An Organisational Approach

Efficiency at the Otago Regional Council

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What we will cover today:

- A recap of the Efficiency Review
- A definition of efficiency that works for ORC
- Determine our approach to efficiency at ORC

Recap of the Efficiency Review

Efficiency Review

In 2023, ORC commissioned Morrison Low and R B Robertson to undertake an efficiency review.

The review involved desktop analysis, video interviews, and on-site interviews during July and August 2023. Councillors and senior management were interviewed at the outset.

A key early finding was that there was **no shared understanding of what "efficiency" meant**, and therefore no common view of what the review should deliver.

Efficiency Review

Interview responses reflected a wide range of interpretations, including:

- Staff productivity
- Minimising waste and costs
- Reducing the rate requirement
- Breaking down silos
- Greater use of in-house capability
- Stronger business case discipline
- Effective non-rate based funding
- Stronger financial scrutiny
- Delivering value for money to ratepayers

Efficiency Review

The review also noted that ORC's rapid growth had outpaced the development of its systems and processes. Many current processes reflect a smaller organisation and are no longer fit for purpose.

Importantly, the reviewers did not recommend a "knee-jerk" response. Instead, they advised a purposeful and methodical improvement of systems and processes, alongside the development of a culture of financial management and scrutiny that considers performance through an efficiency lens.

The review emphasised that efficiency involves both inputs and outputs, including sound procurement, appropriate resourcing, effective asset management, optimal use of staff and facilities, timely delivery of quality services, and regulatory compliance.

Efficiency Review

One of the core recommendations was to develop a commonly understood definition and approach to efficiency for ORC, and to embed this in:

- Annual and long-term planning and budgeting, and

- Ongoing monthly financial management practice.

Defining efficiency at ORC

Defining Efficiency

There is no single universally accepted definition of organisational efficiency. Across management, economics, and public-sector performance literature, efficiency is most commonly defined as the relationship between the outputs an organisation delivers and the resources it uses, often described as achieving a given output with the minimum necessary input.

However, experience shows that a narrow focus on cost or resource reduction alone can lead to unintended consequences, including reduced service quality, increased risk, or poorer long-term outcomes. For this reason, efficiency is widely understood as distinct from, but closely linked to, effectiveness - that is, doing things right versus doing the right things.

Defining Efficiency

OCR's proposed definition of efficiency reflects this accepted understanding while tailoring it to a regional council context. It emphasises:

- Delivering the outcomes required by legislation and Council priorities

- Using resources proportionately and responsibly

- Minimising waste, duplication, and rework

- Maintaining appropriate standards, compliance, and public trust

This approach ensures efficiency is considered alongside effectiveness, service quality and risk, rather than in isolation. It supports good stewardship of public resources and provides a consistent basis for decision-making, planning, and accountability.

Defining efficiency at ORC

Recommended Definition (outward facing, plain language)
Efficiency at Otago Regional Council means delivering the outcomes our communities and environment need, at the lowest reasonable cost and effort, while maintaining service quality, compliance, trust and long-term sustainability.

Expanded Definition (internal facing)
Within the operational context, efficiency is the disciplined use of resources, systems, and time, supported by the capability and effort of our people, to maximise community and environmental outcomes, minimise waste and rework, and ensure decisions are proportionate, transparent, and sustainable over the long term.

Further Definitions/Explanation

Need

Need refers to outcomes required to meet statutory responsibilities, manage material environmental or community risk, and deliver Council-adopted priorities informed by public consultation.

Reasonable

Reasonable reflects proportionality - balancing cost, risk, service quality, and long-term impact to ensure prudent stewardship of public resources.
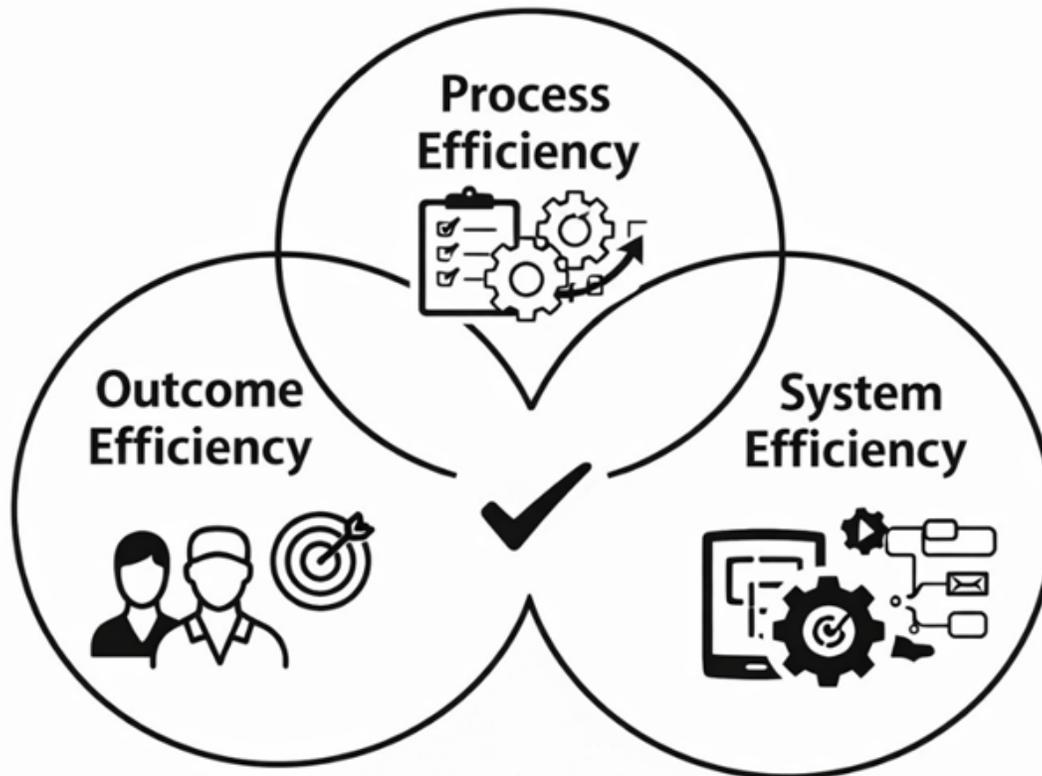
Sustainability

Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Defining our approach to efficiency

The Three Lenses of Efficiency

Otago Regional Council

Process Efficiency

Outcome Efficiency

System Efficiency

#1 Outcome efficiency ensures we prioritise the right work.

#2 Process efficiency ensures work flows without waste.

#3 System efficiency ensures our planning, structures, tools, and financial discipline make that possible, not harder.

Defining our approach to efficiency

Framing efficiency through three lenses (outcome, process and system) recognises that efficiency is not a single measure or cost-saving exercise. Each lens examines a different aspect of ORC's efficiency definition - whether we are focusing on the right outcomes, delivering them well, and being set up to sustain that performance over time.

Taken together, the lenses provide a practical and structured way to assess our current state, identify where effort will have the greatest impact, and guide improvement in a way that aligns with ORC's purpose, risk profile, and long-term stewardship responsibilities.

Each lens includes a future statement that ORC staff can read and ask themselves, "How close are we to this today?" These are accompanied by questions to help staff determine which areas to work on and red flags to look out for.

How to use the framework

For any activity, service, programme, or process:
- Start with the Outcome Efficiency lens (are we doing the right thing?)
- Then the Process Efficiency lens (are we doing it well?)
- Finally, the System Efficiency lens (are we set up to do it sustainably?)

Rule of thumb
If Lens 1 isn't clear, improving Lenses 2 and 3 will not deliver real efficiency.

Getting our approach right

Getting our approach right

What we are doing today

We will work through a draft future statement and a set of questions for each of the three lenses.

Our task is to:

- Test whether the statements feel right for ORC

- Adjust language so it reflects who we are

- Identify anything that feels missing or misaligned

- Ensure this represents our intent (not generic organisational language)

Getting our approach right

Our activity today – future statements and question sets

Why a future statement?

A future statement helps us:

- Clarify what "good" looks like

- Create shared direction and language

- Test whether our systems and behaviours align with our intent

- Move from abstract ideas about efficiency to something tangible and practical

It gives us a picture of the organisation we are trying to become, not just what we are trying to fix.

Lens #1 – Outcome Efficiency

Doing the right thing

Are we investing effort where it delivers the greatest value?

Key questions:
- Are activities clearly linked to statutory and council priorities?
- Are we over-servicing low-risk areas?
- Are there activities that no longer add value?

Examples of what good outcome efficiency looks like:
- Compliance assurance aligned to risk and impact
- Targeted environmental programmes
- Stopping or redesigning low-impact activities

Lens #1 – Outcome Efficiency

Doing the right thing

Future Statement

At ORC, our effort is clearly focused on the things that link community and environment.

We can clearly explain why we do what we do, whether it contributes to statutory obligations and Council priorities, and what difference it is intended to make for Otago's communities and environment.

Our work is proportionate to risk and impact. Higher-risk or higher-impact issues receive more attention, while lower-risk activities are managed more lightly. We regularly review our activities to ensure they remain relevant and valuable.

We are comfortable stopping, scaling back, or redesigning work when it no longer delivers sufficient value. Success is defined by outcomes and impact, not by volume of activity or effort.

Lens #1 – Outcome Efficiency

Doing the right thing

What we see

- Clear articulation of outcomes, not just tasks

- Risk-based prioritisation is normal practice

- Regular review of "legacy" activities

- Fewer low-impact activities competing for resource

Lens #2 – Process Efficiency

Doing things right

How we deliver what we choose to do

Key questions:

- Where is work duplicated, delayed, or reworked?
- Is accountability of decision-making clear?
- Are transitions and approvals proportionate?

Examples of what good process efficiency looks like:

- Streamlined customer request workflows
- Clear delegations and thresholds
- Standardised templates and guidance

Lens #2 – Process Efficiency

Doing things right

Future Statement

At ORC, our processes are clear, proportionate, and designed around the people who use them.

Work flows smoothly from start to finish, with minimal transitions, delays, or rework. Requirements are clear upfront, and decisions are made at the appropriate level.

We do not collect or process information unless it serves a clear purpose. Approval steps, documentation, and controls are aligned to the level of risk involved.

Staff spend most of their time on value-adding work, not chasing information or working around process constraints. When issues arise, we improve the process rather than relying on individual effort or heroics.

Lens #2 – Process Efficiency

Doing things right

What we see

- Fewer workarounds and escalations

- Processes are clearly understood and consistently followed

- Reduced rework and duplication

- More predictable timeframes

- Existing processes, tools and solutions are reused where appropriate, rather than repeatedly reinvented

Lens #3 – System Efficiency

Making it easy to do the right things

Do our systems and structures support our work?

Key questions:

- Do systems reduce manual work or add to it?
- Are structures, roles and responsibilities aligned?
- Are we using data to drive decisions?

Examples of what good system efficiency looks like:

- Fit-for-purpose digital tools
- Clear accountability for end-to-end processes
- Workforce planning aligned to future needs

Lens #3 – System Efficiency

Making it easy to do the right things

Future Statement

At ORC, our structures, systems, and ways of working enable delivery rather than constrain it.

Roles and accountabilities are clear, and people understand who is responsible for deliverables end-to-end.

Our systems support the work we do; information is entered once and reused, data is accessible, and tools reduce manual effort. Decision-making authority is clear and aligned to risk, capability, and accountability.

We plan our workforce and capability with the future in mind, ensuring we have the right skills and capacity where they are needed. Improvements are sustained over time because they are embedded in how the organisation operates, not reliant on individuals.

Lens #3 – System Efficiency

Making it easy to do the right things

What we see

- Clear ownership of outcomes

- Less reliance on individuals or institutional knowledge

- Fewer "the system won't let us" constraints

- Improvements that stick

Next steps

Once feedback from this exercise has been incorporated into our definition and approach of efficiency, ORC will adopt this approach and begin incorporating it into our work as we develop a culture of efficiency.