



Summary

Matters arising from our audits of the 2018-28 long-term plans

Every three years, councils are required to prepare a 10-year long-term plan (LTP). The LTP is the main way for councils to describe the services they plan to provide, the community outcomes they plan to contribute to, and the forecast cost of those services. It is a fundamental tool for communities to hold their council to account.

Our report sets out the main findings and observations from our audits of councils' 2018-28 LTPs.

Matters arising

Councils are facing many significant and often conflicting pressures. Difficult decisions will need to be made as a result. Below are some of the matters discussed in our report:

- The 2018-28 LTPs show significant forecast capital expenditure compared with previous LTPs. This will lead to challenges regarding how to fund this extra spending, particularly for growth councils that are starting to reach the debt limits they have set.
- Communities are already feeling the effects of climate change. Addressing these effects could compound the pressure of increasing capital expenditure forecasts. In many respects, councils

do not know the extent of the challenges they face in responding to climate change.

- To support better planning, councils need to do more to better understand the condition of their most critical assets. Lack of good information about these assets can limit councils' ability to have effective conversations with their communities about when they need to spend money on replacing or renewing these assets.
- LTPs remain long and complex. Since LTPs were introduced, there have been numerous changes to the process, purpose, and content of LTPs. It is timely for the Department of Internal affairs and the local government sector to discuss and review the required content for LTPs to ensure that they remain fit for purpose as planning and accountability documents.
- Financial and infrastructure strategies are critical components of a council's LTP. Councils should report these strategies concisely and clearly show the current state of their finances and infrastructure, goals, and the trade-offs needed.

This report identifies that there is a lot for councils to grapple with. Further, with changes in technology, communities have different expectations for how



they will interact with, and receive, services from their council. Councils can no longer plan based on the status quo – they need to actively consider what their future service delivery models will be.

Central and local government need to work together to ensure that the issues faced by our cities, districts, and regions are addressed in the best way for the

benefit of all New Zealanders. The LTP provides a richness of information and planning that should be used by local and central government to form wider consideration of the important issues faced by councils, and solutions to address these.

We recommend ...

- Central government and local government continue their conversations about how to provide increased leadership for climate change matters.
- Councils collect better information about their critical assets to support better planning.
- The Department of Internal Affairs and the local government sector review, discuss, and seek improvements to the required content for long-term plans to ensure that they remain fit for purpose.
- The Productivity Commission, in its review into the adequacy and efficiency of the existing funding and financing options for councils, consider the trends arising in the 2018-28 long-term plans, particularly the trends and concerns we have raised about increasing debt.

The full report is available on our website.

