



Summary

Observations from our audits of councils' 2024-34 long-term plans



Why we did this work

Councils use long-term plans to set out how they intend to provide services and maintain and renew assets, how much these activities will cost, and how they will be funded. Our audits of the long-term plans provide a vital role in ensuring that the information and assumptions that councils have used are reasonable and supportable. Without the independent view provided by audits, it would be difficult for communities to know whether they could rely on their council's long-term planning and or how they could be affected.

In this report, we discuss 32 consultation documents and 58 long-term plans that were audited between June and October 2024. Some councils chose to defer adopting their long-term plans until June 2025 – we will report on them later this year.



What we found

Councils prepared their 2024-34 long-term plans during a time of significant change and uncertainty. Notably, the Government was developing legislation to change how water services will be owned, financed, and operated. The timing of the Government's transport policy announcements and funding decisions also did not align with the time frames for councils' long-term plans.

Most councils responded to this uncertainty well. They were able to complete long-term plans that met the required standards and provided their communities with a reliable view of how councils will provide and pay for services. The 2024-34 long-term plans also show that councils face significant financial and infrastructure challenges that they will need to carefully manage.

Rising operating costs and the need to increase capital expenditure are putting pressure on many councils. In response, councils are increasing rates at historically high levels. To pay for much-needed investment in infrastructure, councils are also increasing their debt to some of the highest levels in decades.

As a result, some councils are close to or exceeding their self-imposed debt limits. These factors create risks to councils' long-term financial sustainability and to their ability to respond to unforeseen events such as earthquakes or severe weather. Councils will need to carefully manage these risks.



What next?

The changing operating context for local government highlights the importance of a strong strategic and agile approach to long-term planning. We continue to recommend that the Department of Internal Affairs and the local government sector review the required content for long-term plans so that they remain fit for purpose and focus on what matters most to communities.

Long-term plans (and their supporting finance and infrastructure strategies) should be actively used to drive councils' performance and provide accountability to their communities.