



Summary of our report

Matters arising from the 2015-25 local authority long-term plans



We have a strong interest in the long-term delivery of essential public services. It is an interest we share with local authority governors, ratepayers, and Parliament.

The challenges that local authorities face as they provide sustainable services to their communities are not reducing. If anything, they continue to increase.

The primary objective of a long-term plan (LTP) is to describe the local authority's proposed 10-year activities and community outcomes in an integrated and co-ordinated way, and provide a basis for accountability to the community.

The document should outline the financial and service delivery circumstances that the local authority faces and the local authority's proposed response to those circumstances.

Because of the scale and importance of the services that local authorities provide and the infrastructure they manage, local authorities need to plan well for how they will provide services decades from now.

In our view, local authorities have risen to this challenge – but can improve further.

Important points

A few important matters stand out from our audits of the latest LTPs, which cover the period from 2015 to 2025.

Our report includes comments on:

- local authorities' infrastructure strategies;
- financial trends and affordability;
- the effect of demographic changes, including economic development; and
- our audits of the LTPs.

Infrastructure strategy

The requirement for local authorities to produce a 30-year infrastructure strategy is a positive change.

An infrastructure strategy prepared in 2015 should provide the community with a picture of how the local authority plans to provide services until 2045 and beyond.

Vital statistics:

- 70 pages
- Presented to Parliament on Thursday 3 December 2015
- Contact: reports@oag.govt.nz

Most of a typical local authority's spending goes on maintaining and renewing its infrastructure, including roads and water systems.

Decisions about investing in infrastructure needs are not easy for local authorities, particularly as they consider demographic changes in their communities.

This is not a new challenge – nor is the need for many local authorities to address a backlog of infrastructure renewals.

Population pressures

New Zealand's population has increased steadily over recent years. Growth puts pressure on existing infrastructure.

Although many local authorities face continued population growth and the demands associated with it, some face population declines in the near future. Those with declining populations need to consider how to pay to renew infrastructure with fewer ratepayers.

The population is also ageing. When an increasing proportion of the population is on a fixed income, local authorities with older populations are likely to face increasing challenges in providing community services that rely on infrastructure.

Managing debt levels and rates rises

Local authorities attempt to strike a careful balance between the need to fund services while maintaining debt levels and rates rises at acceptable and prudent levels.

The financial trends reflected in the latest LTPs show similar trends to those seen in the 2012-22 LTPs. The average rates increase over the 10-year period is 4.6%. Some local authorities have decreases while others have increases. Clearly, the increases will be a challenge for some people, particularly those on lower, fixed incomes.

It is clear that the significant tension in providing services to the standard expected by the community while maintaining rates and debt at an acceptable level remains for local government and the communities they serve.

Christchurch City Council long-term plan

For the first time since the Canterbury earthquakes, Christchurch City Council has prepared an LTP. The Council has had to deal with many significant matters as a result of the earthquakes, many of which are unresolved. This created a challenge for the Council as it prepared its 2015-25 LTP.

It is good that the people of Christchurch have had the opportunity to engage with Christchurch City Council about the rebuild of the city and how it is repositioned for the future.

Unacceptable delays

The LTP helps people to hold their local authority to account. Three local authorities did not adopt their audited 2015-25 LTPs by the statutory deadline. We consider such delays in providing communities with an LTP to be unacceptable.