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Long-term plans: Our audits of councils' consultation documents



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Long-term plans: Our audits of councils' consultation documents

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Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

A long-term plan sets out everything a council intends to deliver to its community and how the council intends to pay for it. Consultation with communities is a crucial step in making sure that this plan is the right one for the community. Councils need to provide their communities with information that is reliable, accessible, and relevant, so they can have the “right debate” to plan for the future.

In 2018, councils were required – for the second time since the Local Government Act 2002 (the Act) was amended in 2014 – to produce consultation documents for their long-term plans. This report is based on our audits of the 2018-28 consultation documents. It is a mix of reflection, commentary, and good-practice guidance. I hope that this combination provides a useful resource for the next time councils prepare and consult on their planning documents.

Consultation documents are expected to concisely and clearly present the significant issues, plans, and projects that councils intend to include in their long-term plans. This needs to be done in a way that is easy for people to understand and respond to. I would like councils to use this report to challenge themselves on where they can improve, both in how they produce a consultation document and the processes they use to engage with their community. Clear and effective design can aid a consultation document's readability, but this will be of limited use if interested members of the community cannot access, understand, or respond to it.

In 2015, we audited the consultation documents and reported that councils had responded well to the then-new requirements. We also identified certain matters in the consultation documents that meant that, in our view, several councils had missed an opportunity to engage effectively with their communities. We expected – and encouraged – councils to make improvements in their 2018-28 consultation documents.

We considered all 2018-28 consultation documents to be fit for purpose. However, many of the opportunities for improvement we had outlined in our 2015 report have not been realised. In our view, there are still opportunities for councils to improve the content, structure, and presentation of their consultation documents and we encourage councils to do so.

This is not a simple task. Councils are dealing with complicated challenges, including significant funding challenges and uncertainty about timing of policy initiatives and projects. In addition, council decision-making is a continual process, not one that is carried out only every three years in the lead-up to adopting the long-term plan.

Councils need to strike a balance between what they are consulting on and what they are informing their community about. Too much contextual information can make for a daunting read. However, the success of a consultation document does not stand or fall on its length. It is about the clarity of the messages and the ability of the community to engage with it.

We found that the more effective consultation documents used clear language, and were clear on what issues were being consulted on and what content was provided for information. The more effective consultation documents also clearly indicated where to find the underlying information that the content of the consultation document relies on. I would encourage all councils to consider the examples from Hauraki District Council, Waimate District Council, Horowhenua District Council, and Gisborne District Council that we identify in this report as particularly effective consultation documents.

Communities are diverse, with different needs and interests. It is important for each council to understand the different groups within their community so that they can present their consultation documents in a way that all can understand and respond to. Although much effort can be put into complying with requirements, the real test of a consultation document is whether it leads to better community participation and consultation between elected members and their communities.

We saw several different and innovative ways that councils engaged with their communities. Some councils engaged with their communities before the consultation process started. These councils wanted to encourage community participation and understand the expectations of their communities. This engagement before consultation can also help communities better understand the purpose of a long-term plan.

I am encouraged by those councils taking new approaches to actively engage with their communities. I hope that the observations and views in this report will help all councils improve future consultation documents and community engagement.

Nāku noa, nā,



John Ryan
Controller and Auditor-General

6 August 2018

Introduction

- 1.1 In this Part, we look at:
- the statutory purpose of consultation documents;
 - our audit work; and
 - our audit reports.

The purpose of a consultation document

- 1.2 In August 2014, the Local Government Act 2002 (the Act) was amended to require councils to prepare consultation documents. Councils produced these documents for the first time in 2015. The consultation document replaced the draft long-term plan and its summary as the legally required means for councils to consult their communities on their long-term plans. We reported our findings on the 2015-25 consultation documents in August 2015.¹
- 1.3 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 a long-term plan.²
- 1.4 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).*
- 1.5 Although councils are free to decide what to put in their consultation documents to meet the Act's requirements, there are some mandatory requirements.
- 1.6 A council 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.³
- 1.7 The overall legislative requirements are clear. A consultation document should provide members of the public with an explanation of the important issues the council faces during the next 10 years, the council's options for addressing those

1 Office of the Auditor-General (2015), *Consulting the community about local authorities' 10-year plans*, Wellington.

2 Section 93B of the Local Government Act 2002.

3 Section 93F of the Local Government Act 2002.

issues, and how those options might affect the financial position of both the council and members of the public.

- 1.8 The consultation document should be presented in a way that the public can readily understand and that enables them to provide informed comments and submissions to the council if they wish to.
- 1.9 The consultation document must be presented in a concise and simple manner. It is intended to be short and accessible. It should present only the most important issues for the community to consider.
- 1.10 The consultation document is not intended to summarise the full content of the long-term plan. However, it must set out the main matters that a council proposes to include in its long-term plan. A consultation document must not contain, or have attached, a draft long-term plan or a full draft of any policy or strategy.
- 1.11 Before adopting a consultation document, a council must prepare and adopt the underlying information that the content of the consultation document relies on.⁴ The consultation document must state where members of the public can access this information.

Our audit work

- 1.12 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; and
 - the quality of the information and assumptions underlying the information provided in the consultation document.⁵
- 1.13 We therefore audited each council's consultation document to determine whether it provided an effective basis for consultation (with a particular emphasis on whether it fairly represented the matters a council proposed to include in its long-term plan). We determined whether the consultation document identified and explained the main issues and choices facing a council and the consequences of those choices.
- 1.14 We also audited councils' underlying supporting information, to determine its reasonableness.
- 1.15 Our role is 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 a council has met all the requirements of the Act from a legal perspective.

⁴ Section 93G of the Local Government Act 2002.

⁵ Section 93D(4) of the Local Government Act 2002.

- 1.16 However, there is an element of legislative compliance to our role, including considering the mandatory content requirements for consultation documents. We consider whether those important components are present. This does not involve checking that every last detail lines up with the Act, regulations, or prescribed forms.

Our audit reports

- 1.17 We issued unmodified audit opinions for all consultation documents audited.⁶ This means that we considered all of the consultation documents to be fit for purpose. In 2015, we also issued unmodified audit opinions for all of the 2015-25 consultation documents.
- 1.18 We drew attention in our audit reports to important disclosures made in seven consultation documents. (In 2015, we issued eight non-standard audit reports.) We did this because, in our view, the disclosures we drew attention to needed to be considered by the community when submitting their responses to the consultation documents.
- 1.19 The Appendix contains summaries of the disclosures included in these seven audit reports. The disclosures ranged from highlighting the uncertainties related to some councils' funding assumptions to drawing attention to the uncertainties related to some of the proposed programmes of work.
- 1.20 The disclosures we highlighted for four of the seven consultation documents were about central government funding. When councils were ready to consult on their long-term plans, there was uncertainty about the funding that central government would contribute to the projects or initiatives. Local and central government have different planning cycles and make funding decisions at different times.
- 1.21 We were satisfied that, for these four consultation documents, the councils reasonably forecast funding amounts from central government based on the information they had when they adopted the consultation document.
- 1.22 Councils facing this scenario need to carefully consider how it will affect their consultation with their communities. There is an increased risk that, if funding from central government is different from what the council forecast, the council might need to do more consultation with the community.

6 We did not audit the consultation document prepared by Kaikōura District Council. An Order-in-Council in March 2018 allowed the Council to prepare a customised three-year plan in place of the standard 10-year long-term plan. There was no audit requirement for the three-year plan. This approach was agreed by the Government because the Council was facing exceptional circumstances after the Hurunui/Kaikōura earthquake. A similar approach was taken to support Christchurch City Council after the Canterbury earthquakes.

Timeliness for adopting consultation documents

- 1.23 The adoption of the consultation document is an important stage for councils as they prepare their long-term plans. Councils are required to adopt a long-term plan before the start of the first financial year to which it relates.⁷ Therefore, the consultation document needs to be adopted early enough so a council can complete its consultation requirements and make any changes necessary to its long-term plan by 30 June.
- 1.24 Eighteen councils adopted the consultation document before March 2018. Only 10 councils did so in 2015. Forty councils adopted their consultation document in March 2018, compared with 42 councils in March 2015. We are satisfied that these councils gave themselves enough time to adopt the long-term plan by 30 June.
- 1.25 Three councils adopted consultation documents in May 2018, which was later than planned.⁸ These councils did not give themselves much time before 30 June to complete the necessary steps to adopt their long-term plans. Councils that do not adopt their long-term plans by 30 June are exposed to risk, because they are unable to set the rates for 2018/19 until the plan is adopted.⁹
- 1.26 Of the three councils, two did not adopt their long-term plan by 30 June. We will comment on this further in another report, which will set out our findings on long-term plans.

7 Section 93(3) of the Local Government Act 2002.

8 The three councils were Wairoa District Council, West Coast Regional Council, and Westland District Council.

9 Section 23 of the Local Government (Rating) Act 2002.

Our observations on the 2018-28 consultation documents

2

- 2.1 In this Part, we discuss:
- our observations on the previous long-term plan consultation documents;
 - what we saw in the 2018-28 long-term plan consultation documents; and
 - examples of effective consultation documents.

A recap of our observations on the previous consultation documents

- 2.2 In our view, the more effective 2015-25 consultation documents:
- provided a useful summary of the council's financial and infrastructure strategies' main elements as context for long-term plans;
 - highlighted the significant issues, options, and implications and how these would affect the public and communities; and
 - contained specific questions on options facing the public.
- 2.3 However, in our view, many councils missed an opportunity to engage effectively with their communities about the significant issues facing them. This is because their 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 council had already consulted on and which were new issues for consultation; and
 - had poorly drafted consultation questions, making it difficult for the community to understand what the council was seeking a response on.
- 2.4 The presence of these characteristics (often in combination) lessened the effectiveness of the consultation documents.

What we saw in the 2018-28 consultation documents

- 2.5 During our most recent audits, we saw councils taking several different approaches to meet the Act's requirements.
- 2.6 Most of the consultation documents that we audited had one or more of the positive features we saw in 2015. Overall, the 2018-28 consultation documents gave effect to their purpose.

2.7 However, in 2018 many councils still missed the opportunity to engage effectively with their communities, with some consultation documents sharing many of the same shortcomings as the 2015-25 consultation documents. The improvements we were hoping to see in the 2018-28 consultation documents did not transpire.

2.8 In our view, there is still room for improvement overall in how consultation documents are presented. Just as councillors cannot make deliberate and informed decisions without the right information, the public also need the right information on issues and the consequences of councils' proposals to be able to properly consider and give their views on key matters affecting their communities.

Accessibility

2.9 The main challenge for councils preparing consultation documents is to present their information in a concise, readable, and understandable way. Council staff told us that they put a lot of work into making their consultation documents easy to read.

2.10 The purpose of the consultation document is to provide the community with a short and accessible document. However, the consultation document does need enough background information to provide context for the issues being consulted on.

2.11 We noted that the 2018-28 consultation documents included an increasing amount of information about progress on past decisions and about future decisions that were not ready to be consulted on. Council staff often told us that they wanted to take the opportunity to update people on progress with decisions and issues that had already been consulted on.

2.12 Increasingly, councils have taken the view that providing contextual information is important to allow a community to participate effectively in the consultation process. Achieving a balance between contextual information and the issues being consulted on is one of the challenges councils face when preparing consultation documents. There is also a challenge for the auditor, who must evaluate whether the contextual information a council considers relevant to the community's understanding actually detracts from the specific issues being consulted on.

2.13 As well as the observations we made in 2015 about the readability of consultation documents, we also encourage councils to be clear about what is being consulted on and what is not. The consultation document is not intended to be an annual plan update or a summary of the long-term plan.

Funding and financial strategies

- 2.14 Information about rates is always of high public interest. In the consultation documents, rates were discussed in several ways. Councils often gave specific dollar amounts for specific proposals. However, it was sometimes difficult to find, or understand, the total and proposed rates for an individual ratepayer. We recognise that this can be challenging, particularly where councils have many different rates.
- 2.15 As well as presenting rates increases, consultation documents need to describe the council's approach to debt. However, it was sometimes hard to find simple, plain English explanations in one place about councils' approaches to rating, debt, spending, and then paying back debt. This could make it difficult for people to understand the council's approach.
- 2.16 In our view, clear and unambiguous explanations on why proposed rate and debt increases, and significant changes in plans or intentions, were considered "affordable" or "equitable" would have made the consultation documents more effective.

Grouping issues and options by theme

- 2.17 Several councils presented issues, and options to address them, in groups or themes. This made the proposed projects and initiatives under each group or theme appear like a "package deal". In our view, this limited some people's ability to understand what level of priority or need, costs, or benefits could result from each project in the group or theme.
- 2.18 The approach of grouping matters into themes was often used by councils that were experiencing growth. Hamilton City Council's consultation document was one example of this approach used effectively. For example, Hamilton City Council asked one consultation question about investing in its community infrastructure. The Council proposed nine projects as a package to provide community facilities where these are required to support the city as it grows and changes. The Council, in taking this approach, still provided sufficient and clear details about the nine projects so that a reader could understand the document and provide feedback on each proposal.

Clear "signposting" to underlying information

- 2.19 It is important that the information underlying the consultation document is not only clearly signposted in the consultation document but also presented in a reasonable way so it can be accessed. This information is essential for people who

want to understand the issues presented in the consultation document at a more detailed level.

- 2.20 We continue to reinforce that it is important that councils clearly state what underlying information is available and how members of the community can review it.

Grouping issues by area or township

- 2.21 Some councils grouped issues in their consultation documents by area or township. The risk with this approach is that the consultation document becomes too detailed and loses focus. However, with appropriate consideration of the issues that the whole district, city, or region is facing, this approach can be effective.
- 2.22 In our view, the way that Ruapehu District Council applied this approach was effective. The Council has jurisdiction over a large rural district with a relatively large number of townships. Its consultation document went into detail to explain the proposed plans and their implications in a way that residents from the different townships could understand.

Consultation questions

- 2.23 Feedback forms and the way that consultation questions are presented are critical to the success of the consultation process. We noted in our 2015 report that the better consultation documents asked specific open questions.
- 2.24 Some councils presented three choices of response to its key issues: “support”, “don’t support”, and “other”. Although the “other” option provides for open responses, the challenge remains for councils to effectively present issues to encourage engagement and demonstrate a genuine desire to receive feedback from the community. Designing good consultation questions is challenging.

The length of a consultation document

- 2.25 Consultation documents ranged from 16 pages (Chatham Islands Council, Otorohanga District Council, and South Wairarapa District Council) to 90 pages (Rotorua Lakes Council).¹⁰ The average page length of the consultation documents was 37 pages. For the 2015-25 consultation documents, the average page length was 32 pages and the page range was 11 to 100 pages.
- 2.26 Councils have discretion to design a document that meets the needs of their community. A logical argument would suggest that a shorter document would be easier to read and understand, but that was not always the case.

¹⁰ All numbers in this section exclude data from Westland District Council and West Coast Regional Council. Their consultation documents were not completed when the analysis was done.

- 2.27 Rotorua Lakes Council’s consultation document was the longest at 90 pages. Much of this length was because the Council used an innovative presentation style. The consultation document included sketch illustrations, pull-out quotes in speech bubbles, large graphs, two-page black-and-white stylised section breaks and heading pages, and specific spaces allocated for the community to record their responses to the content. The pages were well set out and mostly uncluttered.
- 2.28 As well as the nine specific consultation matters included in Rotorua Lakes Council’s consultation document, there were a number of issues included only for the reader’s information. These matters had previously been consulted on and decisions had been made. Although the consultation document looks quite long, it is a relatively easy read. Rotorua Lakes Council also provided a consultation document in te reo Māori.
- 2.29 Tauranga City Council’s 68-page consultation document, although long, is clearly formatted. It has minimal use of graphics but effectively uses a bold colour scheme to differentiate sections of the document and has plenty of white space to improve readability. The boxed presentation of the option costs, effect on debt, and rates organised by relevant parts of the community, are particularly helpful for the reader.
- 2.30 Although shorter consultation documents might be easier for the community to read, we noted that these documents often used small fonts and dense formatting. We also saw less use of “signposting” to help readers find their way through the document. In the shorter consultation documents, there was also less background information. These shorter documents lacked the narrative that can, arguably, help a reader to more fully understand the context of the issues being presented for consideration. The story-telling style was more prominent in some of the longer consultation documents.
- 2.31 In our view, the success of the consultation document does not depend on its length. The clarity of the messages and the ability of the community to engage with it is more important.

Some effective consultation documents

- 2.32 We saw four consultation documents that were written in plain English and had an effective presentation style. That is not to conclude that these councils' consultation documents were perfect. We have focused on overall impact and effectiveness in this section, not legislative compliance.

Hauraki District Council

- 2.33 The Hauraki District Council consultation document used white space effectively and had a balanced mix of narrative, tables, diagrams, and infographics. The structure of the document is logical and easy to follow, with a clear hierarchy of headings. The colour scheme is applied consistently throughout the document.
- 2.34 The most striking element of the Hauraki District Council consultation document is the road-trip analogy that is used throughout the document (see Figure 1). The analogy makes technical subjects relatable without over-simplifying the issues.

Figure 1
Examples from Hauraki District Council’s consultation document for 2018-28



Note: An example page from Hauraki District Council’s consultation document for 2018-28 and selected quotes show how the road-trip theme was used throughout the consultation document.

Waimate District Council

- 2.35 Waimate District Council’s consultation document uses clear and conversational language, such as “[t]he Long Term Plan affects you, your family, your neighbours and even your dog!”¹¹ and “[t]o meet the Drinking Water Standards, water suppliers (that’s us) must meet certain compliance criteria.”¹²

Gisborne District Council

- 2.36 Gisborne District Council used the deliberately provocative branding “WTF What’s the future Tairāwhiti?” for its consultation document. The consultation document uses questions focused around the word “what”, such as “What’s our plan for income?”, “What are the big decisions to weigh up?”, and “What does it mean for you and your rates?”. These questions are to guide the reader through the issues and what they need to consider to be able to respond.
- 2.37 Although the document has 62 pages, the logical presentation and graphs, pictograms, photos, and consistent use of icons and colour makes it reasonably easy to read.

Horowhenua District Council

- 2.38 Horowhenua District Council’s consultation document uses two primary school children, Maia and Xander, who are pitched as the “champions of the Long Term Plan 2018-2038”.¹³ In 32 pages, the consultation document includes:
- a te reo Māori translation of the Mayor’s message;
 - details of pre-consultation activities and consultation to be carried out;
 - a presentation of community outcomes that are also being reviewed; and
 - a two-page spread setting out what the Council has done, is doing, and plans to do.
- 2.39 One of the strengths of this consultation document is the frequent use of tips about how to read the information presented and clear indications of where to find the underlying information. Sketch-style graphics are effectively combined with photos from the district and input from the “champions” (see Figure 2). For most of the document, the language used is clear and avoids unnecessary jargon and technical terms.

11 Waimate District Council (2018), *Our future today – Waimate District Long Term Plan 2018-28 Consultation Document*, page 5.

12 Waimate District Council (2018), *Our future today – Waimate District Long Term Plan 2018-28 Consultation Document*, page 18.

13 Horowhenua District Council produced a 20 year long-term plan.

Figure 2
 Examples from Horowhenua District Council's consultation document for 2018-2038



Note: Pages and images selected from Horowhenua District Council's consultation document for 2018-2038 show how the Council applied a graphic style throughout its consultation document.

3

Approaches to improving community participation

- 3.1 In this Part, we describe some of the councils' approaches to make the consultation document and the consultation process more accessible.
- 3.2 We also consider the challenges councils face to balance the requirements of the legislation, the discretion allowed in the legislation, and the expectations of the wider community and stakeholder groups about what makes for an effective consultation process.

What council staff told us

- 3.3 We surveyed council staff to better understand what they did to make their consultation document and its issues clear and understandable.
- 3.4 We first surveyed council staff in March 2018 at the Society of Local Government Managers Civic Financial Services Strategic Finance Forum. Survey respondents included people directly and indirectly involved in the overall long-term plan project.
- 3.5 The information collected from our first survey showed that councils were making an effort to use different approaches, such as engaging with the community before the consultation process started. This pre-consultation activity also sought to segment the community by their interests, location, or age to get their views before and after completing the consultation document.
- 3.6 Councils told us that they put a lot of work into making the document easy to read by using plain English and avoiding technical jargon. Council staff with communications expertise were the primary authors and tested draft documents on some members of the public.
- 3.7 For our second survey, we asked 25 councils to provide us with information about their consultation process, the approaches they used, and how effective the approaches were. Seventeen councils responded to our survey. The information they shared with us provided valuable insight into what contributes to an effective consultation process.
- 3.8 The information compared the number of responses councils received during consultation on their 2018-28 long-term plan with the number of responses received for their 2015-25 long-term plan, 2017/18 draft annual plan (if it was consulted on), and 2012-22 long-term plan. For 12 of the 17 councils, there was not much change compared with previous years, regardless of whether they used new approaches to engage with their communities.

- 3.9 However, three councils received a significant increase in consultation responses. They attributed the increase in submissions to how they engaged with the community.
- 3.10 Hauraki District Council received 348 consultation responses (compared with 113 in 2015).¹⁴ The Council attributed this to taking more informal approaches to increase community participation.
- 3.11 Ruapehu District Council received 203 consultation responses (compared with 154 in 2015). The Council attributed this to the work it did before the release of the consultation document. One of the Council's approaches was setting up "Chat Spaces" – informal meetings at a neutral venue where people could drop in and speak to elected members and staff. The Council also used these Chat Spaces to talk about "Big Issues". Overall, the Council hosted 33 Chat Spaces throughout the district between August and November 2017. During the formal consultation period, the Council held four more Chat Spaces.
- 3.12 The Council also ran a radio advertising campaign during the 2017/18 summer, promoting the long-term plan before the consultation period began. Once the consultation period started, the Council made 45 Facebook posts to promote the issues. Summary fliers were also distributed and published in local newspapers.
- 3.13 Waimakariri District Council received 850 consultation responses (compared with 233 in 2015). The Council attributed this to public interest in the issues and new approaches used to increase community participation. This appears to have come from the involvement of councillors in new ways.
- 3.14 At local community events, councillors promoted the important issues in the long-term plan. Advertisements that featured individual councillors were placed in the newspaper and videos were available online. A specific campaign was designed to create awareness about the long-term plan to promote important issues in the consultation document and encourage feedback through advertising, digital, and online promotional materials. The Council also contracted a designer to design its consultation document.
- 3.15 Timaru District Council and Dunedin City Council also received more responses than in previous years. Both attributed the increase in responses to public interest in the issues presented. Timaru District Council also attributed the increase to an active and varied community engagement campaign using a range of digital and paper-based approaches.

14 Excluding responses provided through Facebook and face-to-face sessions.

Other approaches by councils to improve community participation

- 3.16 Other approaches that councils said had a beneficial effect on community participation were:
- increasing the use of videos to communicate with the public;
 - rates calculators on their websites that could be used to create a personalised assessment of how the issues presented would affect an individual ratepayer; and
 - using informal meetings to provide opportunities to speak to councillors both through attending community events, such as agricultural shows, fairs, and markets, and by holding specific events.
- 3.17 South Wairarapa District Council's long-term plan steering group included representatives from community boards and the Māori Standing Committee. These representatives were able to keep their respective groups and communities informed of what the steering group was discussing. The Council also held meetings with resident sector groups at an early stage, which increased community interest. This resulted in several people from these groups submitting to the long-term plan for the first time. The Council considers that, because people had a better understanding of the long-term plan process, there was more opportunity to contribute to the outcomes of the consultation.
- 3.18 Auckland Council created partnerships with community groups to target diverse audiences (such as Pasifika, Māori, Chinese, Korean, and Indian residents, youths, and refugees). This resulted in consultation responses coming from a more representative profile of Aucklanders. Auckland Council also trained library and customer service staff about the consultation document. As the Council's main public-facing staff, these staff were able to use this training to increase awareness and encourage feedback on the consultation document.
- 3.19 Horowhenua District Council did a significant amount of pre-consultation activity. The Council used the information gained through this process to shape the issues presented in the consultation document and promote the long-term plan consultation process. The Council received slightly less feedback on the consultation document compared with 2015. The Council attributed this to more people understanding the issues and choosing not to submit.
- 3.20 Waikato Regional Council received fewer consultation responses than in 2015. The Council said its pre-consultation work contributed to how the issues were presented in the consultation document. As a result of this pre-consultation activity, the Council had more information about its stakeholders and where there were overlaps between its goals and aspirations. Waikato Regional Council's

online activities to raise interest in its consultation process proved successful. Its online consultation document had 788,770 views and 2,147,788 social media impressions.¹⁵

- 3.21 Palmerston North City Council created an interactive map of the city that showed the Council's three "Top 'City Shaping' Moves" to achieve its vision and strategic goals for the city. This interactive map made it easier for the Council to show the community what it was aiming to achieve. It was also a crucial part of the consultation document and the Council's website. The website allowed people to click on the map to get more detail on the projects. People could also make online submissions and "post-it note" comments. This was all part of a more effective digital presence for the Council's 2018-28 long-term plan process.
- 3.22 Environment Canterbury created an animated video about its work, issues, and challenges. This was used during the pre-consultation phase of the long-term planning process to draw people in to provide feedback on draft strategic direction and priorities. The visual style of the animated video was used in the consultation document and other online promotions during the consultation period.¹⁶

Stakeholder groups and the consultation process

- 3.23 Every community has a wide range of stakeholder groups with diverse needs and interests. These needs affect how those members of the community perceive the effectiveness of their council's approach to consultation on the long-term plan.
- 3.24 It is important for councils to understand the different stakeholders in their community. In our view, councils will achieve greater engagement with the community during the consultation process if they work with their different stakeholders.
- 3.25 The examples provided earlier in this Part demonstrate the efforts councils are making to reach their communities. However, we continue to encourage councils to look at ways to increase community participation to maximise the effectiveness of the consultation process and outcomes for their communities.
- 3.26 In our 2015 report *Consulting the community about local authorities' 10-year plans*, we presented the views of Federated Farmers. In May 2018, the Director for the Auckland zone of the Grey Power Federation (Grey Power Auckland) wrote to us expressing concerns about the content of Auckland Council's consultation document for its 2018-28 long-term plan and the effectiveness of the Council's consultation process. In raising concerns, Grey Power Auckland acknowledged that

¹⁵ Impressions are the amount of times a post is seen by the people it has reached.

¹⁶ The Environment Canterbury video is available on the Environment Canterbury YouTube channel in the long-term plan playlist.

Auckland Council's consultation document and the consultation process meet the requirements of the Act.

- 3.27 Both Grey Power Auckland and Federated Farmers are stakeholder groups that regularly submit to council consultation processes. These stakeholder groups, along with many others, have views that reflect their perceptions and experiences. In our view, there are more general lessons for all councils in the messages we heard from these stakeholders.
- 3.28 In Grey Power Auckland's view, the information that needs to be included in the consultation document is so complex that it is now difficult for ordinary people to take part in the consultation process. Grey Power Auckland believes that there are few people in the community who have the expertise, let alone the inclination, to effectively navigate and respond to this process. Although all councils face the challenge of bringing up important matters with their community in a way that enables an informed response, this situation is accentuated in Auckland because of the size of the budget and the complexity of the issues.
- 3.29 In our view, the views expressed by Grey Power Auckland demonstrate the challenge that councils face in bringing complex issues to the attention of the community as required by the Act.
- 3.30 Grey Power Auckland said it would like to work with the Council on simpler issues than the ones consulted on, such as providing and maintaining services to their part of the community. This will often be the case for individuals and stakeholders in any community. However, the goals of the current legislation are to encourage interest on the broader issues that affect the whole community. Balancing these broad goals with the specific interests of different stakeholders can be difficult.
- 3.31 Grey Power Auckland also said it had concerns about Auckland Council's consultation process. These concerns included how councils consider feedback gathered at relatively informal events, how a submitter's identity and interest in the issues is evaluated when feedback is electronic (as compared to the traditional hard copy submission process), and how the Council groups submissions that have a common theme or point of interest.
- 3.32 The challenge for councils is to give due consideration to all feedback received from the community so that the different approaches used during consultation do not promote input from one part of the community while reducing the ability of another part to participate effectively.

- 3.33 Councils have processes to ensure that elected members are aware of the channels through which feedback has been provided and this information assists elected members to evaluate the relative weight of community opinion. However, the concerns presented by this stakeholder group reflect that it can be difficult for the community to understand the value placed on their feedback by the elected members during their deliberations.
- 3.34 The concerns that Grey Power Auckland expressed to us are not unique to this stakeholder group or to Auckland – they are an example of the perceptions of those in the community. Councils need to maximise the effectiveness of the consultation process while balancing the perceptions of those in the community with the specific requirements and the discretion provided by the legislation. Achieving this balance is not easy.

4

The issues that councils consulted on

- 4.1 In this Part, we consider the issues councils consulted on in the consultation documents.¹⁷ We discuss:
- the number of issues presented to communities;
 - the types of issues;
 - how councils are consulting with their communities on water management and providing water services; and
 - how resilience had been addressed in the consultation documents.

- 4.2 We focused specifically on water-related issues because we have an interest in how well public organisations, including councils, are carrying out their water management roles and responsibilities.¹⁸

Number of issues

- 4.3 We had to use judgement when collating all the issues presented to communities in the consultation documents. This is because consultation documents are not presented in a consistent way.
- 4.4 For the purposes of this Part, we counted as consultation issues only those matters presented in the consultation document that included a range of options. We also counted issues included in the feedback and submission forms that set out a range of choices, although these might have been less clear in the main part of the consultation document.
- 4.5 Overall, we counted 376 issues that were presented to the public. The average number of consultation issues presented by each council was five, and the number of issues ranged from one to 13.
- 4.6 Upper Hutt City Council presented 13 optional projects as issues to its community and asked whether the projects were supported. They also asked the community in the feedback form whether they supported rates and debt increases linked to completion of all, some of, or none of the optional projects.
- 4.7 The consultation document was focused on “optional projects that will significantly increase investment in the city, and focus on lifestyle opportunities for a resilient, vibrant and growing city”. The document explained that “business-as-usual” plans would keep the city fit-for-purpose and running smoothly and noted that the document focused on the main initiatives planned. The issues presented were predominantly related to community facility developments or improvements. All of these issues were presented in a 24-page document. We would have preferred to see the issues better follow the requirements of the Act

¹⁷ All numbers in this section exclude data from Westland District Council and West Coast Regional Council because their consultation documents were not completed when the analysis was done.

¹⁸ Office of the Auditor-General (2017), *Introducing our work programme – Water management*, Wellington.

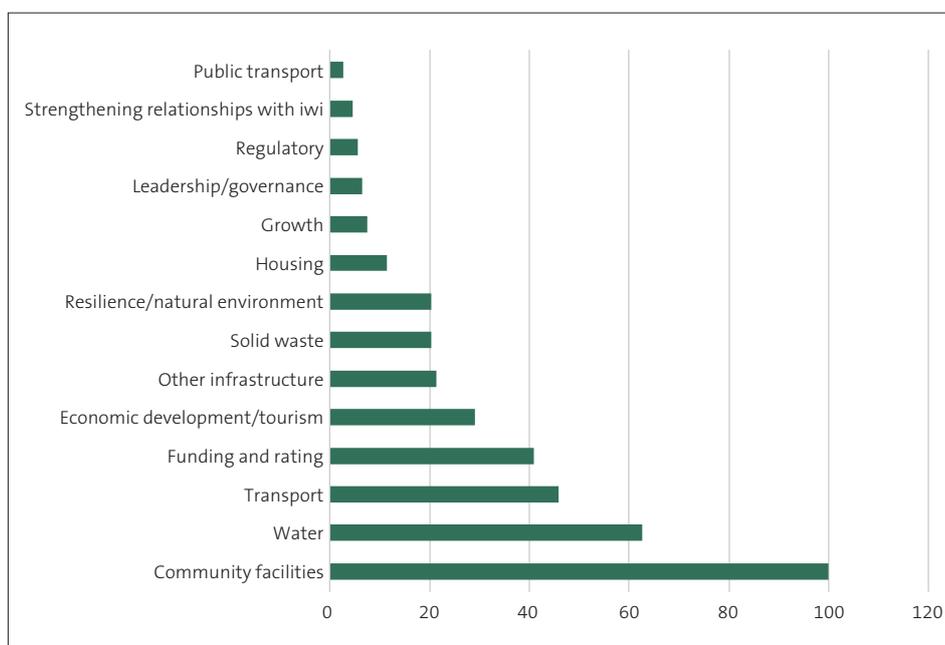
about implications of options but, because the issues were presented as “add-ons” to business as usual, we considered that a binary “yes” or “no” choice was workable.

- 4.8 Far North District Council’s consultation document was 40 pages long and included 12 issues that were presented with options for consideration by the community. The issues were presented from pages 20 to 31. Several sections of the consultation document provided updates on previously consulted issues, policy changes, and issues that will affect the long-term plan. For example, the Council listed the extra operational and capital costs that will be incurred to implement the 10-year library strategy. The Council wanted to check in again with the community to confirm these costs align with their desire for a modernised library service.
- 4.9 The consultation document included a good mixture of graphs, diagrams, and photos. Overall, we considered there were many issues presented in this consultation document and we questioned whether a member of the public trying to understand the issues would have been able to take in the implications of the issues as a whole. However, we recognise that because most of the issues were about community facilities or localised infrastructure issues, the reader would have a personal interest and be able to understand the implications for them.

Types of issues

4.10 We reviewed the issues that were presented to communities throughout the country. Figure 3 shows the number of issues by category.

Figure 3
Number of issues presented to communities in the 2018-28 consultation documents, by category

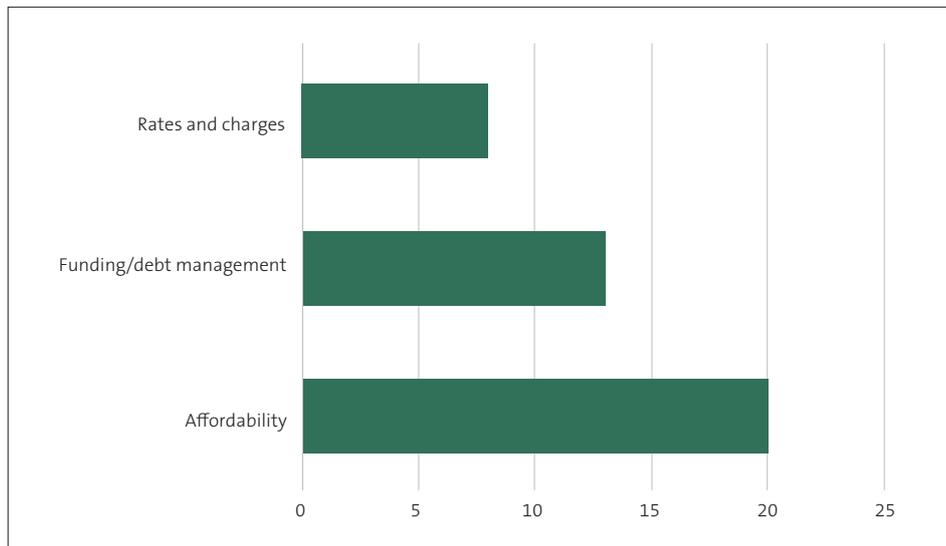


Source: Our analysis of the 2018-28 consultation documents.

4.11 Figures 4, 5, 6, and 7 show a further breakdown of the four largest categories: funding and rating, transport, water, and community facilities.

4.12 Figure 4 shows that affordability remains a main concern for the funding and rating category. There was a focus on how the rating system is structured to manage perceptions of affordability and fair splitting of the total rates collected from the community.

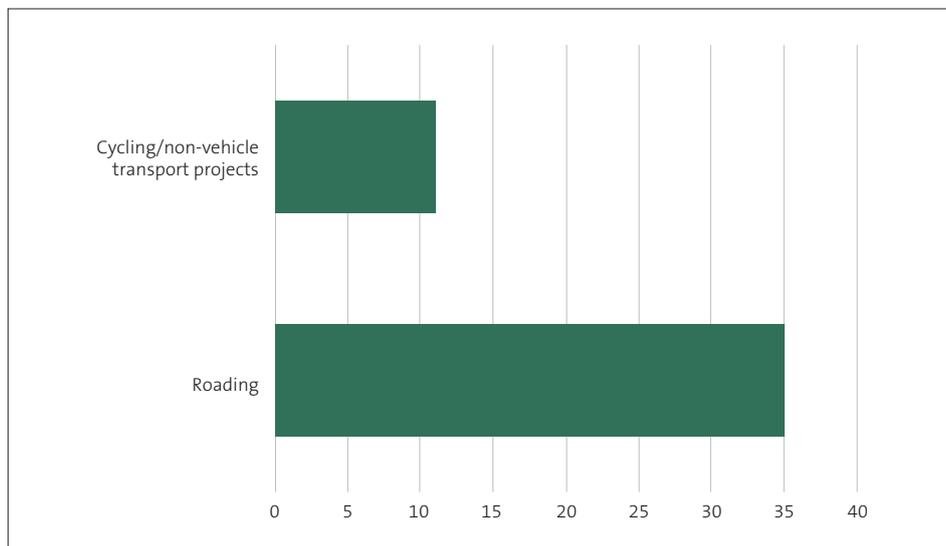
Figure 4
Funding and rating issues presented to communities in the 2018-28 consultation documents



Source: Our analysis of the 2018-28 consultation documents.

4.13 Transport issues also featured strongly. The issues presented include road construction, renewal approaches, bridge issues, and traffic (see Figure 5). Cycle lanes and trails and other work to support cycling also featured quite strongly.

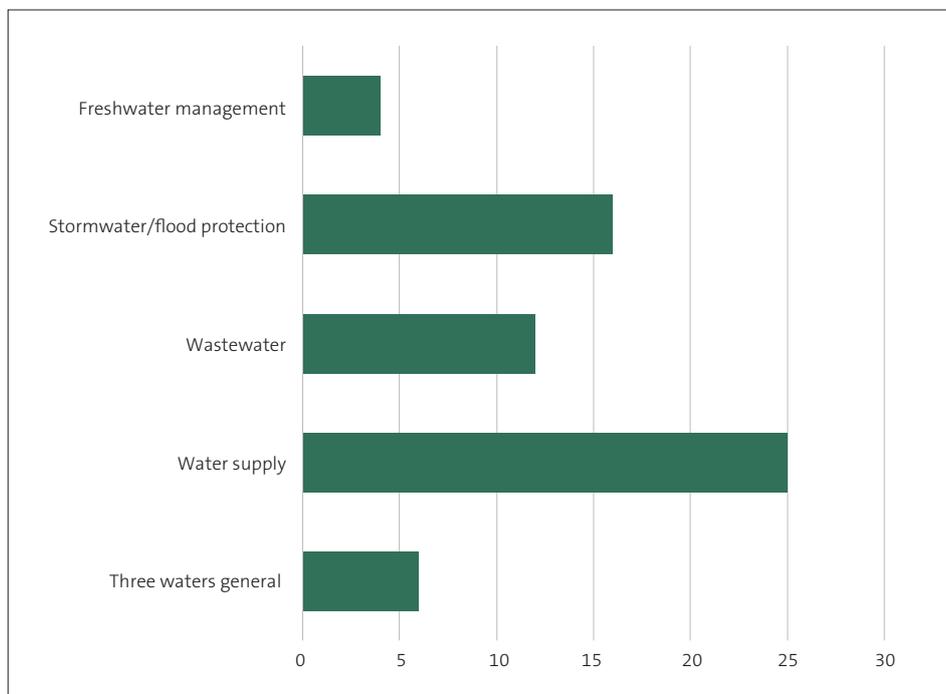
Figure 5
Transport issues presented to communities in the 2018-28 consultation documents



Source: Our analysis of the 2018-28 consultation documents.

4.14 Figure 6 shows that the largest category of water issues was water supply. Many of these issues were related to councils' responses to the Havelock North Drinking Water Inquiry.

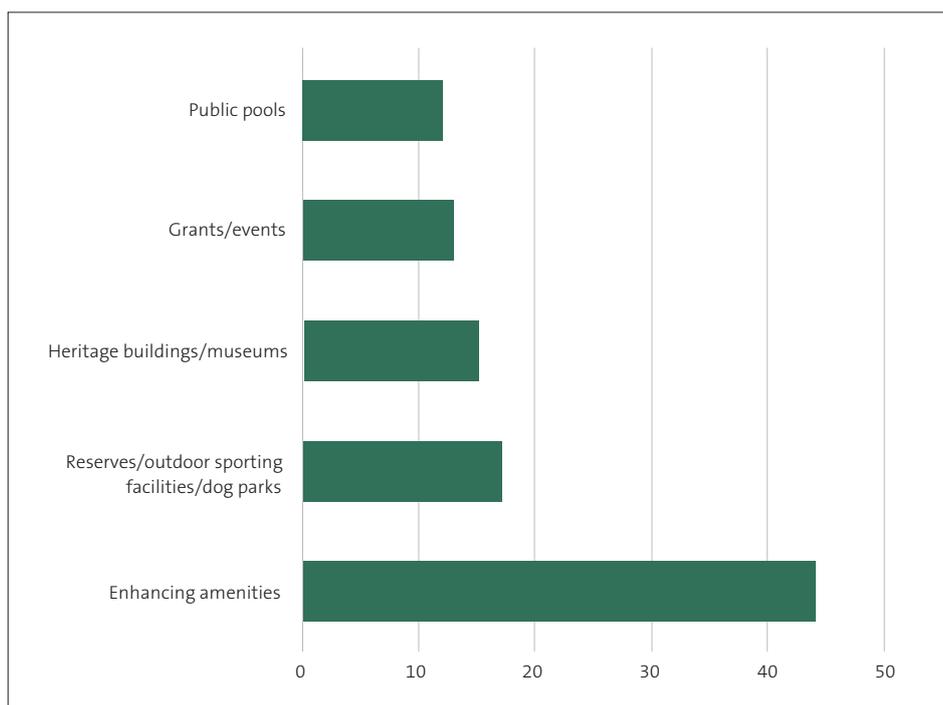
Figure 6
Water issues presented to communities in the 2018-28 consultation documents



Source: Our analysis of the 2018-28 consultation documents.

- 4.15 Many issues were related to community facilities or providing community activities (see Figure 7). We attribute this increase of issues about community activities, which could be described as discretionary or “nice to have”, to two factors:
- a view that a healthy community needs to include quality community facilities and activities; and/or
 - increased use of the consultation document to present smaller proposals of public interest to the community.

Figure 7
Community facilities issues presented to communities in the 2018-28 consultation documents



Source: Our analysis of the 2018-28 consultation documents.

Water-related issues

- 4.16 Fifty councils specifically consulted on water-related proposals with their communities. We have categorised these proposals as:
- three waters general;
 - wastewater;
 - water supply;
 - stormwater;
 - flood protection; and
 - freshwater management.

Drinking-water supply

- 4.17 Drinking-water supply was the most consulted on water-related issue. Many councils had proposals that responded proactively to the Havelock North Drinking Water Inquiry recommendations. The Havelock North Drinking Water Inquiry recommended that:
- [T]he Director-General of Health can and should, in the interests of public safety and welfare, exercise effective and practical leadership to encourage water suppliers to use appropriate and effective treatment without delay.¹⁹*
- 4.18 The Director-General of Health issued such a statement in December 2017.
- 4.19 Some councils have responded by consulting on proposed programmes of work to meet the New Zealand Drinking-water Standards. These proposed work programmes particularly focused on smaller community water supplies, and being ready to meet anticipated higher standards. A few councils proposed bringing forward their work programmes.
- 4.20 Several councils indicated that they were chlorinating or planning to chlorinate their water supplies. Other councils made financial provisions in their proposed long-term plan but are waiting until requirements are confirmed after the Government responds to the Havelock North Drinking Water Inquiry.
- 4.21 Security of water supply was also a prominent consultation issue. The options included building more infrastructure to facilitate supply after a major event such as an earthquake, finding a new water supply in response to growth pressures or the effects of climate change (such as less rainfall), and investing in water conservation and water metering to reduce water usage.

¹⁹ Report of the Havelock North Drinking Water Inquiry: Stage 2, December 2017, recommendation 6, page 221.

Freshwater quality

- 4.22 Six regional councils and two unitary authorities consulted on proposals to improve freshwater quality. Proposals covered activities to support a community-led catchment management approach, on the ground activities such as riparian planting, carrying out more monitoring to improve councils' understanding of the state of freshwater, and targeted rates to accelerate programmes of work.
- 4.23 A main reason for these proposals is the requirement for regional councils to give effect to the National Policy Statement for Freshwater Management by 2025.
- 4.24 We will publish a report later in 2018 that looks at the progress Waikato, Taranaki, Horizons, and Southland Regional Councils have made on freshwater quality management since our last audit in 2011.

Wastewater and stormwater – responding to increasing environmental standards

- 4.25 As regional councils progressively respond to the requirements of the National Policy Statement for Freshwater Management by 2025, higher standards for wastewater and stormwater discharges are either in place or due to be in place in regional plans.
- 4.26 Higher standards have implications for the management of councils' stormwater and wastewater networks, including the renewal of resource consents. Some councils indicated in their consultation documents that they would need to invest more in improving the quality of their wastewater and stormwater discharges. This includes activities such as upgrading their wastewater treatment plants and addressing the inflow and infiltration of stormwater into the wastewater network.
- 4.27 Several councils' existing wastewater and stormwater discharge consents are due to be renewed in the next 10 years. Some councils highlighted the cost pressures of having to meet increasing environmental standards, which is compounded by ageing infrastructure. For example, Southland District Council noted its communities are geographically dispersed with a low ratepayer base.
- 4.28 We will publish a report later in 2018 that looks at how well local authorities are managing their stormwater networks to reduce flood risk, including how councils identify their flood hazards and determine levels of service for the stormwater network.

Addressing resilience

- 4.29 We considered how resilience had been addressed in the consultation documents. We identified how councils have discussed their approach to addressing the effects of climate change and natural hazards events in the management of their infrastructure and service delivery more generally.

- 4.30 Recent significant natural hazard events²⁰ highlight the need for councils to understand the level of risk that they are exposed to. Councils also need to understand the influence that climate change has on the level of risk.

Resilience as a significant consultation issue

- 4.31 Four councils consulted specifically on resilience-related issues.²¹ These councils consulted on activities to understand risk exposure and investments in improving infrastructure resilience.
- 4.32 Two councils also consulted on how to execute their emergency management functions and the level of funding to contribute.

General consideration of resilience

- 4.33 Most councils acknowledge the need to consider the effects of climate change and risks from natural hazards in managing their infrastructure. They noted in their consultation documents that they are considering how to continue providing drinking water, dispose of wastewater, and keep people safe from flooding given the risks from natural hazards and the effects of climate change.
- 4.34 Many consultation documents included a discussion about the need for a council and its community to understand its exposure to risks from natural hazards and the effects of climate change. Activities noted to improve the understanding and management of these risks included stormwater modelling, addressing under-capacity networks, and financial management options to be able to respond to adverse events. For example, Waimakariri District Council identifies in its borrowing policy that it can use \$84 million to respond to a natural disaster.
- 4.35 Our observations are that councils are developing an understanding of their exposure to risk that will then inform investment decision-making for long-term planning processes.
- 4.36 Figure 8 lists examples of water-related and resilience issues that councils consulted on with their communities and provides examples.

20 For example, the Hurunui/Kaikōura earthquake, the April 2017 Edgecumbe flood event, the Tasman Tempest, and Cyclone Gita.

21 We have excluded councils that consulted more generally on the resilience of their infrastructure networks.

Figure 8
Examples of water-related and resilience issues that councils consulted on with their communities

Consultation issue	Council consultation examples
 <p>Three waters general</p>	<p>Waikato District Council consulted on which governance model to apply to providing three waters services, noting the challenges of providing these services with growth pressures, tougher standards to be met (they refer to the Havelock North Drinking Water Inquiry), and a shortage of skilled staff. The Council's preferred option is for a council-appointed waters governance board.*</p> <p>Central Hawke's Bay District Council, Christchurch City Council, Southland District Council, and Waimakariri District Council consulted on their water work programmes as a whole from a funding and affordability perspective and the level of service that the community was willing to pay for.</p>
 <p>Wastewater</p>	<p>Tararua District Council noted in its consultation document that it needs to upgrade the Eketahuna wastewater treatment plant to meet the regional plan requirements. The Council consulted on options of building a wastewater pipeline from Eketahuna to Pahiatua wastewater treatment plant or building a new wastewater treatment plant and wetland in Eketahuna. The Council's preference is the former at a cost of \$3.6 million, funded by a loan over 20 years. The level of service will remain the same but building the pipeline will avoid the need to obtain a discharge consent for Eketahuna.</p> <p>Wairoa District Council's wastewater discharge consent will expire in 2019. The Council is proposing to transition to a land-based discharge, which would cost \$6.5 million (\$4.5 million loan-funded and \$2 million from reserves).</p>
 <p>Water supply</p>	<p>Tasman District Council consulted on improving the security and supply of drinking water, and how to fund Motueka's water supply in order to comply with the New Zealand Drinking Water Standards.</p> <p>Greater Wellington Regional Council consulted on whether it should continue proposed support for the Water Wairarapa Project. The Council's preference is to continue funding the management of the programme and complete investigations at a cost of \$200,000 in 2018/19.</p>
 <p>Stormwater</p>	<p>Waimakariri District Council noted that each major town in the district requires a stormwater discharge consent. The Council's preliminary estimates suggest it might cost up to \$100 million over the next 30 years to meet the standards required under the discharge consents. The likely effect on rates would be about \$200 to \$250 for each property each year.</p> <p>Kapiti Coast District Council consulted on refocusing its stormwater management programme. The programme as set out in the 2015-25 long-term plan would have taken 60 years to complete. After two major flood events in 2015, the Council carried out investigations to better understand its flood risk exposure. The Council proposed a larger programme with a bigger budget to focus on areas of risk and cater for estimated population growth. The Council decided that 45 years was the most affordable time frame to complete the programme.</p>

Consultation issue	Council consultation examples
 <p>Flood protection</p>	<p>Bay of Plenty Regional Council consulted on a rivers and drainage flood recovery project. The consultation document noted that the Council has changed its financial strategy and the Council would take on external debt of \$157 million to help fund the capital works programme, including the works required in response to the April 2017 Edgecumbe flood event and the findings and recommendation of the Rangitāiki River Scheme Review.</p> <p>Southland Regional Council consulted on the proposed upgrade of urban stopbanks.</p>
 <p>Freshwater management</p>	<p>Auckland Council's preferred option is to apply a targeted rate to accelerate the water quality work programme – \$66 each year for the average residential property and \$308 a year for the average business property. A main reason for this proposal was the number of wastewater overflows and stormwater discharges into the harbours, resulting in swimming beach closures.</p> <p>Southland Regional Council proposed a new water improvement rate to support the implementation of its People, Water and Land programme, which includes on-the-ground action and meeting the requirements of the National Policy Statement for Freshwater Management.</p> <p>Northland and Otago Regional Councils proposed spending more on monitoring with an increased number of monitoring sites.</p>
 <p>Resilience</p>	<p>Otago Regional Council consulted on planning for and making changes to prepare for the effects of climate change. The Council's preferred option is to do projects focusing on the effects of sea level rise in South Dunedin and the Clutha Delta and to initiate a risk assessment programme to scope and prepare for the effects of climate change on all areas in Otago.</p> <p>Tauranga City Council consulted on funding for a better understanding of resilience through a targeted rate.</p> <p>Marlborough District Council consulted on the timing and priority for rebuilding after a significant emergency event and what was the preferred emergency reserves balance.</p>

* Waipa District, Waikato District, and Hamilton City Councils had worked over a number of years on a proposal to establish a council-controlled organisation for water management in the Waikato region. Waipa District Council voted against this proposal in December 2017.

5

Other matters

- 5.1 In this Part, we look at some other matters from our audit of consultation documents, including:
- preparing and adopting the information the consultation document relies on;
 - how a consultation document fits with other consultation processes; and
 - adopting a consultation document.

- 5.2 These matters show that consultation processes are sometimes not straightforward.

Preparing and adopting the underlying information the consultation document relies on

- 5.3 Before a consultation document is finalised and adopted, a council must prepare and adopt the underlying information that the consultation document relies on.²² Some of this information will be draft, not final, at that time.
- 5.4 Councils must make the underlying information available to the public. However, the underlying information must not be in the consultation document.²³

Unbalanced budget

- 5.5 Several councils proposed to have “unbalanced” budgets for some years of their 2018-28 long-term plans.²⁴ This is possible under the Act, provided that the elected members resolve that it is prudent to do so.
- 5.6 The Act sets out some matters elected members need to consider when making an unbalanced budget resolution, including:²⁵
- the funding and financial policies adopted under section 102 of the Act, including the revenue and financing policy; and
 - the estimated costs of achieving and maintaining the predicted levels of service provision set out in the long-term plan.
- 5.7 The long-term plan must contain a statement explaining the council’s reasons for not balancing the budget.
- 5.8 Councils asked us about time lines for making an unbalanced budget resolution. Councils are required to adopt the underlying information that the consultation document relies on. If the consultation document proposes an unbalanced budget, information is needed to support that.

²² Section 93G of the Local Government Act 2002.

²³ Section 93C(3) of the Local Government Act 2002.

²⁴ An unbalanced budget is where a council sets its projected operating revenues at less than the amount needed to meet projected operating expenses.

²⁵ Section 100(2) of the Local Government Act 2002.

- 5.9 The requirement in the Act is to make the unbalanced budget resolution when setting operating revenue. It is in the long-term plan that councils set the budget for the 10-year period, rather than the consultation document. Therefore, the resolution has to be made before adopting the long-term plan.
- 5.10 Councils often update their revenue and financing policies every three years, which is the same time they adopt their long-term plans. Councils also consult on those changes at the same time as consulting on their long-term plans. Where that is the case, a council would not have the other necessary policies in place in time to make an unbalanced budget resolution before adopting the consultation document.
- 5.11 Another consideration is whether the council is consulting on the proposal or including it for information. If it is included for consultation, it would be too early to have formally resolved to set an unbalanced budget before consulting.
- 5.12 Where a consultation document proposes an unbalanced budget, we will look for evidence of a council decision to support that. The council must adopt this underlying information before adopting the consultation document. This is likely to be in the form of a draft financial strategy or a proposal in a report by officers rather than a formal unbalanced-budget resolution.

Targeted rates

- 5.13 We had a similar question about a consultation document that proposed a new targeted rate. The council intended to offer the option to pay the new targeted rate by lump sum contributions under the Local Government (Rating) Act 2002. This Act requires a council to prepare a capital project funding plan before seeking lump sum contributions, and adopt this plan as part of adopting the long-term plan or annual plan.²⁶ We were asked whether the council had to adopt that funding plan before adopting the consultation document.
- 5.14 Again, we said that the content of the consultation document about the new targeted rate needed to be supported by information that the council had already adopted. In this case, the council had adopted information on proposed rates, including the new targeted rate and the option of seeking lump sum contributions, but had not yet prepared the formal funding plan required under the Local Government (Rating) Act. This was enough for the purposes of our audit and the statutory requirements.

²⁶ Section 117B of the Local Government (Rating) Act 2002.

How a consultation document fits with other consultation and decision-making processes

- 5.15 Council decision-making is an ongoing process. In practice, councils are often consulting with their communities, during the annual plan process and at other times. This means that, when it comes time to draft the long-term plan, the council might have already consulted on many of the issues facing the council and its community for the next few years. This can make it difficult for the council to include issues that are meaningful for the community in the consultation document unless there are new issues to include.
- 5.16 Councils have the discretion to use a consultation document to update people on progress with decisions and issues that have already been consulted on. That said, as outlined in Part 2, it is important for a consultation document to be clear on what the consultation issues are and what information is included to update people about progress on issues already consulted on.
- 5.17 Many of the councils that carried out pre-consultation activities did so to determine or refine the issues they included in the consultation document. Some councils also did this to promote interest in the long-term planning process. These reasons made sense to us.

Consulting on other policies or plans at the same time as consulting on the long-term plan

- 5.18 It is often necessary for a council to consult on other policies and plans at the same time that it is consulting on the long-term plan. The main requirement here is for a council to be clear that it is consulting on different issues at the same time, and to let people know when they can respond to each of them. A council can do this by including appropriate information and links in its consultation document.
- 5.19 A common example is when a council proposes to amend its revenue and financing policy at the same time as it releases its consultation document. A long-term plan has to contain the council's revenue and financing policy, which has to be adopted before the long-term plan is adopted.²⁷ The revenue and financing policy must set out how the council will fund its expenditure, so it makes sense to review this at the same time as the long-term plan.
- 5.20 A consultation document must include any significant proposed changes to the way a council funds operating and capital expenditure, including changes to the rating system.²⁸ A consultation document must include links to the more detailed information about proposed changes to the revenue and financing policy, rather than include that detail in the consultation document.

²⁷ Schedule 10, clause 10 of the Local Government Act 2002.

²⁸ Section 93C(2)(d) of the Local Government Act 2002.

- 5.21 If the proposed changes to the revenue and financing policy are significant and are therefore included in the consultation document, we would consider them as part of our audit. If the proposed changes are not significant enough to warrant mention in the consultation document, the council still needs to consult on them but can do this alongside the consultation document process.
- 5.22 One council stated in its consultation document that it was consulting on its revenue and financing policy, and that the consultation document represented its statement of proposed changes to the policy. It was not currently proposing any changes to the revenue and financing policy, but might be entering into debt arrangements in the future. In our view, this might have confused readers. It also shows that working out how the consultation requirements in the Act apply at different points in time and the decision-making process can be difficult.

Adopting the consultation document

- 5.23 A council needs to adopt its consultation document before starting consultation. The consultation document must include our audit report.²⁹
- 5.24 In our view, it is important for elected members to be fully involved with and “own” the consultation document when it is being prepared and during the adoption and consultation process. The adoption process is also an opportunity for our auditor to attend the council meeting and discuss any audit matters and for any interested members of the public to attend.
- 5.25 We considered some departures from the standard adoption process during our audit of the consultation documents, as mentioned below.

Amending a consultation document after adopting it

- 5.26 One council adopted its consultation document but then decided to add another consultation question that had some minor financial implications. We had already issued our audit report on the adopted consultation document. The additional question required a small amount of extra audit work because it involved financial information.
- 5.27 There is nothing in the Act about amending a consultation document after a council has adopted it. The council had legal advice that it could amend its consultation document without re-adopting it, as long as it documented the process. However, in our view, the legal advice did not take account of the audit requirement. We advised the council that we needed to audit the new information and that the council needed to re-adopt the consultation document with our audit report. The council was able to re-adopt the amended consultation document without significant delay to the consultation process.

²⁹ Section 93C(4) of the Local Government Act 2002.

Delegating the consultation document process

- 5.28 We are aware of two councils that delegated the process of adopting the consultation document.
- 5.29 One council delegated the process for adopting the consultation document and deciding all matters of strategic policy to a committee, but left the final adoption of the long-term plan to the full council. This was a continuing arrangement under the council's delegations process. The committee had the same authority in relation to the annual plan process.
- 5.30 The other council delegated the adoption process because of timing problems. The consultation document was not quite ready in time for a meeting scheduled by the council. Therefore, it resolved to adopt the draft consultation document in principle, subject to any amendments required by our auditor, and then delegated authority to the mayor and chief executive to make any final amendments and adopt the consultation document. We received some correspondence from ratepayers about this.
- 5.31 Under the Act, a council cannot delegate:
- the power to adopt the long-term plan, annual plan, or annual report; or
 - the power to adopt policies required to be adopted and consulted on in association with the long-term plan.³⁰
- 5.32 However, a council can delegate anything precedent (meaning preceding in time or order) to the exercise of those powers.
- 5.33 Both councils received legal advice that they could delegate the adoption of the consultation document for the long-term plan. Adopting a consultation document is not the same as adopting the long-term plan but is done before it.
- 5.34 From a policy perspective, it is unusual to delegate a core governance function, and for a mayor and chief executive to be given responsibility to "adopt" a consultation document. We were not clear how they would do that. Adoption is a formal process, done by council resolution and voting (if necessary), at a properly constituted meeting that is open to the public, unless there is particular reason to exclude them. The process is also formally recorded. In our view, it is preferable, from a governance perspective, for the elected members to adopt the consultation document with our audit report in it.

Appendix

Summary of the non-standard audit reports issued

Unmodified opinions with “emphasis of matter” paragraphs

Auckland Council
We drew attention to disclosures in the consultation document outlining the uncertainties about the Council’s priorities for transport-related capital investment projects to be carried out during the 10-year period of the long-term plan. The Council is dependent on central government funding to help deliver on its transport-related capital investment projects, and central government is reviewing its own transport priorities, which could affect any additional capital investment, both in terms of project priorities and funding.
Central Hawke’s Bay District Council
We drew attention to disclosures in the consultation document outlining uncertainties about the costs and timing of remedial work on the wastewater treatment plants for Waipukurau and Waipawa that were not included in the consultation document. The decision to exclude this information from the consultation document was because further investigative work had to be completed to identify remedial actions to meet resource consent for both plants. As a result, the Council expects to further consult its community once the costs and timing of remedial work are known.
Chatham Islands Council
We drew attention to disclosures in the consultation document about uncertainties over central government funding support, which the Council relies on to continue to operate and to provide services to its community. The Council has prepared its consultation document on the basis that sufficient support will be obtained from central government over a 10-year period, even though the level of funding support is negotiated only periodically. Should there be any significant changes to the level of central government funding support, the Council’s rates, debt, investments, expenditure, and levels of service over the 10-year period of its long-term plan could be affected.
Hurunui District Council
We drew attention to disclosures in the consultation document outlining uncertainties about the extent of damage, and the costs to repair, the Council’s bridge and water supply assets, which were damaged during the Hurunui/Kaikōura earthquake. The Council has proposed a separate earthquake rate to meet some of those repair costs, which means that it might need to reassess the proposed period to repay debt and amount of the rate, should the actual costs of repairs differ from the financial forecasts.
Opotiki District Council
We drew attention to disclosures in the consultation document about uncertainties over a proposed harbour project, including its forecast financial impacts and the assumptions that are expected to be significant for the Council. Given the uncertainties about the project, there could be financial implications for ratepayers should the costs of the project exceed the Council’s forecast contribution of \$5.4 million.
Queenstown Lakes District Council
We drew attention to the Council’s assumption that the New Zealand Transport Agency will provide 80% of the capital expenditure programme for the Queenstown Town Centre Master Plan, even though the Council will not know whether this level of funding will be provided until October 2018. Should this level of funding be less than assumed, the Council might need to amend the timing and extent of some of the projects that make up the Master Plan.
Westland District Council
We drew attention to disclosures in the consultation document outlining the forecast backlog in the renewals for water, wastewater, and stormwater assets, which the Council has assessed as critical and must be replaced. The Council’s forecast is based on information about the age and performance of these assets and work is under way to obtain more complete information about these assets. Because of the uncertainties about the forecast, the Council is planning to build up its cash investments to pay for the renewals over the 10-year period of the long-term plan.

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