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## Consulting the community about local authorities' 10-year plans



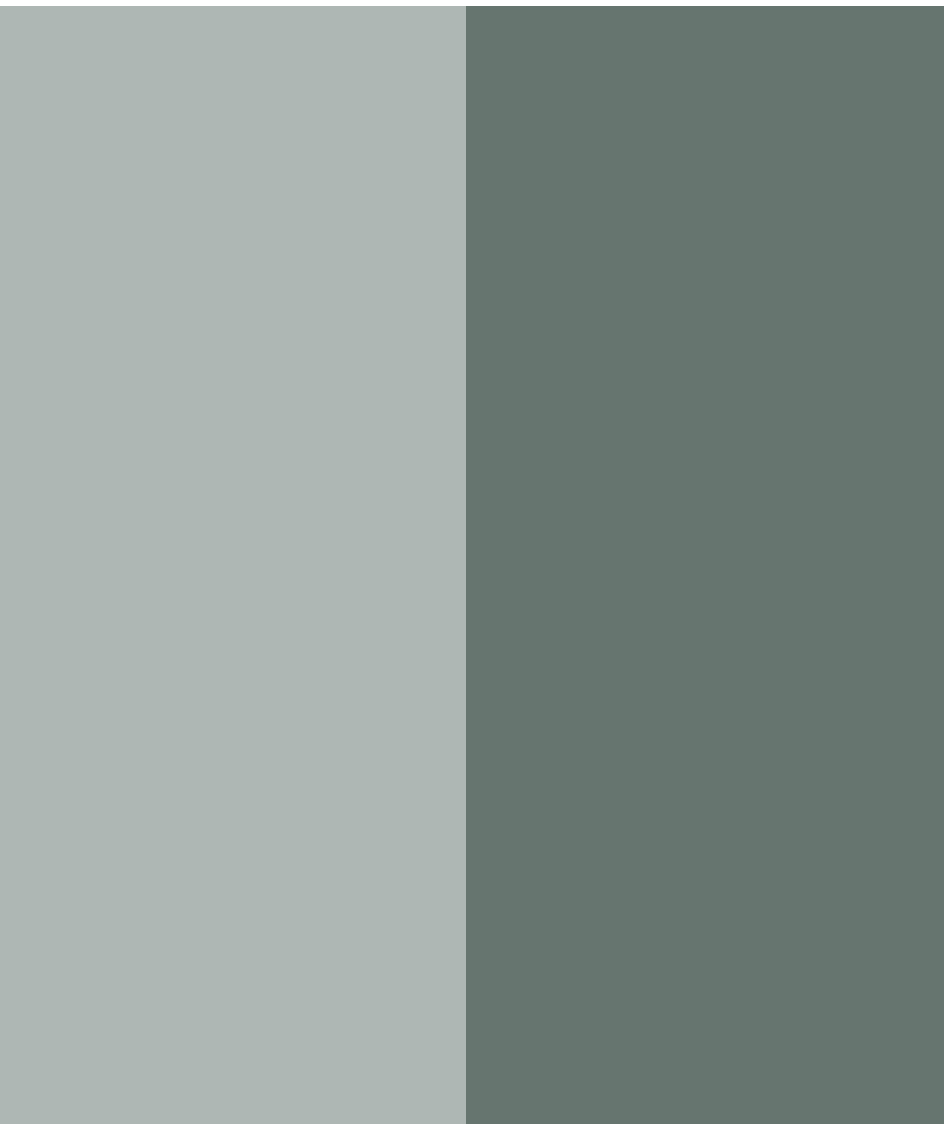


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# Consulting the community about local authorities' 10-year plans

Presented to the House of  
Representatives under section 20 of  
the Public Audit Act 2001.

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# Auditor-General's overview

Consultation with the community is a fundamental part of the local government long-term planning process. It is very important that local authorities provide quality information to their communities so that “the right debate” can be held as they plan for the future.

Consultation documents were introduced as a result of amendments to the Local Government Act 2002 (the Act) in August 2014. Consultation documents were intended to concisely and clearly present to communities the significant issues, plans, and projects to be included in the 2015-25 long-term plans (LTPs). The amendments were also intended to reinforce that elected members were responsible for leading the planning and consultation.

I support the intent behind introducing consultation documents as a way for local authorities to engage with their community about their 2015-25 LTPs. Previously, local authorities published draft LTPs for public consultation. These were long and complex documents that were difficult for most of the community to respond to. I am heartened by the feedback received from some local authorities that submitters found it easier to engage with the consultation document than the previous draft LTPs.

The local government sector has shown considerable interest in the effectiveness of the new requirements for consulting on LTPs. This report sets out my observations of the first generation of consultation documents, including my impressions of their overall effectiveness, examples of weaknesses and strengths, and opportunities for improvement.

I intend to publish a further report on observations about the adopted 2015-25 LTPs before the end of this year.

Overall, local authorities have responded well to the new requirements in the 2014 amendments to the Act. However, the consultation documents we audited varied in quality. Consultation documents were a chance for local authorities to improve their engagement with their communities. We consider that some local authorities missed that opportunity. The better consultation documents presented good information on the significant issues and the options and implications for the community, described financial and infrastructure strategies well, and provided specific consultation questions about the options.

The new requirement for LTPs to include a 30-year infrastructure strategy is a good step. Infrastructure strategies fill a gap in long-term planning. The value of a 30-year view comes with the challenge of balancing a snapshot at a point in time with the dynamic local government environment. Infrastructure strategies

are also expected to underpin consultation documents and LTPs, and link to asset management plans.

In common with our findings about the new consultation documents, the quality of the infrastructure strategies was variable. Overall, however, they have provided a good base for local authorities to build on.

Although we issued no qualified audit opinions, we felt that a reasonable number of local authorities missed the opportunity that came with the new consultation document requirements, as they often presented consultation documents that:

- included too much background or other unnecessary information, leading to a loss of focus;
- contained poor discussion of the infrastructure and financial strategies, so it was difficult to understand what the strategies were and how they related to the significant issues;
- were unclear about which issues the local authority had already consulted on and which were new issues for consultation; and
- had poorly written consultation questions.

In our view, the presence of these characteristics (often in combination) lessened the effectiveness of the documents' consultation value.

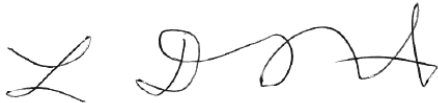
We recognise that the real test of a consultation document is whether it leads to better engagement and consultation between elected members and their communities. We have not had the opportunity to analyse the effectiveness of actual consultation. However, we asked a small number of local authorities about their different approaches and their views on the effectiveness of their approach. We also include some reactions from outside the sector. These case studies give some valuable insights.

Increased use of social media and other less formal approaches to interacting with the community during the consultation period appear to have increased the reach of some local authorities. Such approaches, along with the use of tools such as web-based rates calculators, were also well received. These and other innovative approaches will assist future consultation processes.

Although the consultation documents provided a smaller and more focused format as the primary document for the consultation process, the Act required local authorities to also make the supporting information available to the community. The availability of this information was not well understood by some in the community. Some submitters were frustrated by the flexibility the Act

allows in the presentation of the underlying information. This will need some focus in the second round of consultation documents in 2018.

Consultation documents offered elected members and local authorities a very effective means to engage with their communities, and an opportunity to tell the story about their vision for the future of their city, district, or region. The sector certainly made good steps in the right direction in 2015. I look forward to seeing even better consultation documents in 2018.

A handwritten signature in black ink, appearing to read 'Lyn Provost', written in a cursive style.

Lyn Provost  
Controller and Auditor-General

3 August 2015

# 1

## Introduction

- 1.1 By law, every local authority in New Zealand must prepare a 10-year long-term plan (LTP). They must also consult their communities on these plans before adopting them.
- 1.2 This report sets out matters arising from our audits of the consultation documents prepared as part of the 2015-25 LTP process. We report our observations from our work and suggest how local authorities can improve future consultation documents.
- 1.3 We will report on the 2015-25 LTPs later in 2015.
- 1.4 In this Part, we look at:
- the statutory purpose of consultation documents;
  - our audit work; and
  - our audit opinions.

### The purpose of a consultation document

- 1.5 Amendments to the Local Government Act 2002 (the Act) in August 2014 meant that local authorities had to prepare consultation documents for the first time in 2015. The consultation document replaced a full draft LTP and its summary as the legally required means for local authorities to consult their communities on their LTPs. The consultation document becomes the primary document to facilitate “the right debate” with the community.

### Statutory purpose of a consultation document

- 1.6 The Act states that the purpose of a consultation document is to provide an effective basis for public participation in local authority decision-making processes about the content of an LTP.<sup>1</sup>
- 1.7 The Act requires a consultation document to achieve this by:
- (a) providing a fair representation of the matters that are proposed for inclusion in the long-term plan, and presenting these in a way that—*
    - (i) explains the overall objectives of the proposals, and how rates, debt, and levels of service might be affected; and*
    - (ii) can be readily understood by interested or affected people; and*
  - (b) identifying and explaining to the people of the district or region, significant and other important issues and choices facing the local authority and district or region, and the consequences of those choices; and*
  - (c) informing discussions between the local authority and its communities about the matters in paragraphs (a) and (b).*



- 1.8 Although local authorities are free to decide what to put in their consultation documents to achieve the statutory purpose, there are some mandatory requirements. We discuss how local authorities met these mandatory requirements in Part 2.
- 1.9 A local authority must also ensure that it presents the contents of its consultation document in a form and manner that provides an effective basis for public participation in local authority decision-making.<sup>2</sup>
- 1.10 The overall legislative requirements are clear. A consultation document should provide members of the public with an explanation of the important issues the local authority faces during the next 10 years, the local authority's options for addressing those issues, and how those options might affect the financial position of both the local authority and members of the public.
- 1.11 A consultation document should be presented in a way that members of the public can readily understand and that enables them to provide informed comment and submissions to the local authority if they wish to. As a result, the consultation document informs "the right debate" between the local authority and relevant stakeholders.
- 1.12 The consultation document must be presented in a concise and simple manner. It is intended to be a shorter and more accessible document than the draft LTP that was previously required. It should present only the most important issues for the community to consider.
- 1.13 The consultation document is not intended to summarise the full content of the LTP (unlike the previously required draft LTP summary). However, it must set out the main matters that the local authority proposes to include in its LTP. A consultation document must not contain or have attached to it a draft LTP or a full draft of any policy or strategy.
- 1.14 Before adopting a consultation document, a local authority must prepare and adopt the information that the content of the consultation document relies on.<sup>3</sup> The consultation document must state where members of the public can access this information. By making this information available before the consultation document is adopted, the local authority effectively provides the community with all the significant information that was previously included in the draft LTP.
- 1.15 Consistent with this approach, the New Zealand Society of Local Government Managers (SOLGM) considered that:
- A [consultation document] succinctly describes the key issues from the LTP as well as making the key choices and implications clear to your community. By*

<sup>2</sup> Section 93F.

<sup>3</sup> Section 93G.

*focusing the reader's attention on the key issues ... your [consultation document] is the key means for informing **the right debate** with your community.*<sup>4</sup>

## Our audit work

- 1.16 The Act requires each consultation document to contain an audit report from the Auditor-General providing an opinion on:
- whether the consultation document gives effect to its purpose (as set out in paragraphs 1.6 and 1.7); and
  - the quality of the information and assumptions underlying the information provided in the consultation document.<sup>5</sup>
- 1.17 We therefore carried out an audit for each local authority's consultation document to determine whether it provided an effective basis for consultation (with a particular emphasis on whether it fairly represented the matters the local authority proposed to include in its LTP). We also determined whether the consultation document identified and explained the main issues and choices facing the local authority and the consequences of those choices.
- 1.18 We also audited the local authority's underlying supporting information, including asset management plans, to determine the reliability of the supporting information.
- 1.19 Before the Act was amended, we were required to assess the extent to which the draft LTP complied with the requirements of the Act. In amending the Act, Parliament has clarified that this is no longer our role.
- 1.20 Our role is now to assess whether the consultation document is fit for purpose. We assess whether the consultation document covers what it needs to and whether it "does the job". We are not required to give a view on whether the local authority has met all the requirements of the Act from a legal perspective.
- 1.21 However, there is an element of legislative compliance to our role, including mandatory content requirements for consultation documents. We consider whether those important components are present and whether each consultation document does the job it needs to. This does not involve checking that every last detail lines up with the Act, regulations, or prescribed forms.
- 1.22 Appendix 1 presents the new requirements for local authorities and for our audit role.

4 New Zealand Society of Local Government Managers (2014), *Telling our Stories 2015*, Wellington, page 6 (emphasis in original).

5 Section 93D(4).

## Audit opinions

- 1.23 We issued unmodified audit opinions for all consultation documents audited.
- 1.24 Six audit reports included an “emphasis of matter” paragraph. We use an emphasis of matter to indicate a significant uncertainty or other matter that we consider important enough to highlight to the reader.
- 1.25 In two audit reports, we expressed no opinion on some matters contained in the consultation document. These were for Upper Hutt City Council (statements about a possible amalgamation) and Napier City Council (statements about a Local Government Commission report about potential amalgamation issues).
- 1.26 In Appendix 2, we set out excerpts from the eight non-standard audit reports that we issued.
- 1.27 Many consultation documents that we initially received did not, in our view, provide an effective basis for consultation. These consultation documents:
- did not identify and explain the most significant issue(s) facing the local authority; and/or
  - set out all the relevant issues, but failed to identify the relevant options, implications of the options, and consequences, as the Act requires; and/or
  - were poorly written, making it difficult to understand the main issues and choices facing the local authority.
- 1.28 Subsequent changes to the consultation documents meant that, on balance, they disclosed enough to obtain an unmodified audit opinion.

# 2

## Our observations on the consultation documents

- 2.1 In this Part, we look at:
- how local authorities responded to the new requirement to produce a consultation document;
  - how local authorities met the mandatory content requirements for their consultation documents;<sup>6</sup> and
  - how local authorities can improve their consultation documents.

### How local authorities responded to the new requirement

- 2.2 2015 was the first year that local authorities were required to produce a consultation document for their LTP.
- 2.3 The new consultation process was intended to improve the way local authorities engage with their communities. Overall, auditors considered that all consultation documents were sufficiently “fit for purpose” to issue an unmodified audit opinion.<sup>7</sup> However, there is considerable room to improve future consultation documents.
- 2.4 In our view, the better consultation documents:
- provided a good summary of the main elements of a local authority’s financial and infrastructure strategies as context for LTPs;
  - highlighted the significant issues, options, and implications and how they would affect members of the public and communities; and
  - had specific questions about the options facing members of the public.
- 2.5 Effective consultation documents also highlighted the significant issues. When other information was also presented, this was clearly separated so that the community could identify what issues were being consulted on and therefore what to focus on.
- 2.6 However, many local authorities missed an opportunity to engage effectively with their communities about the significant issues facing them. These consultation documents often:
- included too much background or other unnecessary information, leading to a loss of focus;
  - contained poor discussion of the infrastructure and financial strategies, so it was difficult to understand what the strategies were and how they related to the significant issues;
  - were unclear about which issues the local authority had already consulted on and which were new issues for consultation; and

<sup>6</sup> See section 93B(a) and (b).

<sup>7</sup> Where issues were significant in the drafts provided for audit, the issues were resolved with the local authority during the audit.

- had poorly drafted consultation questions, making it difficult for the community to understand what the local authority was seeking a response on.
- 2.7 The quality of consultation documents might have been affected by the short time frame between the amendments to the Act (enacted on 7 August 2014) and the deadline to produce the consultation document. It was also evident that some local authorities did not allocate enough resources to properly prepare their consultation document.
- 2.8 Some local authorities poorly managed their LTP process, allowing inadequate time for consideration of how to present their issues in the consultation document. This put time frames under pressure. This pressure was evident in some consultation documents, which looked as though they had been prepared at the last minute.
- 2.9 The complexity of matters facing a local authority did not appear to be a factor in determining quality. We saw strong consultation documents from local authorities facing significant and complex issues and poor consultation documents from local authorities with fewer or more straightforward issues.

### How local authorities met the content requirements

- 2.10 The content of a consultation document must be what the local authority considers on reasonable grounds will achieve the statutory purpose of the consultation document.<sup>8</sup>
- 2.11 In auditing consultation documents, we looked for evidence that the local authority had used a suitable process to determine what to include. The use of “reasonable grounds” is an objective rather than a subjective test. It is what “an ordinary person on the street” would consider reasonable, not what the local authority considers reasonable.
- 2.12 On this basis, we considered whether the issues that the local authority had included or excluded were reasonable. We identified only one instance where we considered that an issue had been unreasonably excluded (see paragraph 2.16).
- 2.13 We also considered whether the consultation document contained the mandatory disclosures the Act requires. These are:
- a description of each issue that the local authority considers should be included in the consultation document, having regard to the local authority’s significance and engagement policy and the importance of other matters to its district and community;
  - the main options for addressing each identified issue and the implications (including financial implications) for each option, the local authority’s proposal

8 Section 93C(1).

for addressing each issue, and the likely consequences on rates, debt, and levels of service;

- other matters of public interest in the proposed content of the local authority's financial strategy, including the quantified limits on rates, rate increases, and borrowing set out in that strategy, and the proposed content of the local authority's infrastructure strategy;
- any significant changes to the way the local authority funds its operating and capital expenditure, including any changes to its rating system;
- the effect of the proposals on rates assessed on different categories of rateable land with a range of property values; and
- the direction, scale, and nature of changes to rates, debt levels, and levels of service in the proposed content of its LTP (using graphs or charts).

2.14 A consultation document must also state where members of the public can obtain information adopted by the local authority. This includes providing links to appropriate documents. See paragraphs 2.48-2.59 for further discussion of these requirements.

### **The local authority's significance and engagement policy and the importance of other matters**

2.15 Section 76AA of the Act requires every local authority to adopt a significance and engagement policy. The purpose of the policy is to:

- enable the local authority and its communities to identify the significance of particular issues, proposals, assets, decisions, and activities;
- provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets, or other matters; and
- inform the local authority from the beginning of a decision-making process about:
  - the extent of any public engagement that is expected before a particular decision is made; and
  - the form or type of engagement required.<sup>9</sup>

2.16 The Act requires a local authority to assess, based on its significance and engagement policy and other relevant matters, the matters it will include in its consultation document. We noted that:

- Local authorities generally included all matters they should have.
- Local authorities also included matters that were particularly important to their community, even though some of the dollar amounts involved (as a proxy for significance) were quite small. These matters included repairs to footpaths,

proposed new street lighting, proposed changes to road intersections, and toilet upgrades.

- One local authority excluded its most significant issue from its draft consultation document presented for audit, for unclear reasons. After discussion with its auditor, the local authority included the issue in the consultation document.

- 2.17 Some local authorities did not clearly identify the matters they were consulting on. In some consultation documents, it was difficult to know whether an issue had been included as a consultation issue or whether it was just for the public's information, because the local authority had already consulted on it.
- 2.18 In our view, it is better to clearly focus on the matters being consulted on and to leave out non-essential content unless it is clearly explained why the information assists the community to understand the consultation matters.
- 2.19 Accordingly, a consultation document needs to be clear about matters a local authority:
- has already consulted on;
  - is currently consulting on; and
  - will consult on in the future through a separate consultation process.
- 2.20 Overall, we were satisfied that local authorities exercised their discretion appropriately and included the appropriate matters.

### **Identifying options, implications, and consequences**

- 2.21 An important part of each consultation document is the local authority's presentation of the options, implications, and consequences for each identified issue.
- 2.22 Local authorities presented their options, implications, and consequences in a variety of ways, including using tables and charts. Other consultation documents described the matters in text.
- 2.23 An approach that some local authorities adopted, which we thought was particularly effective, was to provide a table for each option and then set out how each option would affect rates, debt levels, and levels of service. This provided members of the public with specific information about the matters being consulted on.
- 2.24 This method of presentation was particularly effective when the local authority also clearly identified which of the presented options it preferred, along with the reason why. Figure 1 sets out this method of presentation.

**Figure 1**  
**Example of option presentation**

Option	Impact on rates	Impact on debt	Impact on levels of service
1.			
2.			
3.			

- 2.25 Some local authorities struggled to set out options, implications, and consequences in an easily understandable way. Some consultation documents:
- did not provide options for all the significant issues;
  - were unclear about the costs of particular options; and
  - were unclear about the effect of projects over the long term, such as the number of years until loans would be paid off.
- 2.26 Another challenge faced by local authorities was what they should say in their consultation documents when there is only one realistic option. Our view is that it might be appropriate for a local authority to provide only one option, but it should tell the public why it considers that there are no other realistic options. In most cases, a local authority will have at least two options available to it – “do it” or “don’t do it”. The Act does not require multiple options to be presented. The emphasis is on providing genuine options for the community.
- 2.27 For some consultation matters, the status quo is a valid option. However, not all local authorities presented the status quo option or the associated implications in their consultation documents. In many instances, we considered that the local authority omitted a possible option that the community might have views on.
- 2.28 Local authorities that identified the status quo as a valid option in their consultation documents were sometimes not clear what level of service they currently provided. Local authorities might have assumed that the community understood the current levels of service. However, this might not always be the case.

### **Proposed content of the local authority’s financial strategy and infrastructure strategy**

- 2.29 The Act requires a consultation document to include matters of public interest about a local authority’s financial strategy and infrastructure strategy.



- 2.30 The better consultation documents often used the main elements of the proposed financial and infrastructure strategies to introduce the significant issues for consultation. For example, these consultation documents:
- provided clear and concise information about the local authority’s current financial and infrastructure strategies;
  - discussed any proposed changes to the local authority’s financial and infrastructure strategies – such as changes to debt levels, funding renewals expenditure, and levels of service; and
  - asked for feedback on the proposed options, implications, and consequences.
- 2.31 However, some local authorities appeared to do little more than “cut and paste” extracts from their financial and infrastructure strategies without providing very much context for the extracts. Alternatively, some consultation documents defined what a financial strategy and/or infrastructure strategy was, but were minimalistic when describing the local authority’s own financial or infrastructure strategy. Neither of these approaches helped members of the public understand a local authority’s financial or infrastructure strategy.
- 2.32 Local authorities generally included all relevant rates information. However, two rates-related limits are required by the Act – on rates increases and on total rates. Not all consultation documents clearly included both these rates-related limits.

### **Significant changes to the way a local authority funds its operating and capital expenditure**

- 2.33 A consultation document must include any proposed significant changes to the way the local authority funds its operating and capital expenditure requirements, including changes to its rating system.
- 2.34 Some local authorities sought to change their rating systems, or elements of their rating system, and generally explained in enough detail:
- the current rating system;
  - the proposed rating system; and
  - reasons for the change.
- 2.35 Given the significance that rating changes have for members of the public, it is particularly important for a local authority to provide enough information to allow members of the public to fully understand the reasons for the changes, including costs, effects, and benefits. Arguably, some local authorities changing their rating systems could have provided more in-depth analysis of the reasons for the change.

- 2.36 There are detailed legal requirements for changing rating systems. In one instance, questions arose about the legality of a proposed rate change. It is important for a local authority to seek legal advice when there is any doubt about the legality of a rate change.

### **Effect of the proposals on rates**

- 2.37 Local authorities generally managed well the requirement to report the effect of proposals on rates assessed on different categories of rateable land with a range of property values. That said, some consultation documents provided too much information. For example, one consultation document provided five full pages of comparative rate information. Given the purpose of consultation documents, this seemed excessive.
- 2.38 A further issue was whether the effect on rates for a range of property values could be shown for just the first year of the LTP or whether it needed to be shown for 10 years.
- 2.39 Our view is that the Act requires the range of property values to be provided for only the first year of the LTP, although a local authority could provide information for more years. This aligns with the disclosure requirements for the funding impact statement in the LTP,<sup>10</sup> which requires rating examples information for the first year only. Transparency across the 10 years of the plan should be encouraged as a matter of good practice.
- 2.40 The better consultation documents disclosed the effect on an average individual ratepayer, rather than just the total cost to the community as a whole, of the options presented.
- 2.41 As well as the required disclosures, some local authorities referred to rates calculators either in their consultation document or on their websites. These rates calculators allow individual ratepayers to more accurately estimate what their rates would be under the proposals they are being consulted on. We consider that this is a very effective tool for a local authority to provide for their community.

### **Using graphs and charts to show changes to rates, debt levels, and levels of service**

- 2.42 Most consultation documents made good use of charts and graphs, particularly to highlight rate and debt levels.
- 2.43 However, some of the less well-focused consultation documents used too many graphs and charts to show changes. For example, one consultation document had seven separate charts and graphs for rate changes and four for debt changes.

- 2.44 Using too many charts and graphs is likely to confuse readers. Local authorities need to ensure that they use charts and graphs to improve understanding and to illustrate trends and changes. It is also important that it is clear what the charts and graphs are intended to support or explain.
- 2.45 Local authorities generally explained changes to levels of service well – for example, by highlighting the risks of declining service levels if additional funding was not provided. Disclosing potential changes to levels of service is particularly important because it allows members of the public to understand the explicit trade-offs between costs to the ratepayer and levels of service.
- 2.46 There were some exceptions:
- Some local authorities defined their activities as “business as usual” but provided little or no explanation of what that level of service was.
  - Some local authorities defined their status as “business as usual” and said that levels of service might be improved, without providing any information about the proposed improvements.
  - Some local authorities proposed to increase rates significantly with no explanation or clarity about the effect on levels of service.
  - Some proposed levels of service were poorly explained and/or difficult to understand – for example, whether additional funding was to increase levels of service or to restore levels of service to what had been previously agreed with their community.
- 2.47 Local authorities need to provide their communities with clear and concise information about their current levels of service and proposed levels of service in relation to issues presented in the consultation document. Some did not do this, and it should be an area of focus for the future.

### **Where members of the public can get further information**

- 2.48 A consultation document is required to present the main issues that the local authority proposes to include in the full LTP document. Importantly, however, the consultation document is not intended to be a summary of the full LTP. Most of the community do not need the detailed information included in the full LTP.
- 2.49 A significant concern in the past has been that the size and complexity of the draft LTP made it difficult for the community to assess the important issues. The new legislation ensures that the community still has access to the underlying detail but separates out the main issues in the consultation document.

- 2.50 As noted in paragraph 1.14, each local authority must adopt the information relied on by the content of the consultation document and make it publicly available.<sup>11</sup> This information and the consultation document effectively give the community access to all the information that was previously included in the draft LTP.
- 2.51 This enables community members to develop a greater understanding of a matter or to delve into the less significant issues not in the consultation document, if they choose to do so. The local authority can provide this underlying information through links or references to the relevant supporting documents.
- 2.52 The underlying information must be presented separately from the consultation document. The Act specifically states that the consultation document must not have a draft LTP, a full copy of any policy or strategy, or unnecessary detailed information attached to it.<sup>12</sup>
- 2.53 Local authorities generally adopted appropriate information to support the content of the consultation document. They also indicated in the consultation document where the community could access this information. However, some local authorities did not indicate where the community could access this information as clearly as they could have.
- 2.54 This led some members of the community to believe that they could not obtain all the information that they had previously had access to and that local authorities were not providing the information needed to make an informed submission. We received several letters from members of the community who were concerned about the apparent reduction in available information.
- 2.55 It is important that local authorities clearly state what underlying information is available and how members of the community can review it.
- 2.56 Local authorities took different approaches to providing the underlying information:
- 26 local authorities made a draft LTP available on their website;
  - eight local authorities provided an ordered collation of documentation on their website in a structure and format different to the LTP; and
  - 44 local authorities provided multiple links to background papers, strategies, financial analysis, and accounting policies to go alongside the consultation document.
- 2.57 The Act provides flexibility and allows discretion in how to make the underlying information available. As a result, there is no right or wrong approach to the form in which a local authority provides the required information to the community.

<sup>11</sup> Section 93G.

<sup>12</sup> Section 93C(3)(b).

- 2.58 When many documents are available separately on a local authority's website, it can become extremely difficult for a member of the public wanting to make a submission to identify the relevant documents. Local authorities need to keep this in mind when deciding how to present the required underlying information.
- 2.59 SOLGM's recommendation to all local authorities is to complete a full draft LTP to support the consultation document. It provided this advice because a full LTP would be the most useful format for those in the community who want to look into the detail and would also help the local authority to manage the overall workload of developing and adopting an LTP by 30 June 2015.<sup>13</sup>

## How local authorities can improve their consultation documents

- 2.60 The Act requires a local authority to present its consultation document in a concise and simple manner to provide an effective basis for public participation in the local decision-making process for the content of an LTP.<sup>14</sup>
- 2.61 As mentioned in paragraphs 2.6-2.7, some local authorities struggled with the new requirements and might have missed an opportunity to improve engagement with their communities. In particular, some consultation documents:
- lacked clarity;
  - failed to provide good summaries of a local authority's financial and infrastructure strategies; and
  - had vague consultation questions that made it difficult for the community to understand the main issues.
- 2.62 Consequently, there is considerable room for improvement. Local authorities should consider these matters when developing their next consultation documents.

## What makes a consultation document better?

### A clear introduction to the significant issues facing the local authority

- 2.63 Most consultation documents provided an introduction to the significant issues that the local authority was seeking community feedback on. Highlighting this information at the beginning of the document is important, so the community is alerted to the main issues facing the local authority.
- 2.64 Some local authorities used the traditional mayor and chief executive message to convey the significant issues. Although this can be effective, there is no

<sup>13</sup> New Zealand Society of Local Government Managers (2014), *Telling our Stories 2015*, pages 6-7; and *Jigsaw 4: Piecing it Together*, pages 10-11.

<sup>14</sup> Section 93C(3).

requirement to keep to such a traditional format. Moving away from this more traditional and formal format helped some local authorities to produce a document that was more easily readable.

2.65 The better consultation documents also signposted for the reader where relevant information about the significant issues was.

2.66 For example, one local authority consulted on five areas: rates affordability, managing debt, developing resilient communities, managing population growth, and maximising regional opportunities. Its consultation document had one page identifying the five issues that referred to the page where each issue was discussed. This meant a reader could easily identify the significant issues facing the local authority and locate the relevant discussion in the consultation document.

**Information allowing the community to properly understand, consider, and assess the significant issues**

2.67 The statutory purpose of the consultation document is to provide an effective basis for the public to participate in local authority decision-making.

2.68 Accordingly, it is important that the consultation document provide enough information to allow the community to fully understand and consider an issue, and provide meaningful comment.

2.69 The better consultation documents provided some background to each significant issue, discussed the advantages and disadvantages of potential options, and clearly set out the costs of each option. These documents often provided information about costs in stand-alone boxes, which was a useful way for a local authority to highlight the costs of the various options.

2.70 In contrast, some consultation documents contemplated quite significant changes without, arguably, providing enough information to allow the community to provide fully informed submissions.

**Being concise but as long as they need to be**

2.71 Consultation documents varied in length from 11 pages (Chatham Islands Council and Clutha District Council) to 100 pages (Christchurch City Council). The average length was 32 pages.

2.72 Consultation documents were as long, or as short, as they needed to be.

- 2.73 The Act provides that the consultation document must include certain information, but otherwise leaves local authorities free to determine the content and format of their consultation document.
- 2.74 Some of the best consultation documents were concise. They often:
- used the main elements of the proposed financial and infrastructure strategies to introduce issues; and
  - clearly explained the significant issues for the local authority, including the relevant options and implications.
- 2.75 However, some local authorities:
- cut and pasted large amounts of text from their draft LTPs into their consultation document; and/or
  - drafted the consultation document as if it were a summary LTP.
- 2.76 These approaches did not work very well because the consultation documents were too long, technical, and not focused on the significant issues. They were very difficult to read, and it was difficult to identify the significant issues.

#### **Using plain English and not assuming that readers understand technical terms**

- 2.77 As required by the Act, local authorities generally used language that was clear, concise, and easy to read.
- 2.78 However, some local authorities had difficulty explaining technical concepts clearly.
- 2.79 A common example was when local authorities sought to explain how they fund renewal work. Local authorities referred to this activity as “using depreciation to fund renewals” or “collecting funds through the depreciation of our assets”, which is confusing for the general public and technically incorrect.

#### **Using specific consultation questions**

- 2.80 Most consultation documents included a submission form with questions that members of the public were invited to complete and return to the local authority. The better consultation documents asked specific “open” questions and also provided information relevant to the question. In this way, the community was better able to consider the issue before deciding how to respond to the question.

# 3

## Case studies on consultation

- 3.1 In this Part, we look at:
- case studies of how five local authorities engaged with their communities during the consultation period; and
  - Federated Farmers' views on the effectiveness of the new consultation approach.
- 3.2 The case studies present some of the innovative ways that local authorities used to engage their communities, the challenges they faced, and their views on how the new consultation documents and the increased flexibility introduced to the consultation process requirements in the Act affected the quality of the feedback they received.
- 3.3 We approached several local authorities. We considered it useful to get an early indication of what local authorities thought about the new statutory requirements and whether they consider that the new requirements have enhanced consultation and helped them finalise their LTPs.
- 3.4 We also asked Federated Farmers for its views. Federated Farmers is a regular participant in local authority consultation processes, and it has discussed the quality of planning and accountability documents with us since we began auditing LTPs in 2006. We were interested to hear its views on how the new consultation requirements have affected its participation in considering and submitting on local authorities' LTPs.

### Auckland Council

#### Seeking innovation in engagement

- 3.5 Auckland Council had an unprecedented response during the consultation period for its 2015-25 LTP. It received 27,383 submissions, with 262,503 individual pieces of written feedback. This was a 171% increase on the 2012-22 LTP consultation response.<sup>15</sup>
- 3.6 The Council extended the consultation period from the minimum one month to seven-and-a-half weeks. This was to ensure that it had time to raise awareness and understanding of the issues and for the community to get involved. The Council considered that having an awareness-raising phase before holding public events that sought community views was important to the overall quality of the process.
- 3.7 The Council also had logistical issues to consider. Because the Auckland Council LTP must contain the plans for each local board area, the timetable for holding consultation events needed to be long enough for each local board to seek



feedback on both local and regional issues. For 21 local boards to hold a meeting in each area within the minimum consultation period is a huge challenge.

- 3.8 The Council wanted to engage the people of Auckland more effectively than in previous years. After the 2012-22 LTP consultation process, the Council planned to take a more innovative approach for its 2015-25 LTP. It considered that its intentions were supported by the 2014 amendments to the Act.
- 3.9 The Council aimed to use approaches that research suggested would suit people better than traditional methods. People could make verbal or written submissions and use social media. The Council also held events in the evenings and weekends rather than during the working day.
- 3.10 The Council also carried out a significant media campaign. This included ensuring extensive national and Auckland media coverage at important points, such as the launch and close of the consultation period.
- 3.11 The Council advertised in print-based media (including in university student magazines and ethnic, regional, and local newspapers), on the radio, and on bus shelter advertising panels.
- 3.12 Digital promotion included banners on websites such as MetService, TradeMe, *The New Zealand Herald*, and Stuff. The Council also used Facebook and Twitter to request and receive consultation.
- 3.13 The Council held stalls at all major events around Auckland during the consultation period. The Council distributed flyers and promotional material at train and bus stations and the ferry building.
- 3.14 Council staff attribute the increase in the level of engagement to the improved engagement processes as well as public interest in the transport issues being consulted on.
- 3.15 The formal hearing process was largely replaced by “Have your say” events that enabled the Council to discuss issues with the community in a less formal and more interactive way. These events provided an opportunity to educate the community about, clarify, and “de-myth” many issues that were raised in discussion.
- 3.16 The Council received very positive feedback from attendees and elected members about the format of these events. Those involved told the Council that they generally felt that they had a good opportunity to speak directly to decision-makers and to have their views heard. However, there were varying levels of attendance at these events. The Council considered that there was a lot of benefit

gained from sharing views between participants that is not gained through the normal hearing process.

- 3.17 The “Have your say” events were held in different ways to meet the needs of the attendees. Events were held in each local board area, and other events focused on special interest groups, such as Aucklanders with disabilities and ethnic communities.
- 3.18 Two “Have your say” events were co-hosted by non-council groups. This helped Auckland Council to engage with groups it might not otherwise have easily reached.
- 3.19 The “Have your say” events were attended by 1412 people, who named 8638 issues for Auckland Council to consider in addition to those received through the written submission process.
- 3.20 Feedback was also sought from all Auckland Council advisory panels and two reserve boards.
- 3.21 Because of the amount of feedback received, council staff compiled an overall report on the consultation responses and a series of summary reports on specific themes and for each local board area. Staff briefed elected members on the feedback. These reports were made publicly available. The individual submissions, the submission points gathered from each of the “Have your say” events, and the social media feedback were also made available online.

### **Information available to the community**

- 3.22 Auckland Council’s consultation document was 63 pages. It had two parts: one focused on providing context, and the other set out the four main consultation issues. In our view, it contained some very effective infographics:
- a budget overview by area of spending;
  - rates issues, such as the average value increase from the 2014 revaluation;
  - how general rates are calculated overall and divided between ratepayers;
  - expected rates based on various property values and the options of different levels of Uniform Annual General Charge being consulted on; and
  - the range of general rates increases for various property types.
- 3.23 The clear use of the phrase “average general rate increase” was an improvement on previous Auckland Council publications, including the 2012-22 LTP, where there

had been a lack of clarity about what was included in the “rate increase” that was publicised.<sup>16</sup>

- 3.24 To supplement the audited consultation document, Auckland Council also produced a summary document, the *Household Summary*. This was 16 pages and focused on the main elements of the four consultation issues. It was distributed to 540,000 households throughout Auckland.
- 3.25 The *Household Summary* directed the reader to the consultation document. It noted that the consultation document had been audited and that the audit opinion highlighted the choices for Auckland’s transport programme.
- 3.26 The *Household Summary* was translated into six languages, and an accessible version for the visually impaired was also available. A sign language video was also produced. The consultation document and the *Household Summary* were available online and in hard copy at all libraries, service centres, and local board offices.
- 3.27 Auckland Council also adopted a comprehensive package of information to meet the requirements in section 93G of the Act (see paragraphs 2.48-2.59 for details of these requirements). This information was not in the form of a draft LTP. It was collated and presented in an indexed volume. This material was also available online.
- 3.28 Auckland Council uses a dedicated website called *Shape Auckland* for all major consultation processes. The Auckland Council website linked to *Shape Auckland*.
- 3.29 *Shape Auckland* provided the consultation document and a significant amount of additional information and tools to help the community to understand the consultation issues, including a frequently asked questions document, fact sheets on important projects such as the City Rail Link, and a 60-second video on transport issues.
- 3.30 The website also provided two tools we considered to be particularly useful. These were a budget calculator and a rates calculator.
- 3.31 The budget calculator allowed users to experiment with different funding levels for Council activities, reflecting the options proposed in the consultation document. It calculated the effect of the options on total Council debt levels, total Council spending, and average household rates.
- 3.32 The rates calculator allowed users to enter a specific address and get details of the rates applicable to that property based on the proposals in the consultation document. It was also possible to enter the different levels of Uniform Annual

16 The phrase “average rate increase” in previous Council material was meant to refer to just the increase in the general rate. However, various groups interpreted it to mean average total rates increase, which did not align with the actual rates increase. Using more clear language linking the increase to just the general rates component of the total rates should address some of these previous concerns.

General Charge that were provided as options in the consultation document to understand the effect on household rates.

### Challenges faced

- 3.33 We are aware of two challenges for Auckland Council during the consultation period because of direct correspondence with us. The first was about people not receiving the *Household Summary*. Delivery agents were given clear instructions that the *Household Summary* should be delivered to letterboxes with “no circulars” signs and in areas with bylaws about unaddressed mail.<sup>17</sup> It remains difficult to ascertain whether this is the reason for people not receiving the *Household Summary* or whether people might have inadvertently disposed of it with other unwanted mail. Some libraries also ran out of the *Household Summary* on some days.
- 3.34 Several correspondents raised the second issue with us. Several readers of the *Household Summary* did not understand the hierarchy of information that was available to them and missed the pointers to the full consultation document and to the underlying information package.
- 3.35 Because the overall campaign and the documents were titled “Auckland’s 10 year budget”, some members of the community were particularly concerned about the lack of detailed financial information provided in the consultation document and the *Household Summary*.
- 3.36 Moving the detailed and technical information, which is often difficult for the general public to understand, out of the main consultation document while still making it available in the underlying information is a challenge for all local authorities.
- 3.37 In our view, both of these issues were made more complex because Auckland Council produced the *Household summary*. Because the *Household summary* was itself a sizeable document, many in the community did not understand that it was a summary of the even larger main document that Auckland Council was required to produce.
- 3.38 If the widely distributed document had been a flyer, or something very clearly less than the full consultation document, the Council might have reduced some of this confusion. We also consider that Auckland Council, and most other local authorities, could more clearly point the interested reader to the detailed underlying information.
- 3.39 The use of a summary was not unique to Auckland Council. Auckland Council is undertaking a review of the consultation process to assess the experience

of Aucklanders. This will provide useful information for the Council and others interested in the process and documents used for the future.

## New Plymouth District Council

- 3.40 We asked New Plymouth District Council to be a case study because we were aware that it had used several methods to reach out to its community as part of its 2015-25 LTP consultation process. The Council reported that this had been very effective in terms of the quality of the feedback it received.

### Approach to engagement

- 3.41 New Plymouth District Council has a focus on finding new and interesting ways of engaging with the community. In 2009, it ran a comprehensive pre-plan consultation that included a roadshow, a series of hui, a web forum, and a telephone survey. It won the SOLGM Communications Award in 2009 for “Best Communication for the Draft LTCCP”.<sup>18</sup>
- 3.42 The Council’s overriding approach to consultation and engaging with its community is to “be where the people are”. This means being present in a range of places, both physical and virtual, where the public gather.
- 3.43 The Council reports that, over time, it has got better at doing this. It has broadened its reach, gathering more feedback from ratepayers who rarely engage in consultation processes.
- 3.44 Before developing its consultation document, the Council held a series of meetings around the district, referred to as “Shaping Our Future Together”. The Council deliberately went to outlying towns in the district to give all communities a fair opportunity to provide feedback.
- 3.45 Once the consultation period began, the Council continued the meetings. Ninety-seven people attended nine meetings. The Council also hosted webchats with the Mayor for people who were unable to attend any of the meetings.
- 3.46 The Council launched an interactive website called *MyRates*. This website provided ratepayers with an innovative way to see the effect of including or excluding the main proposals on their rates. Users could then submit their preferences to elected members. The tool was designed to help demonstrate the direct relationship between levels of service and costs to the ratepayers.<sup>19</sup>
- 3.47 Also, the Council produced a video, “What has the Council ever done for us?”, featuring retired television personality Jim Hickey, Mayor Andrew Judd, the

18 Up to 2009, the LTP was called a long-term council community plan or LTCCP.

19 This interactive tool has remained available since the consultation period closed and can be viewed at [www.myrates.npdc.nz](http://www.myrates.npdc.nz).

Council’s Chief Executive, and various council staff members. This was a novel and light-hearted approach to highlighting the various services that the Council provides with ratepayer funds. At the time of writing, the video had received more than 3300 views.

- 3.48 The Council promoted these engagement methods in its weekly community newsletter “7 days”, as well as on its website. The Council used social media extensively to raise public awareness of the consultation process and to encourage members of the community to have their say.
- 3.49 The Council told us that it had more than 5000 combined “likes” and followers on Facebook and Twitter.
- 3.50 During the consultation phase, the Council circulated the consultation document inside the local weekly paper, which reaches 30,000 homes.

### Community submissions

- 3.51 The Council received considerably fewer submissions in 2015 than in 2012 and 2006, but about the same number as in 2009 (see Figure 2).

**Figure 2**  
**New Plymouth District Council – Number of submissions received, 2006-15**

Year	Type of document	Number of written submissions	Number of submissions requesting a hearing
2015-25	Consultation Document	526	79
2012-22	Draft LTP	1831	147
2009-19	Draft LTCCP	565	91
2006-16	Draft LTCCP	1037	125

- 3.52 The Council commented that the nature of the issues it seeks feedback on often determines the number of submissions it receives. High-profile issues that are of significant public interest usually generate a higher number of submissions than “business as usual” proposals. This means that it is not easy to identify any trends or attribute the response rate to the nature and content of consultation mechanisms.
- 3.53 In 2012, the Council consulted on the development of a multi-sports facility and also on providing new recycling services. There was a lot of interest from the community. The Council also made it easier for the community to provide feedback by including a cut-out form in the community newspapers.

- 3.54 This year, the Council's proposal was a "business as usual" approach, with few new projects and a greater emphasis on keeping rates increases down. Arguably, the lower number of submissions compared to 2012 could indicate that the community was generally happy with this proposal.
- 3.55 Of the submissions the Council received, many were specifically about the main proposals in the consultation document and clearly indicated which option the submitter preferred. This was possibly helped by *MyRates*, which focused attention on the Council's main proposals.
- 3.56 Submitters told the Council that they found it much easier to engage with the consultation document than with previous draft LTPs. Previously, the community received a summary of the LTP that was much shorter but less informative than the consultation document. This had led most submitters to focus their feedback on the information in the summary, with only a minority responding to the full draft LTP.
- 3.57 Council staff told us that the feedback seemed more informed than previously. This was possibly because the consultation document provided more detail than previous summary documents.
- 3.58 Councillors said that the consultation document was a much better mechanism for engaging the community in the LTP discussion than previous summary documents and draft LTPs.

### **Information available to the community**

- 3.59 The Council did not produce a draft LTP. Instead, residents were able to view a collation of additional supporting information on the Council's website, including draft policies and strategies, activity information, performance measures, and financial information. Hard copies of that information were made available in libraries, service centres, and the civic centre. The Council reported that demand for hard copies was limited.

### **Challenges faced**

- 3.60 Council officers told us that their main issue was the requirement in section 93C of the Act for proposals to include principal options. The Council commented that some of the proposals it was consulting on were either "do it" or "don't do it", and it felt challenged to present a range of options to meet what it considered the legislative requirements to be.

### Council observations

- 3.61 The Council thought that the new requirement to produce a consultation document meant it was able to clearly focus on its LTP proposals and the effect of these for the average ratepayer. The format of the document made it easier to communicate in a clearer and more engaging manner. It allowed the Council to more clearly describe the issues it wanted feedback on and focused it on telling the story as simply as possible.
- 3.62 The Council felt that the consultation document was successful in getting targeted, useful feedback to help the councillors with their final deliberations before adopting the LTP.

### Dunedin City Council

#### Approach to engagement

- 3.63 Dunedin City Council adopted a similar approach to engagement as for previous LTPs but used some new techniques. The Council developed a consultation plan that included the traditional approach to submissions – that is, giving readers the option of providing a formal written submission and attending scheduled hearings – as well as using social media channels, such as Twitter and Facebook.
- 3.64 Readers were made aware that they could provide feedback through social media, which would be provided to councillors for consideration. This was a change from the Council's previous approach of using social media to tell the community how to provide feedback, but not actually to receive and collate feedback.
- 3.65 The Council also used its "People's Panel" to provide feedback. This email-based panel includes members of the public from a range of backgrounds who provide views on topical issues that are before the Council.
- 3.66 Also, the Council recorded the main themes residents raised at engagement events and gave this feedback to councillors. The meetings had an informal focus to enable more face-to-face discussions with councillors. The Council said it hoped to "do less talking, and more listening" at these events.
- 3.67 Previously, feedback from these events was available to councillors attending them but was not formally recorded. The Council considers that changes to the Act provided it with more freedom to engage with the community and consider feedback than had previously been the case.
- 3.68 The Mayor hosted two online chats during the consultation period. Interested residents were able to lodge questions or provide comments, and the Mayor then responded online. Transcripts of the chats were made available on the Council's website.



- 3.69 The Council’s website also included an online rates calculator, which enabled residents to enter their property valuation and calculate their estimated rates for the coming year.
- 3.70 The Council did not circulate the consultation document to all households. Rather, it distributed a small information flyer alerting the community to the consultation process, outlining the major issues, and telling readers where they could obtain a copy of the consultation document and supporting documentation. The flyer also explained how people could provide feedback.

### Community submissions

- 3.71 The Council received twice as many submissions in 2015 than in 2012 but heard 25% fewer verbal submissions than in 2012. Figure 3 summarises the number of submissions received between 2010 and 2015.

**Figure 3**  
**Dunedin City Council – Number of submissions received, 2010-15**

Consultation	Number of submissions	Number of submissions requesting a hearing
2015-25 Consultation Document	2178	147
2014/15 Draft Annual Plan	1119	176
2013/14 Draft Annual Plan	262	108
2012-22 Draft LTP	1024	200
2011/12 Draft Annual Plan	985	156
2010/11 Draft Annual Plan	746	189

- 3.72 Submitters made 3074 comments on 158 topics. The Council received only 34 hard-copy submission forms that had been included in the consultation document. The Council received 57% of submissions electronically, a reduction from 85% of submissions on its *2014/15 Annual Plan*. It received about 1430 “form” submissions.<sup>20</sup>
- 3.73 Fifty-five people made comments about the consultation document on social media. A survey of registered members of the People’s Panel received 177 responses from a pool of 1289 registered members.
- 3.74 The Council reported that the total number of contacts with ratepayers was considerably higher this year, which could have contributed to the higher submission rate. However, the higher submission rate is largely attributed to the high level of public interest in the issues presented. Figure 4 summarises community engagement numbers.

<sup>20</sup> Form submissions are standard submissions prepared by an interest group and completed by people who support that group’s submission.

**Figure 4**  
**Dunedin City Council – Community engagement numbers, 2010-15**

	2015-25 LTP	2014/15 Annual Plan	2013/14 Annual Plan	2012-22 LTP	2011/12 Annual Plan	2010/11 Annual Plan
Number of contacts at events	849	295	83	530	99	220
Number of events*	9	8	4	8	6	9

\* Events are either public meetings, pop-up road show stalls at public events, or in shopping centres or supermarkets.

- 3.75 The Council told us that the overall quality of the submissions it received was about the same as for previous years. That said, the Council considers that the consultation document enabled readers to better focus on the major issues.
- 3.76 However, not all submitters appeared to appreciate that they were submitting on the LTP. The Council received just under 1400 form submissions on two issues – a cycleway/road safety improvement project and an unfunded aquatic centre project. These submission forms were created by interest groups, were focused on a single option for the project, and were provided by those groups to the community.
- 3.77 The consultation document included a fairly comprehensive feedback form that included questions on 16 main issues and asked the community to select which option they preferred for each issue. Submitters were able to add additional comments at the end of the feedback form and additional pages if required. Readers were also encouraged to complete the feedback form online if they preferred.

### Information available to the community

- 3.78 The Council did not prepare a full draft LTP when it issued its consultation document. Instead, it provided a range of supporting documents, including its financial and infrastructure strategies. This information was available on the Council's website, and the consultation document included a link to the webpage.
- 3.79 The Council's website statistics showed that the supporting documentation was viewed 357 times during the submission period. This represented 3.21% of pages viewed on the Council's website during the consultation period, and the average time spent on the page was just over five minutes.
- 3.80 During the submission period, eight people requested a hard copy of the infrastructure strategy and six people requested the financial strategy.

### Challenges faced

- 3.81 One issue that the Council told us about was about a change to library funding that did not meet a level of significance to include in the consultation document. However, an interest group drew the matter to the attention of the media and the community. The Council was subsequently accused of hiding this information, even though it was available in the supporting documentation.
- 3.82 The Council said that some concerns were expressed about the lack of a draft LTP. However, once it was explained that the same information was available in the supporting information, those concerns seemed to be allayed.
- 3.83 The Council told us that, in hindsight, it could have included a full list of supporting documentation in the consultation document as well as on its website.

### Council observations

- 3.84 The Council told us that feedback seemed more focused than in previous years, with fewer “scatter gun” submissions. The Council explained that it previously received a lot of submissions with comment on every item in the summary document, but this time people appeared to have submitted on issues of the greatest interest to them.

## Otago Regional Council

### Approach to consultation

- 3.85 Otago Regional Council tried a different approach to consultation as part of its 2015-25 LTP process. It:
- used a consultant to design the consultation document and to present it in a user-friendly format; and
  - developed a dedicated webpage for the LTP process, which included the consultation document, a “frequently asked questions” section, and a list of all the supporting documents with a brief explanation of each.
- 3.86 The Council launched the consultation process at two public meetings, to which about 450 people were invited.
- 3.87 Also, the Council wrote to more than 3600 ratepayers likely to be affected by a proposal in the consultation document for a new targeted rate related to rural water quality.

- 3.88 Council staff were available to answer queries or to meet with individuals and groups to discuss the consultation document and the Council's proposed activities.

### **Community submissions**

- 3.89 The submission form included in the consultation document contained two parts. The first part sought comment on proposed activities, but left it for the submitter to determine what they wanted to write. The second part sought comments on proposed changes to the Council's revenue policy, which included the new targeted rates.
- 3.90 The Council received 160 written submissions, which was a similar number to previous years. However, the Council noted that it is difficult to assess whether the number of submissions is significant because some high-interest issues had previously generated multiple photocopied responses from interest groups.
- 3.91 The Council told us that it received fewer submissions than it expected, particularly given the 3600 targeted letters drawing attention to an important proposal in the consultation document.
- 3.92 The Council heard from 80 submitters at hearings.

### **Information available to the community**

- 3.93 The Council included links to the supporting information in the consultation document, including the draft financial and infrastructure strategies, the rates calculator, bus fare schedule and new zones, supporting information for a proposed new targeted dairy rate, and a list of frequently asked questions.
- 3.94 Because of the proposed new targeted rates affecting dairy farmers, the Council met with Federated Farmers before publishing the consultation document to discuss the issues to be included.

### **Challenges faced**

- 3.95 Many submitters told the Council that the consultation document did not have as much detail as they were used to.

### **Council observations**

- 3.96 The Council does not believe that the new process has achieved better engagement with the community. The Council feels that it has hindered rather than assisted meaningful consultation, with important stakeholders and regular

submitters looking for the same level of detail they have received in the past and having to search for that information separately from the consultation document.

- 3.97 The Council was unsure how much of its detailed supporting information it could make publicly available, including whether it could make its draft LTP available when consulting on its consultation document. Although the Council was able to answer questions by sending out detailed information from the draft LTP, it will make its full draft LTP available when consulting on its consultation document next time.<sup>21</sup>
- 3.98 The Council said that the rates calculator was a well-used innovation.

### Canterbury Regional Council

- 3.99 We selected the Canterbury Regional Council (Environment Canterbury) to be a case study because it received submissions on its 2015-25 consultation document from individuals who have not previously submitted on Environment Canterbury's planning documents. In Environment Canterbury's view, it received these submissions because of the style of the document and because the document was directly delivered to households.

### Approach to engagement

- 3.100 Environment Canterbury has embarked on an ongoing collaborative approach to engaging with its community, largely in response to managing the region's water resources.
- 3.101 Environment Canterbury delivered its consultation document to every household and organisation in the region. This was a new approach. Previous planning documents were not distributed in this way. Previously, Environment Canterbury provided public access to the full LTP and the summary LTP through the principal office, service centres, district councils, and libraries. Environment Canterbury advertised the availability of the LTP in local media and through a quarterly publication.
- 3.102 Environment Canterbury believed that the new requirement for a consultation document enabled it to reach new audiences willing to submit on the plan. It linked readers to supporting information on its website. The intention was to separate the detail from the high-level messaging, enabling the community to identify points of interest and provide feedback if desired. Several submitters indicated that they found this approach very helpful and clear.

<sup>21</sup> The consultation document must state where people can access the information the local authority has adopted under section 93G before adopting the consultation document itself (section 93C(3)(c)). If a local authority has adopted a draft LTP before it adopts the consultation document, it can include a link to the full draft LTP.

- 3.103 Environment Canterbury's website presented supporting information, such as the relevant draft policies and strategies, financial information, and rates proposals. It also included a video of Commissioner David Bedford explaining Environment Canterbury's proposed rates increases. As it had with previous consultation processes, Environment Canterbury also made hard copies of this information available at many locations throughout the region.
- 3.104 The consultation document posed specific questions under each topic area and included a hard-copy submission form and the option of submitting online. The form asked one overarching question: *What do you want Environment Canterbury to do?* Environment Canterbury noted an improvement in the structure of submissions, which assisted greatly in reporting to the Commissioners.

### **Community submissions**

- 3.105 Environment Canterbury received 375 submissions on its consultation document, which was considerably more than the 205 submissions it received on its draft 2012-22 LTP.
- 3.106 About 10% of submissions were received after the closing date for the consultation period, despite Environment Canterbury allowing for the statutory one-month consultation time frame. Improvements in administrative processes enabled Environment Canterbury to consider all but seven of the late submissions – these were received more than one week after the closing date.

### **Council observations**

- 3.107 A lot of the work done by regional councils is long term. The work is also often significant and subject to separate consultation processes. Environment Canterbury has worked to align the results of these consultations with decision-making in the LTP process.
- 3.108 A lot of Environment Canterbury's consultation document outlined work that carried on the direction and momentum of work already under way. Most of the projects outlined in the consultation document had already been through a separate consultation process. Environment Canterbury ensured that community feedback on matters to do with specific policy, as opposed to LTP funding priorities, were fed into the appropriate policy processes.
- 3.109 Having reflected on the consultation document process, Environment Canterbury will be more explicit to readers in future about its service intentions and related funding rather than existing strategies or approaches. It also received feedback about the lack of service performance information in the consultation document,

which is not required for the consultation document. However, some members of the community thought that service performance information should be included. Environment Canterbury sees value in reviewing the relationships between planning, reporting, and future LTP consultation processes.

## **An external view – Federated Farmers**

### **Opinion about the importance of effective consultation**

- 3.110 Federated Farmers was not entirely comfortable with the 2014 amendments to the Act. It told us that its main concern was that the amendments could lead to a reduced opportunity to assess the effects and value of local authority spending.
- 3.111 Federated Farmers makes submissions on about 65-70 draft annual plans and draft LTPs each year. Federated Farmers considers that an important aspect of its advocacy on behalf of its constituents is to make sure that the rates burden is equitable. It seeks to hold local authorities to account not only for their spending but also for how that spending is funded and who pays.
- 3.112 Because Federated Farmers is a regular submitter to local authority consultation processes, it has developed considerable knowledge and experience of local authority expenditure and revenue policies and practices, both at a national and local level. Federated Farmers considers that making submissions on annual plans and LTPs is an essential part of its advocacy role.
- 3.113 Federated Farmers considers that it needs transparent and logical information to make constructive submissions to local authorities.
- 3.114 Federated Farmers told us that it was not opposed to high-level consultation documents. However, it wanted the consultation documents of all local authorities to consistently identify the main issues for ratepayers, including the effects of proposals on a representative range of properties. Federated Farmers also told us that it supports local authorities making the detailed supporting information available on their websites.

### **Opinion on consultation process for the 2015-25 LTPs**

- 3.115 Federated Farmers acknowledged to us that, because of the new LTP process this year, the quality and transparency of consultation documents and their underlying information would vary.
- 3.116 Overall, Federated Farmers considers that the consultation document approach, when implemented as intended, has improved public interest and engagement in the LTP process.

- 3.117 In Federated Farmers' view, good consultation documents highlighted the "big picture" changes in a way that explained, for each main issue, the options the local authority had considered and their effects on ratepayers, the local authority's preferred option, and why it preferred that option. Federated Farmers considers that consultation documents that took this approach were clear what effect the options would have on funding and helped readers assess the factors influencing the costs and who pays.
- 3.118 However, Federated Farmers considers that a focus on the "big picture" and on specific things the local authority wants to know about (for example, should a local authority build a new swimming pool?) means that the consultation documents are not enough for those submitters who want to examine the policy detail.
- 3.119 Federated Farmers noted that, regardless of the quality of the consultation documents, in every case it had to review the supporting information to provide an informed response to local authorities on the broader issues that interested it.
- 3.120 In terms of the quality and quantity (length) of consultation documents, Federated Farmers noted that quantity did not always equate to quality.
- 3.121 Federated Farmers considered that some consultation documents were weak, particularly those that presented limited options, posed leading questions, or had many "feel-good" pictures. In its view, these documents did not contain information on rating revenue, alternative options, and expenditure that Federated Farmers considered vital.
- 3.122 Federated Farmers understood that one of the main goals of the changes to the Act was to rationalise the material local authorities have to produce and so reduce costs. Based on what Federated Farmers observed, it is not sure that this goal has been achieved. It observed that a large amount of supporting information was placed on local authority's websites, including in many cases either the full draft LTP or the various components that would make up an LTP.
- 3.123 Federated Farmers described the information provided this year as "haphazard" compared to previous years.
- 3.124 In Federated Farmers' view, the consultation process was not improved by the need to consider multiple documents and to search for information that had previously been contained in a consistent and coherent order in one (albeit large) document – that is, the LTP. It considered that the additional search time significantly affected submitters. Federated Farmers is concerned that consultation about important policies could become the domain of experts and exclude the interested ratepayer.



- 3.125 Federated Farmers was concerned about some of the proposed changes to rating policies that it found in the supporting information but that was not highlighted in the consultation document, such as a proposal to separate a roading rate from the general rate.
- 3.126 Federated Farmers was also concerned that it needed to closely consult each local authority's supporting information to discover the dollar amounts of specific rates, the usage and amounts raised by targeted rates and uniform annual charges, as well as how activities are funded, including the mix of property value rates, uniform charges, and fees and charges.
- 3.127 Federated Farmers noted that one consultation document was 26 pages. However, after reviewing the consultation document and the supporting information, Federated Farmers had so many issues to raise that its submission was longer than the local authority's consultation document.
- 3.128 Federated Farmers considered that supporting information that was largely presented in the same format as the old LTP requirements was relatively more easily accessed and navigated.
- 3.129 Federated Farmers believes that more consistency and uniformity in the consultation document and the supporting information is required. Federated Farmers would like to see a best practice model provided to guide local authorities in the future. This might include preparing and placing on the council website a draft LTP as "supporting information", but with the focus remaining on the consultation document as the key method of engaging with the community.

### **Our observations**

- 3.130 We acknowledge Federated Farmers' concerns. In our view, they highlight the challenges caused by users of consultation documents having different needs. The amendments to the Act were particularly focused on the needs of most of the community, who are unlikely to want to engage with the details of the planning that local authorities do.
- 3.131 The main purpose of introducing the consultation document was to more effectively engage this part of the community. For the more in-depth reviewers, such as Federated Farmers, the high-level consultation document was less useful than the previously required full draft LTP.
- 3.132 The flexibility the Act allows in the presentation of the underlying information appears to have heightened the frustration for regular submitters. We also acknowledge that some local authorities were uncertain about what underlying information to present and how they should present it.

3.133 Our view is that the Act deliberately allowed discretion so that local authorities could tailor their materials in a way that they believed would best suit the needs of their communities. We acknowledge Federated Farmers' views about the benefits of consistency. SOLGM also recommended that the underlying supporting information be "put together in a coherent way".<sup>22</sup>

# Our observations on the infrastructure strategies

- 4.1 In this Part, we look at:
- the intention for infrastructure strategies;
  - our expectations of infrastructure strategies;
  - how local authorities responded to the requirement to prepare an infrastructure strategy; and
  - our initial impressions of infrastructure strategies.

4.2 These observations are preliminary and based on a high-level review of a sample of infrastructure strategies. We intend to report in more detail in later reporting on the 2015-25 LTPs.

## The intention for infrastructure strategies

- 4.3 The 2014 amendments to the Act introduced the requirement for local authorities to prepare an infrastructure strategy as part of their LTP. Infrastructure strategies are the result of several initiatives in the Government's reform programme for local government. The intended benefits of infrastructure strategies include reinforcing the importance of asset management planning by local authorities and aiding transparency. The value of a 30-year view comes with the challenge of balancing a snapshot at a point in time with the dynamic local government environment.
- 4.4 Proposed content of infrastructure strategies are included in local authorities' consultation documents. They are finalised when LTPs are prepared and adopted.
- 4.5 Perhaps the most significant new development in the new LTP regime is that infrastructure strategies must look at least 30 years into the future. This better reflects the long-life nature of local infrastructure assets,<sup>23</sup> such as pipe networks and water supply infrastructure.
- 4.6 Infrastructure strategies complement financial strategies, which were introduced as an LTP requirement by the 2010 amendment to the Act. It was expected that financial strategy information in consultation documents – including local authorities' approaches to funding, rates, and debt – could align to the infrastructure strategy in a way that would usefully explain priorities, spending intentions, and risks in a more integrated way.
- 4.7 Detailed asset management plans and performance measures for specific classes of assets are expected to flow from and support infrastructure strategies. We consider it important that infrastructure strategies also include information and

<sup>23</sup> Section 101B(6) defines infrastructure assets as water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, flood protection and control works, and the provision of roads and footpaths. These assets must be included in infrastructure strategies. Section 101B(6)(b) allows a local authority to include other assets in its infrastructure strategy in its discretion.

disclosures about the reliability of data on the asset's condition, its performance, and details on approaches and trade-offs taken to manage assets.

## Our expectations for infrastructure strategies

- 4.8 Before auditing the first generation of consultation documents, we worked with local authorities and audit service providers to give our views on principles that might be considered when preparing and auditing infrastructure strategies:
- They should be *visionary* – Infrastructure strategies should tell the story of where a local authority is, where it expects to be in 30 years, and how it intends to get there.
  - They should be *realistic* – Assumptions and disclosures on funding, data, and risk should be relevant, visible, and doable.
  - They should be *relational* – To create the right debate and to be believable, infrastructure strategies should connect to financial strategies and to specific or wider influences affecting the city, district, or region, such as regional demographics and economic influences.

## How local authorities responded to the requirement to prepare an infrastructure strategy

- 4.9 Including infrastructure strategy discussions in consultation documents is a valuable contribution to the way local authorities engage with communities. Infrastructure strategies should provide a dedicated, clear, long-term picture of the direction a local authority intends to take and where it expects to be in 2045 and beyond.
- 4.10 Because spending on local infrastructure typically makes up the bulk of a local authority's spending, it is pleasing that LTPs now have dedicated infrastructure strategies underpinning them. Shorter and more focused consultation documents that include clear intentions for long-term infrastructure provision and long-term spending are a significant advance.
- 4.11 Most local authorities used the infrastructure discussions in their consultation documents and infrastructure strategies to bring focus to their significant issues.
- 4.12 We assessed that, in general, local authorities responded positively to the requirement to prepare infrastructure strategies. Infrastructure strategies generally improved the transparency of the sustainability of asset-based services.
- 4.13 One main theme was the generally increasing challenge of renewing existing asset bases and the related funding requirement. Because the quality and transparency of information about how local authorities are addressing this challenge is not yet at a consistent standard throughout the sector, it is an area

the sector should place particular emphasis on for the next planning cycle in 2018.

## Our observations about infrastructure strategies in consultation documents

- 4.14 We have some observations about local authorities' proposed infrastructure strategies and how they were presented in consultation documents. Figure 5 provides a summary of our observations about the infrastructure strategies of five councils in the main centres.

**Figure 5**  
**Summary of our observations on selected infrastructure strategies**

<b>Auckland Council – Big steps towards its vision</b>
Auckland Council's infrastructure strategy addressed the steps the Council expects to take to respond to significant growth. The Council's infrastructure strategy addresses all the major asset groups that will be influenced by a significantly increased level of demand, including community facilities and open space. In doing so, the Council identified a \$12 billion funding gap between its LTP proposals and its desired Auckland Plan outcomes. Its strategic discussion identifies the risks to existing levels of service that this funding gap presents. The discussion also sets out the steps and trade-offs the Council expects to make to manage new demand and to renew existing assets within constrained funding.
<b>Hamilton City Council – Linking its vision to the wider region</b>
Hamilton City Council is also expecting to see considerable growth by 2045. The Council's infrastructure strategy focuses on the requirements of Hamilton City, its growth areas, and also its inter-district and regional connectivity. The Council's infrastructure strategy also includes wider infrastructure proposals, including community and event facilities and parks and green spaces.
<b>Wellington City Council – Data-driven lifecycle management</b>
Wellington City Council does not expect significant growth. It focused its infrastructure strategy on carefully managing its existing infrastructure portfolio. The infrastructure strategy covers all asset classes and uses highly developed data modelling to focus on the whole-of-life costs of the Council's infrastructure. By using data in this way, the Council hopes to optimise spending and minimise risk to its networks. At 59 pages, this is the shortest infrastructure strategy of councils in the main centres.
<b>Christchurch City Council – Strategy in practice</b>
Christchurch City Council is planning to significantly invest in infrastructure investment because of its re-build, new-build, and renewals programmes. The focus of the first 10 years of the strategy is on recovery, after which the focus moves to significant renewals. The Council anticipates that a return to pre-earthquake levels of service will take up to 30 years to complete. The strategy acknowledges that the Council does not completely know what asset-based service challenges it faces.
<b>Dunedin City Council – Transparency about priorities</b>
The main theme of Dunedin City Council's strategy is renewal. The strategy illustrates the priorities of the Council in renewing its ageing infrastructure and addresses the connections between the Council's vision and the challenges of backlogs, demographic change, improving resilience, and adapting to climate change. The strategy makes good use of performance measures, connecting these to how the Council plans to maintain levels of service to its community.

- 4.15 If done well, infrastructure discussions in consultation documents benefit the reader by clarifying gaps or risks to the level of service that communities enjoy or aspire to. These discussions provide readers with a fuller picture of the age, condition, and performance of the infrastructure assets. This picture also provides the reader with a better understanding of sometimes complex information and a long-term view of where their rates are being spent.
- 4.16 All consultation documents were required to give a general outline of infrastructure strategies. However, despite meeting this requirement, several did not discuss the vision or relational information we expected.
- 4.17 There was often minimal discussion in consultation documents about impacts of strategies on other asset groups. Longer-term strategies anticipating the changing needs of communities for assets, including other assets such as recreational facilities, were often not included. Although other assets are not required to be covered in infrastructure strategies, the impacts on these assets and links to strategies should be given increasing focus as infrastructure strategies evolve.
- 4.18 Discussion of potential reduction or reviews of levels of service was often weak, even where local authorities had identified material changes to their demographics.
- 4.19 Infrastructure strategies usually assumed that wider long-term macroeconomic and regulatory conditions would remain stable. Uncertainties about such matters were usually disclosed, but assumptions about business continuity, supply-chain access, or natural hazard risk were not often explored. These are important matters that could affect long-term strategies for infrastructure.

### **Specific observations about infrastructure strategies**

- 4.20 Many infrastructure strategies and discussions about infrastructure strategies in consultation documents had one or more of the following weaknesses:
- They had no clear link to the significant issues raised in consultation documents.
  - They often read like summaries of asset management plans rather than of strategic direction.
  - They had little discussion of the optimal balance between maintenance and renewal of assets or about the life-cycle management of assets.
  - They had little discussion and/or disclosure of the condition and performance of assets – some appeared to have no assessment about the reliability of asset data.

- They had little discussion and/or disclosure of uncertainties about data on asset condition and performance, and the potential risks and costs of assets failing.
- They did not respond enough to issues of affordability, which was an important objective in many consultation documents.
- They could not be read as standalone documents – for example, many discussed changes to levels of service but did not say what the current level of service was.

4.21 We intend to look more closely at the changes and trends arising from infrastructure strategies in the 2015-25 LTPs. However, we consider that the new focus that infrastructure strategies bring to the debate is a move in the right direction.

# 5

## Other matters

5.1 In this Part, we look at some other matters that arose through our audit of consultation documents, including:

- political content;
- issuing multiple documents as part of the consultation process; and
- adopting a consultation document.

### Political content

5.2 The purpose of a consultation document is to provide an effective basis for public participation in a local authority's decision-making processes about the content of an LTP.

5.3 Some local authorities raised issues that had a political focus. For example:

- discussing opposition to proposed amalgamation; and
- giving the perception of lobbying the New Zealand Transport Agency for additional funding for roading projects.

5.4 A consultation document is a local authority's document, so it can include any information or adopt whatever views the local authority considers appropriate, as long as the consultation document meets the Act's requirements. As we have set out earlier, the auditor needs to assess the reasonableness of the issues presented. A consultation document is clearly part of the local government political process, so it will always include some political context and content.

5.5 For some local authorities, particularly Auckland Council and Christchurch City Council, it was important that the consultation documents acknowledged the broader context that the local authorities operate in and the links to central government processes. It is important that, where central government is involved, the local authority accurately reflects commitments based on reasonable assumptions of central government's plans and actions as known or agreed at the time of the consultation document.

5.6 SOLGM urged caution in this area and provided the following advice in its LTP guidance to local authorities:

*While the [consultation document] supports a political process, the [consultation document] must be an apolitical document. While the document should state matters where the council has a policy, it is not an opportunity for individual elected members to market themselves or their individual views. Take care to write the document in a politically neutral and factual way.<sup>24</sup>*

5.7 As set out in Appendix 2, we altered the scope of our audit opinion on the consultation documents of both Upper Hutt City Council and Napier City Council because they included political statements related to amalgamation proposals. In



the case of other political issues, these were either resolved before the finalisation of the consultation document or not considered significant enough to affect the audit opinion.

### Issuing multiple documents as part of the consultation process

- 5.8 The consultation document is intended to present to the community the most significant issues that require its attention. The consultation document is intended to be a short and accessible document for the average member of the community. The Act does not envisage, but does not preclude, a summary of the consultation document.
- 5.9 Some local authorities issued multiple documents as part of the consultation process. For example, Auckland Council issued a *Household Summary* as well as a consultation document (see paragraphs 3.24-3.37). Both documents contained the same questions, but the *Household Summary* was shorter (16 pages compared to 63 pages) and did not contain our audit report.
- 5.10 In another example, a local authority issued a summary of the consultation document that covered the main issues in the consultation document but did not provide details about the rates increases. The local authority did not include rates information because it released the summary before it had completed and adopted the consultation document, so the rates increases had not been finalised.
- 5.11 In both these instances, members of the community raised concerns about the summary consultation documents. The concerns were mainly focused on confusion about the intention of the summary, whether the summary had been audited, and not being clearly told how to obtain fuller information.
- 5.12 Our view is that local authorities need to take great care when deciding to issue additional material such as a summary of the consultation document. Under the Act, the consultation document is the basis for engaging with communities. Unless exceptional circumstances apply, issuing a consultation document should be enough. In our view, there is a difference between a summary, which could appear to the community to be the main document, and a small letterbox drop flyer that is clearly just a pointer to another primary document.
- 5.13 The legislation intended the consultation document to be the sole reference point for consultation. If the consultation document is presented effectively, there should be no need for additional documents.
- 5.14 The Act requires the consultation document to be made publicly available. This means local authorities must make their consultation documents accessible

to the general public, including on their websites. Local authorities must tell people that the document is available and how to access it. This contrasts with the previous requirement to distribute a summary of the draft LTP as widely as reasonably practicable and to indicate where the full draft LTP could be obtained.<sup>25</sup>

- 5.15 This greater flexibility is intended to allow local authorities to make appropriate use of modern technology and to distribute the consultation document in ways that suit individual communities. However, for some members of the community, particularly those who have followed local authority consultation processes for many years, this more flexible process caused some confusion. Further confusion was created when a summary of the consultation document was also introduced into the process.

### Adopting the consultation document

- 5.16 A local authority must, before adopting the consultation document, prepare and adopt the information relied on by the content of the consultation document.<sup>26</sup> The consultation document must state where people can access this supporting information.
- 5.17 The adopted consultation document must contain the audit report.<sup>27</sup>
- 5.18 Time frames for completing and adopting the consultation document, including the audit process and the underlying information, are inevitably challenging. However, good project planning should enable local authorities to manage these challenges effectively.
- 5.19 When project timelines are not achieved as planned, time frames can become tight. Timelines slipped for many local authorities, including at least one local authority that was unable to complete its consultation document in time for its scheduled meeting to adopt it. That local authority considered adopting an unaudited consultation document as a draft and beginning consultation on it on the basis that it would ratify the final audited version at its next scheduled meeting. Because the Act requires the consultation document to contain an audit report, we considered that the local authority's proposed approach was wrong.
- 5.20 A local authority needs to formally adopt its consultation document, which includes the audit report, before starting consultation.

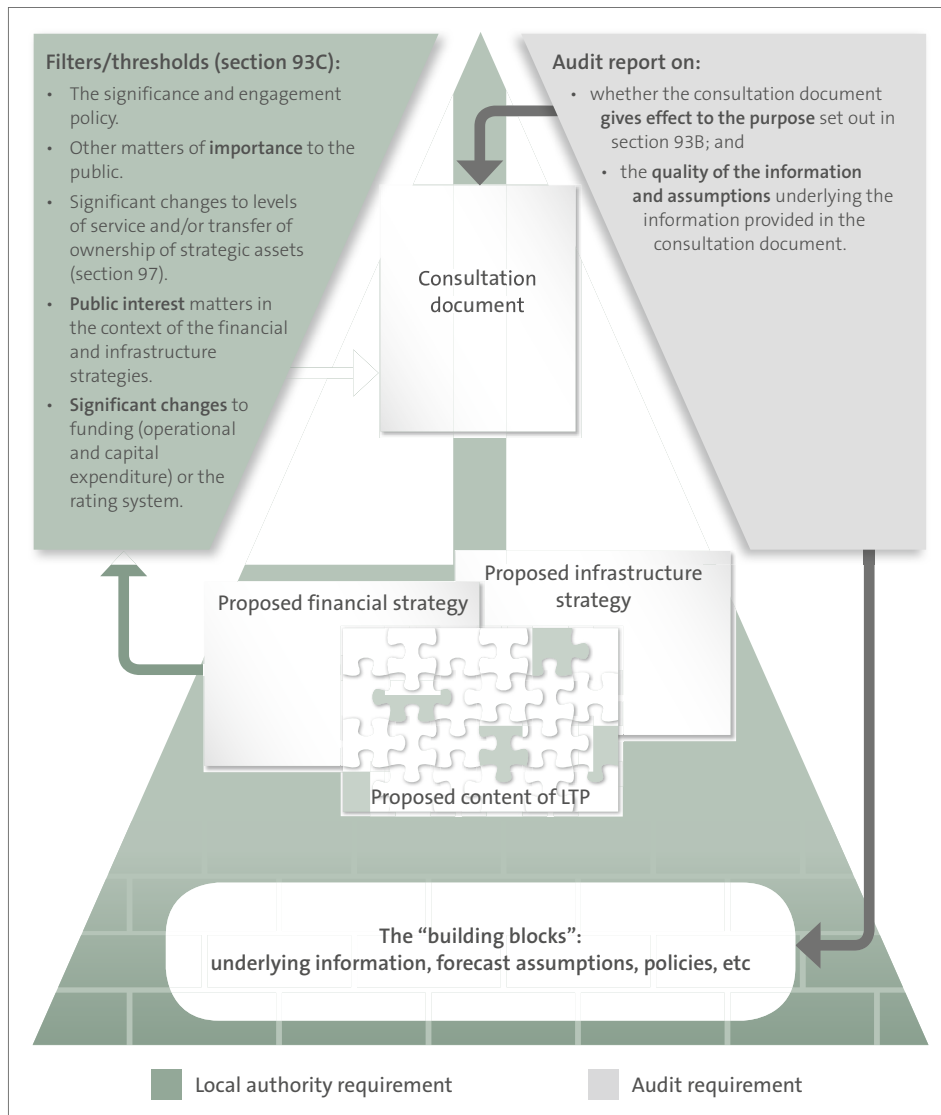
<sup>25</sup> Section 89.

<sup>26</sup> Section 93G.

<sup>27</sup> See section 93C(4).

# Appendix 1

## Process and audit requirements for consultation documents



The box on the left represents the filters/thresholds that local authorities should use to help decide the main issues and content for the consultation document.

The proposed content of the long-term plan (LTP) jigsaw reflects that the local authority might not have a full draft LTP at the consultation document stage, but will be working on all or parts of it.

# Appendix 2

## Non-standard audit reports

In this Appendix, we set out excerpts from the non-standard audit reports on the consultation documents that we audited.

Local authority	Audit report excerpt
<b>Unmodified audit opinion with an “emphasis of matter” paragraph</b>	
Auckland Council	<p><b>Transport programme</b></p> <p>Without modifying my opinion, I draw your attention to the transport issue and the two options the Council is seeking your views on.</p> <p>The “basic transport programme” is incorporated in the financial information underpinning the consultation document. The Council acknowledges (on page 14) that, as a result of the financial commitment to the City Rail Link project in the basic transport programme, some transport projects will not proceed in this 10-year budget period. This programme will also mean lower maintenance standards, minimal improvements to roads, walking and cycling facilities and could result in a reduction in service levels (also on page 14).</p> <p>The Council has presented an alternative transport programme (on page 31), the “Auckland Plan transport programme”, which includes improvements to public transport services, higher levels of renewal work, and other road improvement projects.</p> <p>To fund this programme the Council has suggested either an increase in rates and fuel taxes or the introduction of a motorway charge. Both of these options for raising new funding would require legislative change.</p> <p>Furthermore, the Council notes (on page 45) that if it decides to proceed with the Auckland Plan transport programme, rather than the basic transport programme, it may introduce a new targeted rate in 2015/16 to fund the programme until new funding arrangements can be implemented.</p> <p>In drawing your attention to these matters relating to the transport plan options, I am not commenting on the merits of the policy content that they reflect. I consider the disclosures to be adequate.</p>
Chatham Islands Council	<p><b>Uncertainty over the level of forecast funding for roading infrastructure</b></p> <p>Without modifying our opinion, we draw your attention to the following matter.</p> <p>As set out on pages 2 and 6 of the consultation document, the Council significantly relies on a range of funding agreements with government agencies to continue to operate and provide services to the community. These arrangements are negotiated periodically. A planned reduction in funding of roading infrastructure has not been quantified but the potential impact could be significant. The Council is in discussions with the New Zealand Transport Agency (NZTA) to address the shortfall. The consultation document is prepared on the basis that sufficient funding will be sourced from the NZTA or another party to maintain funding at the current level.</p> <p>We draw your attention to these issues because of the significant impact that funding changes could have on rates, debt, investments or levels of service over the ten year period.</p> <p>We consider the Council’s disclosures about this matter to be adequate.</p>

Local authority	Audit report excerpt
Christchurch City Council	<p>Every three years a local authority is required to prepare a long-term plan. Due to the significant damage caused by the series of earthquakes from 2010 and the resulting uncertainties over the extent of damage and the estimated cost of the rebuild, the Council faces unique circumstances in which to prepare its consultation document for its proposed 2015-25 long-term plan. These difficulties are explained in the consultation document.</p> <p><b>The Council has signalled that its 2015/25 long-term plan may be subject to major changes</b></p> <p>Without modifying our opinion, we draw attention to the fact that the Council's consultation document has been prepared using the best information that it currently has available. In the consultation document the Council recognises that there remains a high level of uncertainty about both the estimated costs to repair and rebuild Council's assets, and also the optimal funding package to pay for the work.</p> <p>We draw your attention particularly to:</p> <ul style="list-style-type: none"> <li>• Pages 14 to 16 of the consultation document that set out the circumstances and the resulting uncertainties that the Council faced while developing the assumptions underlying the 2015/25 long-term plan; and</li> <li>• Page 8 of the consultation document where the Council is seeking your views on its proposals for addressing its \$1.2 billion funding shortfall.</li> </ul> <p>We draw your attention to these matters because the cumulative uncertainties faced by the Council may result in the Council needing to adapt to changing circumstances, impacting the timescale and how Christchurch City is built.</p> <p>This is reflected on page 6 of the consultation document where the Council acknowledges that its 2015/25 long-term plan may be subject to major changes as future circumstances unfold. The Council sees that its 2015/25 long-term plan represents a starting point for the Council and the community to jointly define the priorities and vision for future Christchurch.</p> <p>In drawing your attention to these issues, we are not commenting on the merits of the policy content that they reflect. We consider the disclosures in the consultation document to be adequate.</p>

Local authority	Audit report excerpt
Dunedin City Council	<p><b>Uncertainty about achieving the total savings in the consultation document</b></p> <p>Without modifying our opinion, we draw your attention to the fact that the Council needs to find significant savings and efficiencies in the period of the long term plan to meet its aim of keeping rate increases below 3%.</p> <p>On pages 4 and 5 of the consultation document, the Council sets out the financial challenges it faces in maintaining the range and quality of services it provides to the community. This includes that the Council's forecast rates exceed its desired 3% limit on rates increases in seven out of the 10 years of the plan.</p> <p>On pages 16 and 17 of the consultation document the Council outlines the level of renewals needed over the next 30 years, including dealing with an assessed \$60 million backlog in water and waste assets that have exceeded their useful lives and are not capable of delivering the designed service levels. The Council's proposed renewal programme over the next 30 years totals \$700 million (in current dollars). The infrastructure strategy assumes that efficiency savings of at least 13% or \$88 million, including \$27 million over the next 10 years, can be made to accommodate the \$60 million backlog. The renewal delivery programme is being refined over the next three years as these efficiencies are being sought.</p> <p>The cumulative impact on rates affordability is that, having assumed that savings of \$27 million over the next 10 years can be identified in the key area of asset renewals, a further \$68 million of savings need to be made from 2016/17 to enable forecast rates to be reduced to come within Council's desired 3% limit. This is set out in the table on page 4 of the consultation document.</p> <p>The total level of savings assumed in this plan is therefore approximately \$95 million over the 10 year period of the plan.</p> <p>Although the Council outlines on pages 5 and 17 of the consultation document the tactics that it anticipates will enable these savings to be made, the Council's ability to realise these savings on the sustained basis is uncertain.</p> <p>We draw your attention to these matters because if the Council is not able to realise such savings, it may well adversely impact on rates, levels of service and debt projections.</p> <p>In drawing your attention to these uncertainties, we are not commenting on the merits of the policy content that they reflect. We consider the disclosures in the consultation document to be adequate.</p>

Local authority	Audit report excerpt
Kaipara District Council	<p><b>Judicial Review Proceedings</b></p> <p>Without modifying our opinion, we draw your attention to the significant forecasting assumption as described in the section on Managing our Finances, see page 17. The Council in the consultation document assumes that the Mangawhai Ratepayers and Residents Association's appeal against the High Court decision will not succeed. However, a successful appeal could result in a significant financial impact on the Council's ability to use rates revenue, both past and future, to service the debt raised to fund the Mangawhai Community Wastewater Scheme. This could cause the Council to default on its debt servicing and repayment obligations, which in turn could enable the Trustee, as security holder for the creditors, to collect revenue from rates the Council set for other purposes and/or appoint a receiver who would have powers to set rates to recover the secured amount.</p>
Wanganui District Council	<p><b>Uncertainties over the proposed wastewater treatment plant</b></p> <p>Without modifying our opinion, we draw attention to the proposed wastewater treatment plant and the options that the Council is seeking your views on.</p> <p>The Council is committed to building and operating a new wastewater treatment plant in response to the challenges it currently faces in respect of wastewater.</p> <p>The Council is concerned that the proposed new plant as currently costed is unaffordable. The consultation document asks if you support delaying construction until 2017/18 while the current design is reworked to develop a treatment solution more affordable to the community and trade waste users. The other option involves commencing construction on the current design in 2016/17. Under either option, a short-term resource consent to discharge effluent will be required until either solution is built.</p> <p>The Council's preferred option is to delay construction, so the estimated capital and operating costs of the new wastewater treatment plant are included in the financial information underpinning the consultation document using the 2017/18 start date. Those costs are the current best estimate of the proposed plant. However, Council considers them unaffordable. Consequently it acknowledges (on page 9) that both the timing and the amount of the future capital and operating expenditure for the proposed new wastewater treatment plant are uncertain.</p> <p>We draw your attention to this matter because of the uncertainties relating to the specifications, costs, timing and affordability of the new wastewater treatment plant, particularly if the Council is unable to find a more affordable option that is acceptable to both the community and trade waste users.</p> <p>In drawing your attention to these issues, we are not commenting on the merits of the policy content that they reflect. We consider the disclosures in the consultation document to be adequate.</p>

Local authority	Audit report excerpt
<b>Unmodified audit opinion with a scope clarification</b>	
Napier City Council	<p><b>Statements relating to the Local Government Commission’s Report on Debt and Infrastructure</b></p> <p>I express no opinion on the statements made on page 23 of the consultation document (and the references in the Council’s financial strategy), relating to the Council’s disagreement with the Local Government Commission’s assessment of the Council’s financial position for both debt and infrastructure, including views about the planned replacement of roading and water assets to meet the levels of service required by the community.</p>
Upper Hutt City Council	<p><b>Statements relating to potential amalgamation issues</b></p> <p>I express no opinion on the two statements made on page 6 of the consultation document, relating to:</p> <ul style="list-style-type: none"> <li>• The share of debt which may be attributable to the Council’s population within a merged council if the Local Government Commission’s amalgamation proposal for the Wellington region proceeds; and</li> <li>• The Council’s disagreement with the Local Government Commission’s views on the condition levels of wastewater pipes and water supply pipes that would require additional costs of maintenance and replacement to be shared by other councils in the event of the proposed amalgamation.</li> </ul>







# Publications by the Auditor-General

Other publications issued by the Auditor-General recently have been:

- New Zealand Police: Enforcing drink-driving laws – *Progress in responding to the Auditor-General's recommendation*
- Annual Plan 2015/16
- Reflections from our audits: *Service delivery*
- Being accountable to the public: Timeliness of reporting by public entities
- Effectiveness of governance arrangements in the arts, culture, and heritage sector
- Whānau Ora: The first four years
- Inland Revenue Department: Governance of the Business Transformation programme
- Auckland Council: How it deals with building consents
- Auditor-General's findings about AgResearch's Future Footprint project
- Local government: Results of the 2013/14 audits
- Education for Māori: Relationships between schools and whānau
- Response of the New Zealand Police to the Commission of Inquiry into Police Conduct: Fourth monitoring report
- Ministry for Primary Industries: Managing the Primary Growth Partnership
- Central government: Results of the 2013/14 audits
- Government planning and support for housing on Māori land
- Ministry of Social Development: Using a case management approach to service delivery
- Water and roads: Funding and management challenges
- Making the most of audit committees in the public sector
- Accident Compensation Corporation: Using a case management approach to rehabilitation

## Website

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