Summary
Insights into local government: 2019

This report discusses several trends and developments in local government in 2019 and gives some insights into how councils were managing risks before Covid-19.

What we saw in 2018/19

We remain concerned that councils might not be adequately reinvesting in their critical assets. Without adequate reinvestment, there is an increasing risk of asset failures and service disruption.

This is not an issue for only asset managers to resolve – it requires input from others, such as finance and strategic planning staff. More importantly, it requires leadership from councillors. Strategic asset management is complex and needs a council-wide response based on good information.

In the 2019 calendar year, 16 councils declared a climate emergency, and most councils focused on aspects of climate-related activity in their 2018/19 annual reports. Major decisions to address the risks of climate change are required, and there is more to do to get better information to inform those decisions.
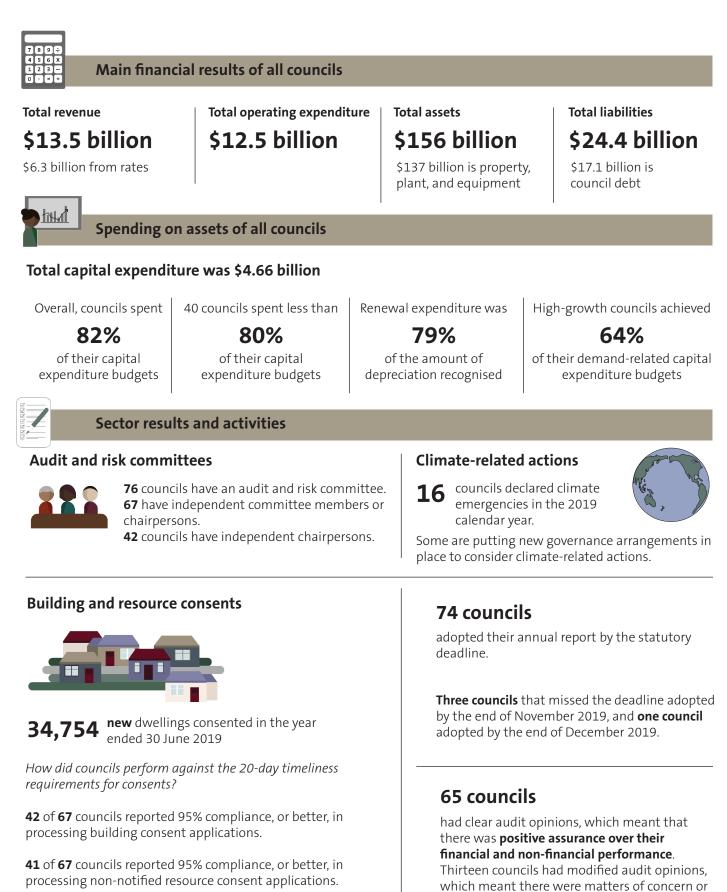
We have observed increasingly effective working practices of many audit and risk committees. Audit and risk committees help councils better understand their strategic risks and what they can do to eliminate or mitigate them. It has been particularly pleasing to see the way that some councils have used their audit and risk committees during the Covid-19 pandemic.

The costs, risks, and other effects from Covid-19 will be important considerations for councils now and for the future when preparing their 2021-31 long-term plans. Responding to the risks created by Covid-19 will be a significant challenge, but this disruption will also create new opportunities for councils as they consider ways to innovate and promote the well-being of their communities.

We will continue to support councils as they plan for the future, build their resilience, and respond to ongoing and new risks and challenges, including the effects of Covid-19 for their communities.

2018/19 at a glance

Main financial results of all councils

Total revenue

$13.5 billion

$6.3 billion from rates

Total operating expenditure

$12.5 billion

Total assets

$156 billion

$137 billion is property, plant, and equipment

Total liabilities

$24.4 billion

$17.1 billion is council debt

Spending on assets of all councils

Total capital expenditure was $4.66 billion

Overall, councils spent

82%

of their capital expenditure budgets

40 councils spent less than

80%

of their capital expenditure budgets

Renewal expenditure was

79%

of the amount of depreciation recognised

High-growth councils achieved

64%

of their demand-related capital expenditure budgets

Sector results and activities

Audit and risk committees

76 councils have an audit and risk committee.
67 have independent committee members or chairpersons.
42 councils have independent chairpersons.

Climate-related actions

16 councils declared climate emergencies in the 2019 calendar year.

Some are putting new governance arrangements in place to consider climate-related actions.

Building and resource consents

34,754 **new** dwellings consented in the year ended 30 June 2019

How did councils perform against the 20-day timeliness requirements for consents?

42 of **67** councils reported 95% compliance, or better, in processing building consent applications.

41 of **67** councils reported 95% compliance, or better, in processing non-notified resource consent applications.

74 councils

adopted their annual report by the statutory deadline.

Three councils that missed the deadline adopted by the end of November 2019, and **one council** adopted by the end of December 2019.

65 councils

had clear audit opinions, which meant that there was **positive assurance over their financial and non-financial performance**. Thirteen councils had modified audit opinions, which meant there were matters of concern or information we highlighted.