedback on a total of 21 measures across the five areas.

This Council has a proud history in performance measurement and reporting, as evidenced through numerous awards as well as feedback from Audit NZ and the sector. As a leader in this space, we believe by giving this process due diligence, we will be able to contribute to the process in a productive manner and get a better outcome for Council and the sector.

The attached submission is Wellington City Council's response. It is structured around the five areas of essential services and addresses 'key aspects' to be measured as well as the measures themselves.

5. Conclusion

The report provides for consideration and adoption of Wellington City Council's submission to the Department of Internal Affairs.

Contact Officer: Jim Robertson – Senior Advisor: Research and Evaluation.

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The approach taken in this submission supports the goal of being a 'people centred city' by enabling democratic, local decision making through easy access to information on Council activities.

2) LTP/Annual Plan reference and long term financial impact

The measures that are eventually adopted by DIA will be incorporated into future LTPs and reported on in the Annual Report. No financial impact is anticipated

3) Treaty of Waitangi considerations

No specific implications.

4) Decision-making

The submission is part of a wider process of setting sector wide performance measures, and as such, the decision to accept this submission is not a significant one.

5) Consultation

a) General consultation

Consultation was carried out internally only. Members of the public are able to submit themselves directly to the Department.

b) Consultation with Maori

N/A – See 5a above.

6) Legal implications

There are no current or anticipated legal implications from this submission.

7) Consistency with existing policy

This submission is consistent with our current approach to open reporting of performance.

Submission: Consultation on Local Government mandatory performance measures

Wellington City Council

Our approach to performance measurement

In our opinion, performance measures exist to provide accurate information to the communities we serve. They must give the true picture of the service level and be easy to understand. They also must not have an undue cost of collection and not impose other undue burden on the reporting organisation.

The difficulty in establishing universal measures lies in the vastly different contexts in which each territorial authority functions. Differences in geography, economy, density and the characteristics of the population all mean that comparability between Territorial Land Authorities (TLAs) is difficult.

For universal measures to be useful, comparability across contexts must be achieved. It is with these thoughts in mind that we have prepared this submission.

Our overall thoughts

Current vs future service provision

The proposed measures all concentrate on current service provision. However, they lack any focus on future service provision – that is, the ability of the council in question to deliver the service into the future.

New Zealand is facing a wholesale renewal of underground infrastructure in the next few years. Some councils have been planning for this for some time and are taking action with this in mind. Others have not been so proactive. This is a key issue when it comes to the council's ability to deliver the services to their communities into the future.

This picture varies wildly across different councils and is becoming more and more important when issues such as regional governance and amalgamation are considered.

We suggest a suite of measures across the five areas reflecting the network optimisation being undertaken and how councils are planning for and preparing for future demands on services.

Clear expectations

The proposed measures do not have adequate definitions and methodologies spelled out in all cases.

It is unclear from the current document whether such guidance is to be prepared or whether measures will be left to the discretion and interpretation of Councils.

We recommend measures have guidance documents prepared and clear methodologies, so councils know that their chosen methodology will be acceptable and not lead to issues of comparability or issues in the audit process.

Cost of compliance

Any measures being proposed should not impose undue cost or other burden on reporting entities. For instance, some measures, such as resident surveys, are not undertaken annually by all councils

We recommend that clarification is given as to what is an acceptable frequency of reporting in these instances.

This document

Rather than answering the specific questions asked in the submission survey, we have raised issues we think are relevant only. Our comments are presented as boxed text.

Our response to specific proposed measures

Water supply

The proposed performance measures are meant to measure aspects that are the most important to communities across New Zealand.

The proposed key aspects are:

1. Is the water safe to drink?
2. Is the water reticulation network being maintained to a standard that ensures safe water is available to customers?
3. Does the local government organisation responsible for the water service provide a timely response if there is a problem with the water supply?
4. Are customers satisfied with the service provided with both the operation of the service itself and how the local government organisation deals with complaints about the service?
5. Is the water supply system being managed in a way that ensures demand does not outstrip the available capacity?

We believe that these are appropriate key aspects to be measured.

We would suggest an additional aspect – ‘To what extent is the network able to provide safe drinking water to customers into the future whilst not imposing an undue financial burden on future ratepayers?’

Performance measure one: safety of drinking water

Compliance of each municipal water supply with the New Zealand Drinking Water Standards for protecting public health, specifically:

- bacteriological compliance; and
- protozoal compliance.

We broadly support a measure regarding Drinking Water Standards, but submit that it should cover all aspects of the standard including chemical, radiological and cytotoxic aspects. We believe that splitting the measure into bacterial and protozoal compliance somewhat decreases comprehension for the public – we instead submit that the measure simply reports on overall standards being ‘achieved’ or ‘not achieved’ for the period in question and, if standards are not achieved, a full explanation is offered.

Performance measure two: Maintenance of a water reticulation network

Percentage of water lost from each municipal water reticulation network.

Please note: Water losses should be calculated by measuring the total system inflow less authorised consumption. Authorised consumption should be assessed by measuring the actual consumption or a statistically significant sample of the consumer population. Details of the assumptions behind the measurement should be provided to the public.

We broadly support this measure. We do, however, have some issues with the proposed methodology, as it relies on specific end-user metering (meters for individual connections) which is not in place in all Authorities.

We submit that a measurement of consumption should be acceptable based on an internationally recognised methodology applicable to the type of metering that is installed. As worded above, the measure has the potential to impose significant costs on Councils (by requiring additional metering to be installed, even if the option to use a 'statistically significant' sample is used). We suggest working closely with a representative sample of Councils who have a range of metering systems and sector experts to derive any methodologies for this measure.

We also suggest that targets for this measure are based on economic modelling of the marginal cost benefit of remediating water loss.

If the measure is to stay as is, guidance is required on what 'statistically significant' means – this is not a meaningful term in itself as there are many levels of significance that depend on a number of factors.

Performance measure three: Response to water supply faults

Median response time to attend to urgent issues resulting from municipal water reticulation network faults and unplanned interruptions:

- between the time of notification and the time when service personnel reach the site; and
- between the time of notification and resolution of the fault or interruption

Median response time to attend to non-urgent issues resulting from municipal water reticulation network faults and unplanned interruptions:

- between the time of notification and the time when service personnel reach the site; and

- between the time of notification and resolution of the fault or interruption.

We broadly support an approach to measuring responsiveness. We do, however, see weaknesses in using median reporting times. The nature of the service we undertake in this space means that most faults are rectified promptly and within the targeted levels of service. Problems arise however, and targeted timeframes are sometimes exceeded when responsiveness is poor.

We therefore submit that the measures be reworded to state “percentage of faults rectified within targeted timeframes’ or similar. Using this type of measure, it’s easy to see how many cases are exceeding these timeframes which is a good measure of any problems to do with responsiveness. It is worth noting that such measures are common in service delivery contracts between providers and councils.

It is also worth noting that target response times will vary widely between TLAs due to topography, population density and related issues that feed into levels of service.

Performance measure four: Customer satisfaction

Two possible measures for customer satisfaction have been suggested: Your views will help in deciding which would be the better one to measure customer satisfaction with a water supply and with the way in which the organisation responds to requests for information or requests to fix problems.

Option one: Number of complaints per 1000 connections to a public water reticulation network about:

- the clarity of drinking water; and
- the taste of drinking water; and
- the odour of drinking water;
- and the pressure or flow of drinking water; and
- interruptions to the supply of drinking water; and
- the way in which a local government organisation responds to issues with a water supply.

Option two: Customer satisfaction survey (on a 5 point scale) on:

- the clarity of drinking water; and
- the taste of drinking water; and
- the odour of drinking water; and
- the pressure or flow of drinking water; and

- the continuity of supply of drinking water; and
- the way in which a local government organisation responds to issues with a water supply.

There are several different factors trying to be measured here – some are experienced by most residents e.g: clarity and taste of water; and some are experienced by only a very small number of residents in any one year e.g. issues with continuity of supply or response to faults.

In general, a survey is a poor way of adequately measuring issues that only affect a small proportion of the population – the number of complaints would be a better methodology in those instances.

Using just the number of complaints is also not perfect. Customers may be experiencing an issue but not complain, especially if they believe that another resident has done so.

We are therefore considering each of these constructs and measuring them with the most appropriate methodology. Our suggestions are:

Clarity, taste, odour: Survey or complaints

Continuity of supply, responsiveness to issues: Complaints

In terms of measuring pressure, we would suggest the use of an ‘absolute’ measure such as the percentage of properties which have the targeted amount of water pressure at the delivery site. We are suggesting this as many complaints to do with pressure are related to the suitability of the private installation, not the service delivered by the council. Likewise, issues with pressure are reasonably rare and will not be able to be adequately measured by a survey.

NB: It is unclear what is meant here by ‘customer satisfaction survey’. This could mean a resident survey or could also be interpreted as a survey of direct users of water supply services, such as those who have had a fault rectified. This needs to be stated more clearly. We have assumed the ‘customer satisfaction survey’ is referring to a representative sample of all residents.

It is also worth noting that some smaller councils do not undertake a resident survey annually so appropriate latitude will need to be afforded in these cases.

Performance measure five: Demand management

Average consumption of water per person, per day.

Please note: Consumption should be expressed as litres per person per day and based on the estimated population supplied by each municipal water reticulation network at the time of reporting. Each local government organisation may choose the method by which it measures consumption. For example, the calculation may be as simple as dividing the volume abstracted from a bore or bores divided by the residential population. If a local government organisation meters large industrial, commercial or institutional users, it will be able to subtract this consumption from the abstracted volumes before dividing the balance by the population numbers. Reporting on the measure should include an explanation of how consumption has been measured.

Some local government organisations may choose to report a 'peak season' metric also as populations may vary significantly during certain periods of the year; for example, during a holiday period.

We broadly support the presence of a consumption measure, but in isolation, such a measure does not adequately measure one of the issues referenced in the key aspects from above – namely capacity.

While this measure adequately measures demand, it does not have any supply end aspect or recognition of peak loads, so is a little meaningless as a measure of stress on the network.

Rather than changing the measure, the approach may be to look at the key aspects – we suggest changing the wording of the fifth key aspect to:

“Is the water supply system being managed in a way that ensures demand does not exceed the capacity of the network?”

Stormwater drainage

The performance measures are meant to measure aspects that are the most important to communities across New Zealand. We consider that the most important aspects are:

1. Is the stormwater system adequate and is it being maintained sufficiently to ensure it remains adequate?
2. Is the stormwater system being managed in a way that does not unduly impact on the environment?
3. Does the local government organisation responsible for the service provide a timely response if there is a problem?
4. Are customers satisfied with the service provided – with both the operation of the service itself and the way in which complaints about the service are dealt with?

Performance measure one: System adequacy and maintenance

Number of flooding events each year to habitable floors per 1000 properties resulting from overflows from a municipal stormwater system

Please note: Extreme events, such as civil defence emergencies, should be identified clearly in reporting against this measure to ensure that these events do not skew overall trends in the performance of the local government organisation providing the service.

We broadly support this measure but it needs some clarification. The variable here is the nature of the weather event. No stormwater system can handle all events so a cutoff level is appropriate. A failure of the system is a flooding event that is triggered by a lesser event than the designed maximum of the system. The best measure of system adequacy is whether the system can handle events up to its designed maximum capacity.

We currently have such a measure: 'Number of properties flooded as a result of a less than designed maximum rain event'. We believe such a measure better reflects system adequacy. We suggest this as levels of service may vary within TLAs and therefore the designed maximum capacity of the system will vary.

It is worth noting that the proposed measure has no future focus (see our previous comments on this subject) and therefore does not adequately measure key aspect 1 above.

Performance measure two: Management of environmental impacts

Compliance with resource consents for discharge from a municipal stormwater system, measured by the number of:

- *abatement notices; and*
- *infringement notices; and*
- *enforcement orders; and*
- *successful prosecutions*

Compliance is an important construct to measure and we support its use. However, this measure assumes monitoring is adequate and thorough. We are aware of several instances in other systems where compliance is not being achieved, but no notices or orders have been issued.

We suggest that the measure is based on compliance, and the data sources are derived from both the service delivery and monitoring ends.

It is also worth noting that due to the different nature of the resource consents held by each system, the data from such a measure will not be particularly comparable from one context to another. This may be unavoidable as 'acceptable' environmental outcomes differ from one context to another, and are largely defined by the resource consents held.

Performance measure three: Response to stormwater system issues

Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in a municipal stormwater system.

Please note: *Extreme events, such as civil defence emergencies, should be identified clearly in the local government organisation's reporting against this measure to ensure that they do not skew overall trends of its performance.*

Stormwater issues relate to more than habitable floors being flooded. Road flooding, for instance, may be due to a stormwater fault and require rectification. We therefore submit that the reference to habitable floors be removed from this measure.

Please see our previous comments regarding the use of medians – we suggest the same system as we have proposed for water supply faults be used here also.

Performance measure four: Customer satisfaction

Two possible measures for customer satisfaction have been suggested. Your views will help in deciding which would be the better one to measure how satisfied customers are with the service provided by a local government organisation and with the way in which the organisation responds to requests for information or requests to fix problems.

Option 1

Number of complaints per 1000 properties connected to a municipal stormwater system about:

- faults with a municipal stormwater system; and
- blockages of a municipal stormwater system; and
- the way in which a local government organisation responds to issues with a municipal stormwater system.

Option 2

Customer Satisfaction Survey (on a 5 point scale) on:

- the reliability of a municipal stormwater system; and
- the way in which a local government organisation responds to issues with a municipal stormwater system.

Please see our previous comments regarding the use of surveys vs complaints. We again suggest splitting out the measure into two.

Treatment and disposal of sewage

Key aspects

The performance measures are meant to measure aspects that are important to communities across New Zealand.

We consider that the most important aspects are:

1. Is the sewerage system adequate and is it being maintained sufficiently to ensure it remains adequate?
2. (A) Is the sewerage system being managed in a way that does not unduly impact on the environment?

(B) In terms of environmental impacts, to what extent are biosolids being disposed of sustainably?
3. Does the local government organisation responsible for the service provide a timely response if there is a problem?
4. Are customers satisfied with the service provided – with both the operation of the service itself and the way in which complaints about the service are dealt with?

We believe that these are appropriate key aspects to be measured.

Performance measure one: System adequacy and maintenance

Annual number of dry weather overflows from a municipal sewerage system per 1000 sewerage connections.

We are not aware of dry weather overflows being an issue in any sewerage system and as such, we believe this measure will significantly suffer from 'floor effects'. That is, consistently measuring zero or low and not being sensitive to change in the system in either direction – improvement or degradation.

We submit that wet weather overflows are relevant and still indicate weaknesses in the system and these should be captured. Another approach would be to look at the integrity of the system – in this case pipe condition rating may be useful.

Again, the proposed measure has no future focus component therefore does not adequately measure key aspect 1 above. See our previous comments on this issue.

Performance measure two (a) Management of environmental impacts

Compliance with resource consents for discharge to air, land, or water from a municipal sewerage system, measured by the number of:

- abatement notices; and
- infringement notices; and
- enforcement orders; and
- successful prosecutions.

Please note: In reporting on this measure, a local government organisation should provide additional information listing the sewerage systems for which discharge consents have been issued. If consent conditions have not been met, an explanation should be given.

Compliance is an important construct to measure and we support its use. However, this measure assumes monitoring is adequate and thorough. We are aware of several instances in other TLAs where compliance is not being achieved, but no notices or orders have been issued.

We suggest that the measure is based on compliance, and the data sources are derived from both the service delivery and monitoring ends.

It is also worth noting that due to the different nature of the resource consents held by each system, the data from such a measure will not be particularly comparable from one context to another. This may be unavoidable as 'acceptable' environmental outcomes differ from one context to another, and are largely defined by the resource consents held.

Performance measure two (b) Management of environmental impacts

Percentage of biosolids that is reused on an annual basis.

This performance measure will provide information on the extent to which biosolids are disposed of sustainably. Good management of sewerage systems requires local authorities to consider the full life cycle of providing sewerage services and to put in place appropriate mechanisms for the necessary disposal activities. Currently in New Zealand biosolids are often deposited in landfills, with consequent real costs of carbon emissions from the landfill. This method is being moved away from internationally, and the sustainable disposal or recycling (e.g. as fertiliser and biogas) of biosolids will increasingly be an important issue for New Zealand communities.

This measure, while worthwhile in intent, needs some definition and guidance around it, specifically on what is defined as 'sustainable'. In the case of WCC, we recover biogas from all our biosolids. Does this constitute complete reuse?

We suggest specific guidance is developed to ensure comparability across different TLAs.

It is also worth noting that composted biosolids are expensive to produce and have a limited market due to less expensive chemical alternatives.

Performance measure three: Response to sewerage system faults

Median response time to attend to sewage overflows resulting from blockages or other faults of a municipal sewerage system:

- between the time of notification and the time when service personnel reach the site; and
- between the time of notification and resolution of the blockage or other fault.

We broadly support this measure but refer to our previous comments with respect to median times. We suggest the use of a cut-off time as a target, and a measure that looks at the proportion of cases that are responded to/resolved within the cut-off time.

Performance measure four: Customer satisfaction

Two possible measures for customer satisfaction have been suggested. Your views will help in deciding which would be the better one to measure customer satisfaction with a sewerage system and with the way in which the organisation responds to requests for information or requests to fix problems.

Option 1

Number of complaints per 1000 connections to a municipal sewerage system about:

- odour; and
- faults; and
- blockages; and
- the way in which a local government organisation responds to issues with a municipal sewerage system.

Option 2

Customer Satisfaction Survey (on a 5 point scale) on:

- the reliability of a municipal sewerage system; and
- the way in which a local government organisation responds to issues with a municipal sewerage system.

Please see our previous comments regarding the use of surveys vs complaints with respect to water supply. We again suggest splitting out the measure into two.

Key aspects of the provision of roads and footpaths

The performance measures are meant to measure aspects that are the most important to communities across New Zealand. We consider that the most important aspects are:

1. How safe are the local roads?
2. What is the overall condition of sealed roads in the local road network?
3. Is the sealed roads network being maintained adequately?
4. Are the footpaths that form part of the local road network being maintained adequately?
5. Does the local government organisation responsible for the service provide a timely response if there is a problem?

Please note: The measures on maintenance and condition do not include unsealed roads. This is because expenditure on unsealed roads is usually much less than on sealed roads. In addition, there are generally much lower volumes of traffic on unsealed roads than on sealed roads. Unsealed roads are included in the measures on safety and responsiveness.

We believe these are appropriate key aspects to target with measurement.

Performance measure one: Road safety

Two possible measures for road safety have been suggested. Your views will help in deciding which would be the better one to measure the safety of the local road network.

Option 1

The annual change in the number of fatalities and serious injury crashes on the local road network

Option 2

The annual number of road deaths and serious injuries per million vehicle kilometres travelled on the local road network

We submit that option one is adopted. The usefulness of this measure will be in the long term time series, not year on year comparability.

Performance measure two: Condition of the sealed road network

The average quality of ride on a sealed local road network, as measured by the Smooth Travel Exposure Index.

We support the use of this measure as it provides the ultimate measure of outcomes of road maintenance. It is also accurate and able to clearly shown change over time.

Performance measure three: Maintenance of a sealed local road network

Percentage of a sealed local road network that is resurfaced annually.

Please note: This measure records the maintenance of sealed roads only. It does not include footpaths adjoining roads or offroad cycleways that are within the road corridor but are not part of a roadway.

We believe this measure has issues with directionality. For instance, if a council is under target, it could indicate a lack of maintenance, or that creative solutions have been used to remedy the problem that existed. We submit that the measure above (road smoothness) adequately captures the appropriate outcomes from resealing – namely, a smooth travel experience.

Performance measure four: Condition of footpaths within the local road network

Percentage of a local footpath network that is part of a local road network that falls within a local government organisation's level of service or service standard for the condition of footpaths

Please note: In reporting on this measure, a local government organisation must specify its level of service or service standard.

We support the use of this measure, but would encourage a review of the wording of the measure. It is currently not easily understandable for a member of the public.

Response to service requests

Percentage of customer service requests responded to within a specified time.

Please note: In reporting on this measure, a local government organisation must specify its target response time. The response required would be to inform the customer what action would be taken in regard to his or her request.

A service request includes requests about signage, lighting and street furniture, as well as about the condition of sealed/unsealed roads and footpaths.

We support the use of this measure. It aligns with our proposed approach to measuring water, stormwater and wastewater service requests.

Key aspects of flood protection and control works

The performance measures are meant to measure aspects that are the most important to communities across New Zealand. We consider the most important aspects are:

1. What level of protection do flood protection and control works provide?
2. Are the works being adequately maintained?
3. Are the environmental impacts of the works being managed appropriately?

We believe that these are the appropriate aspects to measure.

Only major works to be measured

Some flood protection schemes are of minor significance.

Requiring these schemes to be reported on using the mandatory performance measures would impose unreasonable costs on local authorities and ratepayers for little or no value. Limiting the number of schemes to be reported on will minimise compliance costs and enable easier comparison of levels of service.

A threshold for mandatory reporting is proposed; i.e. that only 'major' flood protection schemes should have to be reported on using the mandatory performance measures. Schemes falling below the threshold would not have to be reported on using the measures, but local authorities could do so if they wished.

We suggest that 'major flood protection and control works' should be those works that meet two or more of the following four criteria:

- Operating expenditure of more than \$250,000 in any one year
- Capital expenditure of more than \$1 million in any one year
- Scheme asset replacement value of more than \$10 million
- Directly benefitting a population of 5000 or over.

We agree that only major works should be measured, and agree with the proposed criteria. If there is no cut off in this respect, the line between flood control and stormwater becomes blurred.

As Wellington City does not engage in any flood protection schemes, we will not comment on the proposed individual measures.