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Frank Newman: Do councils do what they say they will do?

Labels: [Frank Newman](#), [Local government](#)

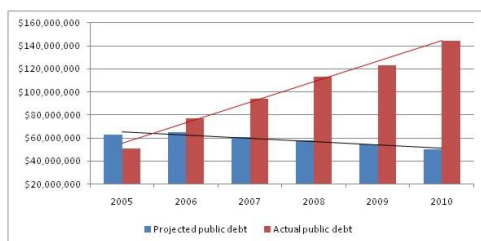


The Local Government Act 2004 brought sweeping changes to local authorities. Most significantly councils were given the powers of “general competency” and their mandate widened to encompass environmental, economic, cultural and social “well-beings”. But it also prescribed the manner in which councils would engage with the public, including the need to prepare a 10 year plan (called a Long Term Council Community Plan or LTCCP). Presumably the purpose of the LTCCP was to enable the community to see with some degree of certainty what their council was planning to do over the next decade as guardians of their community assets and what it was likely to cost them as ratepayers.

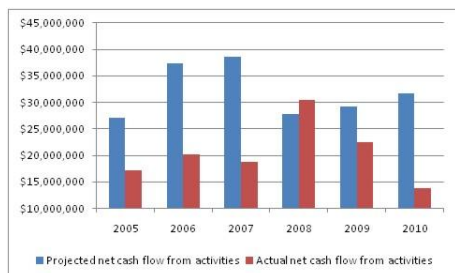
It’s now 2011, some years after the first of these long-term plans was published. So how did Council projections made in 2004 pan out? Have Councils done what they said they would do?

To put that question to the test, I compared the forecasts made in the Whangarei District Council’s (WDC) LTCCP 2004 to 2014 against the actual results reported in their Annual Report for the years ended 30 June 2005 through to 2010.

So did the Council achieve its projections? The answer is a resounding “no”. There is in fact little resemblance between the forecast and the result. Here are some examples.



In 2004 Council projected total council debt would be \$50.4 million on 30 June 2010. The actual debt was \$144 million, and as the graph shows the trends were heading in the opposite directions almost from the outset.



Likewise in all but one of the six years the council over estimated its cash surplus (income from ratepayers less operating expenditure), and by a substantial margin as shown in the graph. The effect was the WDC over-spent \$69 million over the six years.

The 2004 Act requires councils to publish a new 10-year plan every three years so one would assume the updates are more accurate. It seems not. In the 2009 update the WDC forecast debt would be \$119 million in June 2010. In fact, just one year later, the actual debt was \$143 million. Net cash flow surplus which was projected to be \$38.6 million was actually \$13.7 million.

The other notable aspect from the comparison is, that at least in the case of the WDC, the variance is usually negative. The surpluses have been less than projected and debt higher than projected. In other words, it over promises and under delivers.

It is of course possible that the WDC is an exception: that other councils are actually doing what they say they will do. I can't say for sure as I have not extended the study beyond the WDC, but I would be surprised if the story is all that different in other councils (I would like to hear if others have done a similar exercise).

If large and negative discrepancies are in fact the norm then it's fair to ask why have long-term plans at all? The costs of preparing these plans are substantial – from memory at least \$250,000 in the case of the WDC. Across+ 80 local authorities that adds up to many millions of dollars of waste paper, wasted human effort, and wasted ratepayer money. At the end of the day one has to ask if anyone actually sees any value in the LTCCPs, other than the many consultants and staff involved in the process.

It's also fair to ask who is actually accountable for the discrepancies. Is it the elected officials or the council's chief executive officer? I would have thought councillors would be demanding their CEO achieve the financial targets they, on behalf of the community, have set. If their CEO is unable to do so, then surely it is the responsibility of councillors to find someone who can.

Frank Newman is a former councillor on the Whangarei District Council.