

**Subject: VAT (Value Analysis Task Force) Report**

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A MESSAGE FROM ERNIE CRIST: This is an update from my previous efforts and follows on the heels of the final and complete VAT Report.

The Report of the Value Analysis Task Force ("VAT") was scheduled to be discussed at last Monday Night's Council meeting. It has been postponed however until the VAT representative will be available for comment at a public Council forum.

I also appreciate the comments made by Dr. Kost who analyzed the VAT Report in a scholarly and objective fashion.

The VAT Report is but one in a series of Studies, Task Force Reports and Audits commissioned by District Council since the last Municipal Election in the Fall of 1999. The purpose of these undertakings, costing District taxpayers a great deal of money, ( the VAT report was a voluntary effort with no cost to the District) has been to determine the reasons for the widely held belief that the District of North Vancouver is poorly led and poorly managed.

That these audits, including the KPMG Report, have been commissioned suggests that Council is extremely uneasy about the resulting bad publicity.

The authors of the VAT Report, though somewhat idealistic about politics in their own community, were clearly motivated by good will, community consciousness and constructiveness.

The purpose of the Report, according to the VAT, was to conduct a comprehensive analysis of the operation of the District of North Vancouver and make recommendations with respect to improving the efficiency and effectiveness in providing a range of services to the public. The VAT states that it had the jurisdiction to examine all areas of expenditures within the capital and operating budgets along with any and all programs, services or initiatives that are in any way related to the areas of expenditure, efficiency and economy.

It states that "the VAT, as a volunteer group, could not undertake a substantive, in depth review of every aspect of the operations conducted by the District as was required by the terms of reference. Nevertheless, the VAT has, through an interview process, established some broad themes for Council's consideration."

The VAT, under "observations" feels that Council, as a whole, should decide what objectives are attained in a legal, effective, ethical and prudent manner, always keeping in mind Council's own responsibility to the people who live in the District. Council should, "not be led by managers, staff or by its own committees, nor should it be simply reacting to or ratifying ideas presented by others without all of the facts clearly defined." "It has been observed that Council has often been aligned with the same member or members on each side of every issue." The VAT implores that one or two Councillors will have to be persuaded to change their position in order for the process to pass. ( Such a statement would indicate that the VAT is not altogether familiar with the real world of politics at any level). Such observations are in my opinion extremely idealistic and do not take into consideration the relationship of diverse special interests that make up a community of which the Council is but the elected and symbolic expression.

In comparing the District with the private sector it states that "Governance in the corporate world is now well established and paying dividends to those who apply it rigorously." "It became compulsory for publicly traded

companies to establish governance policies because of the breakdown of good governance practices on the part of both Director and management". This is indeed true and was the whole purpose of the VAT. Indeed it is the reason why we pay professional staff to carry out Councils instructions.

On Staff morale, the VAT deplores the alienation between staff and Council and states that "the most telling story we heard is that there was no Christmas party last year". In an organization where promotions are based not on what you know but who you know, as revealed in the KPMG Report, it is not difficult to understand why this should be so.

The VAT is critical of public input and public participation. It goes on to state that "While public input and a transparent civic government process are laudable goals, it is not just this Task Force that found itself a victim of the drive to public accountability in all instances."

It says that "it would appear that the move to create transparency has resulted in a system whereby everyone dissembles and none says what they really believe to be true. (Alice in Wonderland). It would appear that general apathy on the part of the greater public allows for a hijacking of the public input process by interest groups who have taken on the role of the professional public. A well known phenomena of the public consultation process". That this involvement is limited to a rather small section of the community does not mean that public involvement process is wrong. It simply means that the degree of civic awareness is limited at this moment. At least they care. If public participation is comparatively small it can only mean that Council has failed to motivate more people to become involved. A good start would be to run an efficient government

However, the VAT blames Council's inability to complete its agendas on time at least in part on this process. This statement cannot be supported. It is not the concerned public trying to keep tab on a Council with a poor reputation of leadership and business acumen which is to blame for long council meetings but poor leadership.

The VAT deals rather extensively with performance management. "We are advised that several departments are careful to conduct an annual performance appraisal for each employee, however, we also understand that this is not universally the case".

On Council conduct, the VAT states that "It appears that in-fighting among members of Council, and between management and Council is having a serious effect on the level of trust and morale amongst staff". How could it be otherwise given the findings of the VAT outlined in its Report. The price of attempting reform is always strewn with ruffled feathers. What would the VAT rather have? For the sake of harmony go along with the shortcomings outlined by VAT or try to change things around and risk confrontation. The VAT might have looked at the record of chairmanship but it clearly stayed away from this sensitive area.

Notwithstanding, the VAT to its credit makes some very comprehensive suggestions as to how to improve performance and lists these under

- 1) Establish and implement a Governance Policy
- 2) Implementation of a Performance Management system.
- 3) Conduct an in depth analysis of every aspect of the District and review the organization structure and management levels.
- 4) Conduct a comprehensive review of the current output and use of the data provided from the new payroll system

My additional comments and response to the VAT Report are as follows:

I fully appreciate the sincerity of the members of the VAT. But I also believe that VAT's knowledge of politics is limited by their personal experience of working in the private sector. It is indeed desirable to

conduct municipal business and processes based on those in the private sector . This has clearly not been the case in the District. Attempts to bring about a change by following accepted standards and responsible procedure have been met with opposition by both the Mayor and Council for reasons that are rooted in civic party politics, lack of leadership including extensive absenteeism by the Mayor plus serious weaknesses in the application of accepted business principles by District Management.

Examples of the above were the "hijacking" of the Seymour Community Plan, liquidation of the District Heritage Fund, the "Mausoleum error", violations of conflict of interest policies by the Mayor in connection with the " Avalon", development of the Lynn Valley Core Plan into just another Regional Car Mall as opposed to a Pedestrian oriented Town Center as promised, unlimited sized and "out of the blue" Box Stores causing major disruption of the existing traffic and small business environment, Council and management expense policy violations, consistent violations of democratic procedure both in public and in Camera, providing false and misleading information to Council including so called efficiency criteria and benchmarks as was exposed in the KPMG Report, theft of equipment and theft of time in the District Work Yard plus failure to respond when this was reported to Mayor and Council by one of its own members and the undermining of staff morale by promoting staff, based not on merit but on subjective factors as was also exposed in the KPMG report to mention but a few examples.

In light of this, I have serious misgivings about the VAT's inferred recommendations to inhibit the role of the public in becoming intensely involved in the affairs of the District. Not only is such participation desirable but it is the only guarantee that at least a semblance of good government is operating in the District. Woe to the District if these community organizations would not have kept a close tab on District operations, difficult as it was.

That matters are bad in the District is evident throughout the VAT Report but can you imagine how much worse it would be if these community organizations would be as apathetic about their community as too many voters unfortunately are?

Far from being critical and suggesting that community and neighborhood organizations be curtailed, I suggest that their role be strengthened. In our 'leaky condo culture' and with the District's fiscal record in particular, close scrutiny of governance requires far more than going to the polls every three years. This, in the final analysis, is the only guarantee for good government. The greater the public involvement the better the government. This is borne out in jurisdictions where the process of public responsibility has gone one step further such as in Switzerland and in Rossland, B.C., through the process of Direct Democracy.

I also find the VAT Report lacking in a number of other important areas. Nowhere is the fiscal incompetence of the District more evident than in the mismanagement of the District Heritage Fund but there is no substantive reference to this whatsoever in the VAT Report. It would appear to me that the VAT has taken the report on the history of the Heritage Fund provided by staff as gospel truth. The VAT report in my opinion has also given undue credit to statements by District Staff to implement efficiency criteria. Such cases are as yet limited to the District Fire Department and the Library, but other than that, there are still serious gaps.

The bottom line is that the VAT Report is a noble attempt to improve government in the District. However, I do not believe that VAT understood the extent and severity of the problem. Notwithstanding, I do appreciate the recommendations made by VAT, its goodwill and the positive public spirit in which the report was written. It says a great deal for these volunteers that they took the time and the effort to try to help the District in overcoming the present difficulties. These difficulties will be overcome but only if and when the public takes a closer look, takes charge and demands a better performance than is the case at present.

