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Audit New Zealand
Update

Looking forward to the 2018 long-term plans

Andrea Reeves, Assistant Auditor-General Local Government





Long-term plans (LTP)

- Local authorities provide substantial services to their communities, therefore planning how to provide those services is important.
- Content required in successive LTPs has changed with amendments to the LGA 2002.
- The sector has risen to the challenge.
- But, there are areas for improvement.



Preparing for the 2018-28 LTPs

3

- Quality of Consultation Documents
- Strategic Infrastructure Strategies
- Continuing improvement of Financial Strategies
- Disclosure of assumptions



Improving the quality of consultation documents

4

- Limit background information and context
- Clearly describe infrastructure and financial strategies and how they relate to the significant issues
- Be clear about the issues and what is being consulted on
- Ensure consultation questions are clear
- Clarity on the significance of level of service changes



The introduction of infrastructure strategies is a positive change

5

- Introduced a richer and more considered perspective to each LTP.
- But local authorities missed opportunities to clearly set out how they will continue to provide services over next 30 years.



Infrastructure strategies (continued)

6

Deficiencies included:

- Weak description of the effects of demographic change, and the actions planned to address those effects;
- A lack of analysis to support the sustainability and affordability of the projects set out in the infrastructure strategies;
- A lack of description of the likely long term effects on the financial sustainability of the local authority and the phasing of projects in the context of acknowledged uncertainties about asset condition information; and
- A lack of discussion or analysis on the long term view of economic activities.



Infrastructure strategies (continued)

7

Infrastructure strategies with strong characteristics:

- took a longer outlook than the minimum 30-year requirement and included more than the required asset activities;
- were well integrated to the wider context of the Council and particularly to key financial information; and
- were clear about the effect of change on infrastructure needs.



Continued improvement required on financial strategies

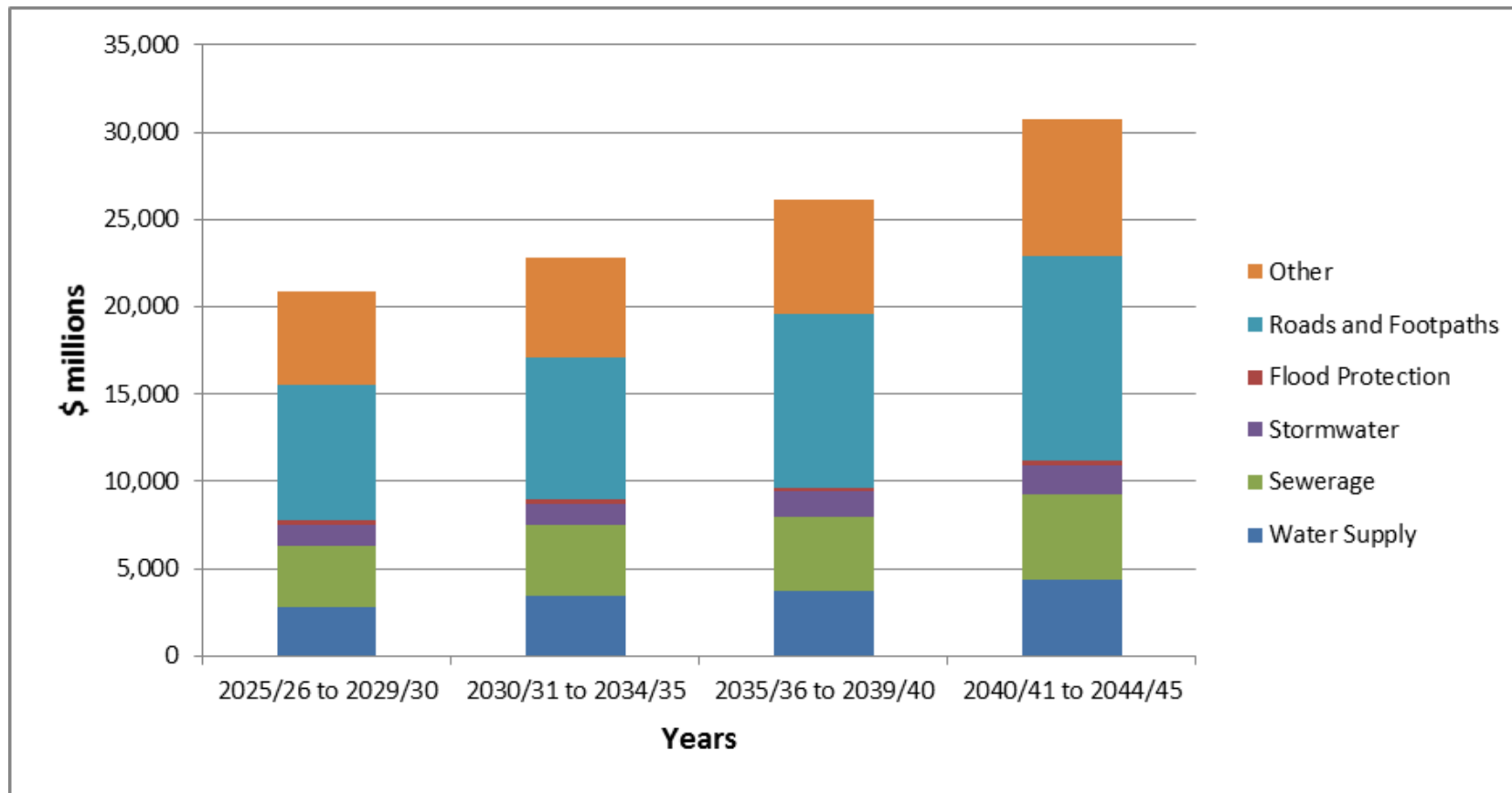
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Local authorities need to focus on financial sustainability as they address changing demographics and infrastructure demands.



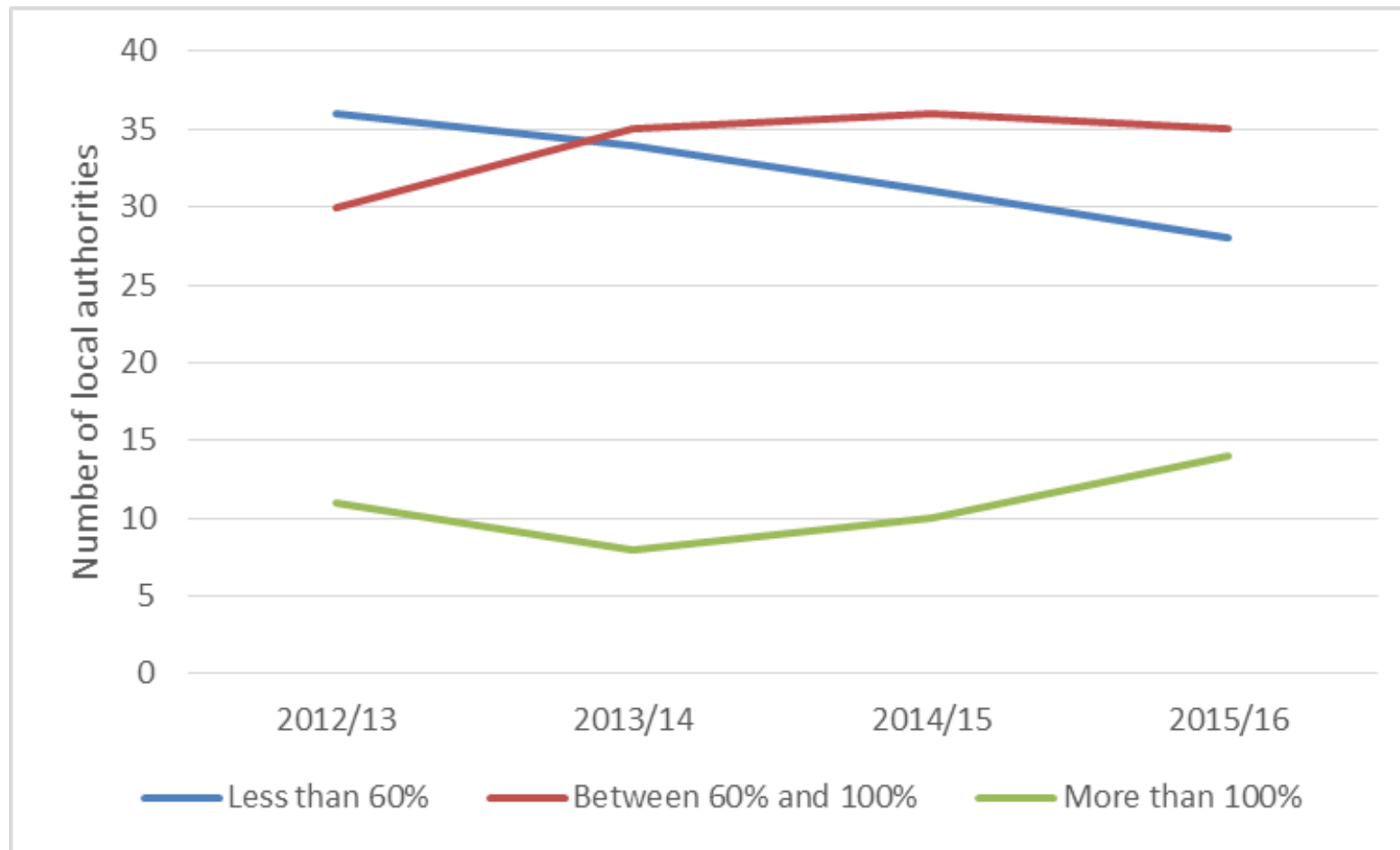
Proposed capital spending of all local authorities, years 11 to 30 of the infrastructure strategies

9



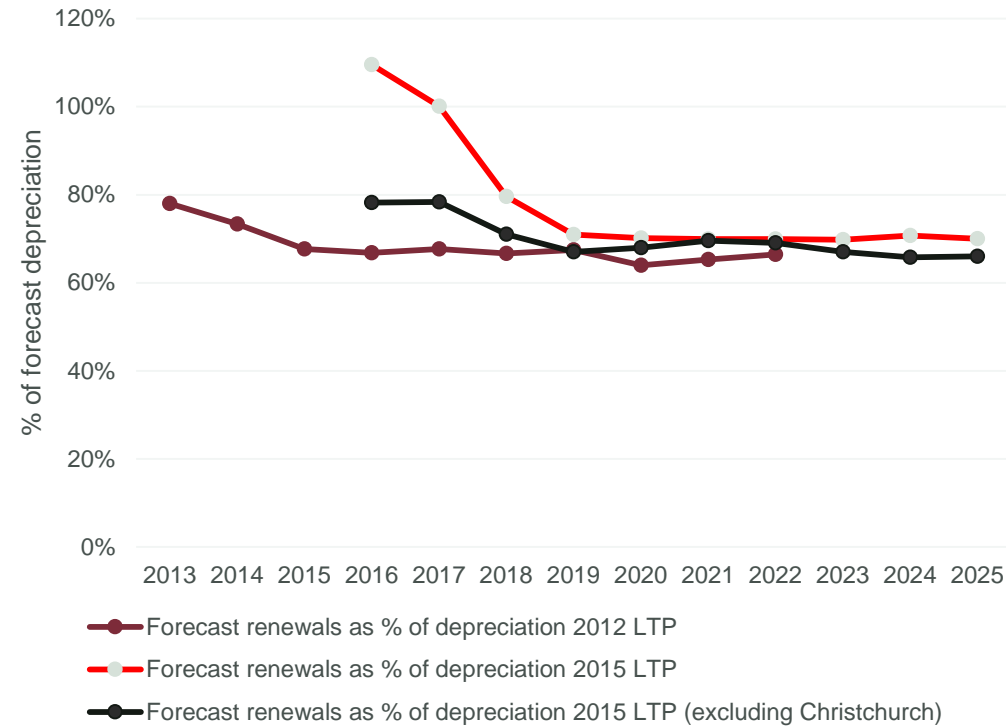


Are local authorities adequately reinvesting in their assets?





Forecast annual renewals as a percentage of the forecast depreciation amount





Disclosure of assumptions

12

The quality of the disclosures about assumptions needs improvement, especially demographic assumptions.

- In some cases, there was a lack of connectivity between demographic assumptions and financial strategies and infrastructure strategies.



Future focus

13

- An ageing population represents a significant challenge.
- Economic development strategies featured strongly in 2015-25 LTPs but there was very little integration.
- Asset condition information.
- Local authorities need to focus on financial sustainability as they address changing demographics and infrastructure demands.