

Long Term Plan



How To Get To 2015

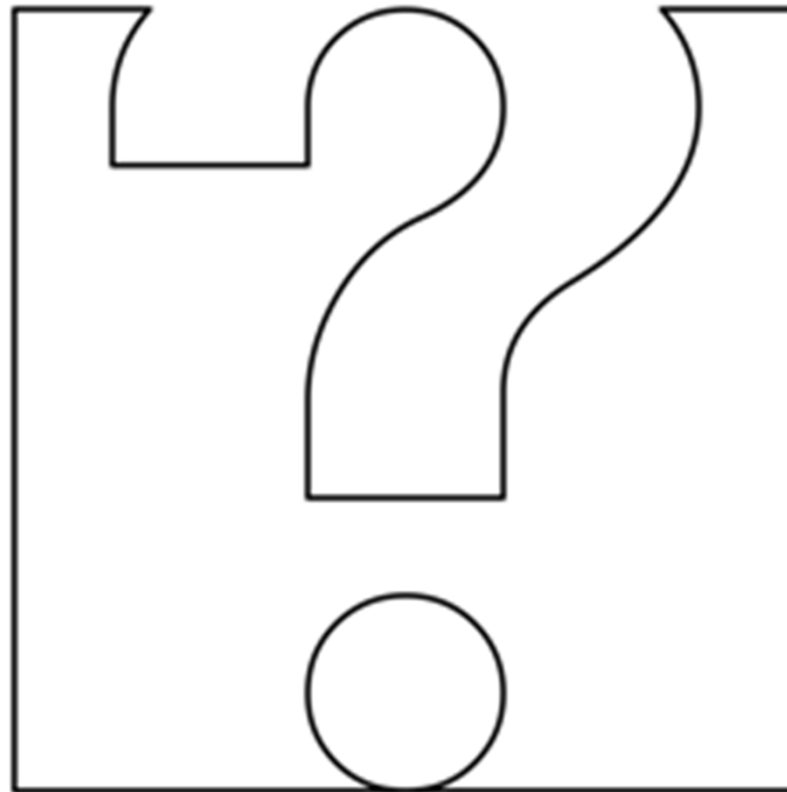
INGENIUM Northern South Island Branch Meeting

24 August 2012

Ross Waugh & Grant Holland



Time to take a breath, time to think...



What's happening
and what are the signs?



Locally – Rates Increases

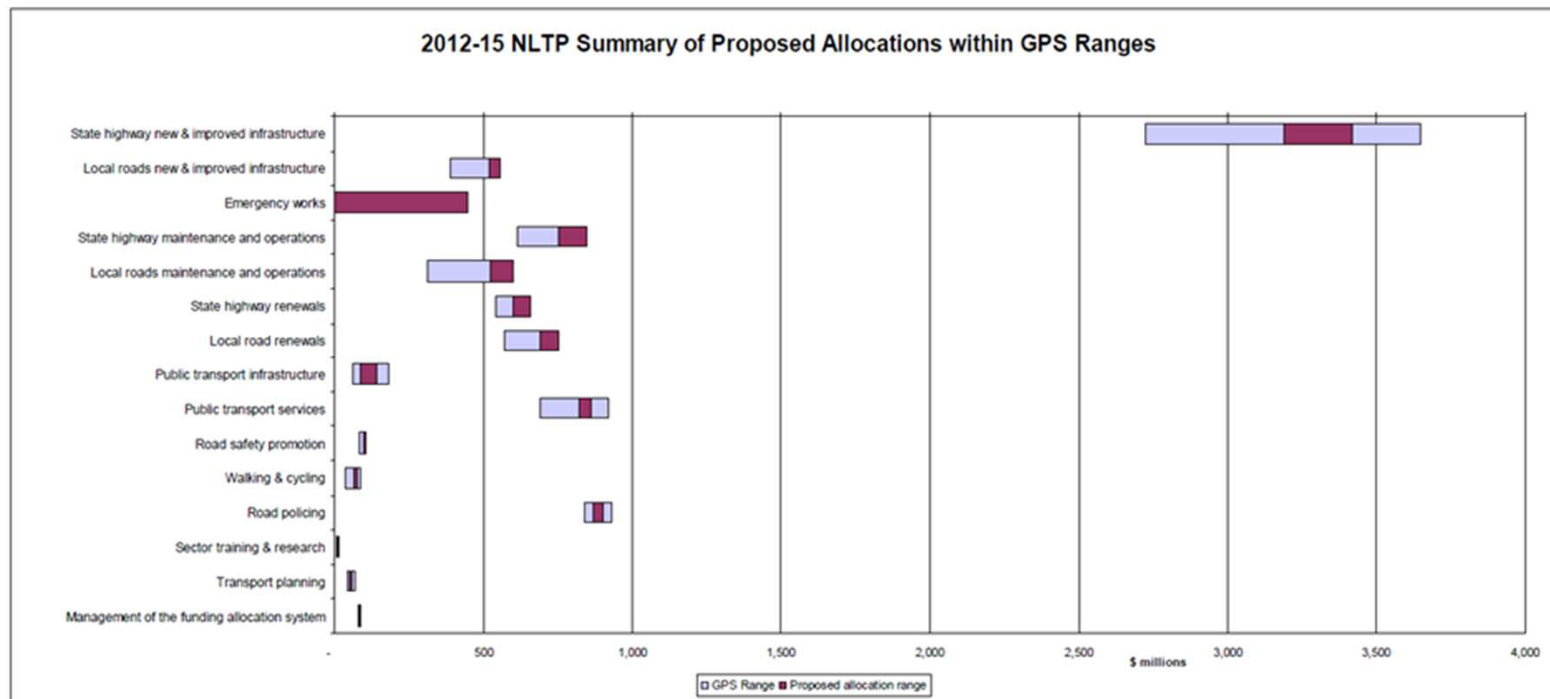


Land Transport: NZTA Funding and The Road Maintenance Task Force

Four general areas for improvement:
Adapting the business models used.
Improved procurement practices, support of new business models.
Improved prioritisation and optimisation through level of service differentiation.
Consistent introduction of advanced asset management practices.



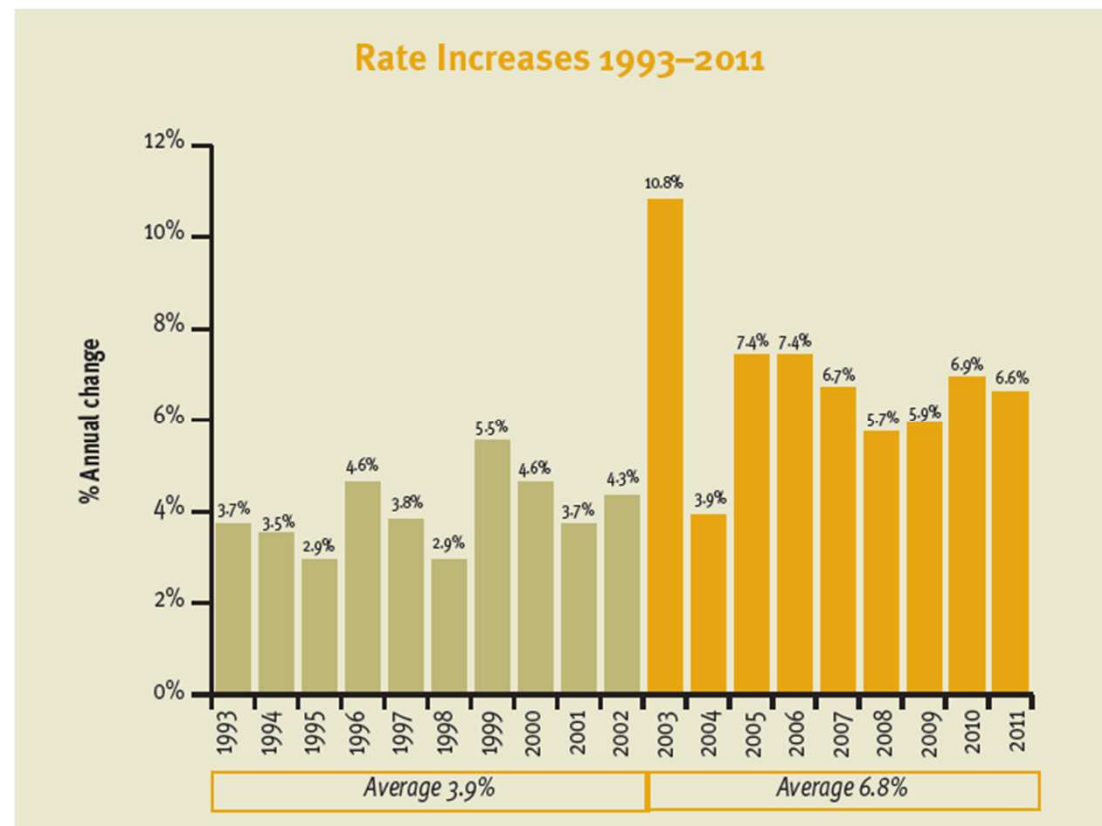
Land Transport: NZTA Funding and The Road Maintenance Task Force



Land Transport: NZTA Funding and The Road Maintenance Task Force

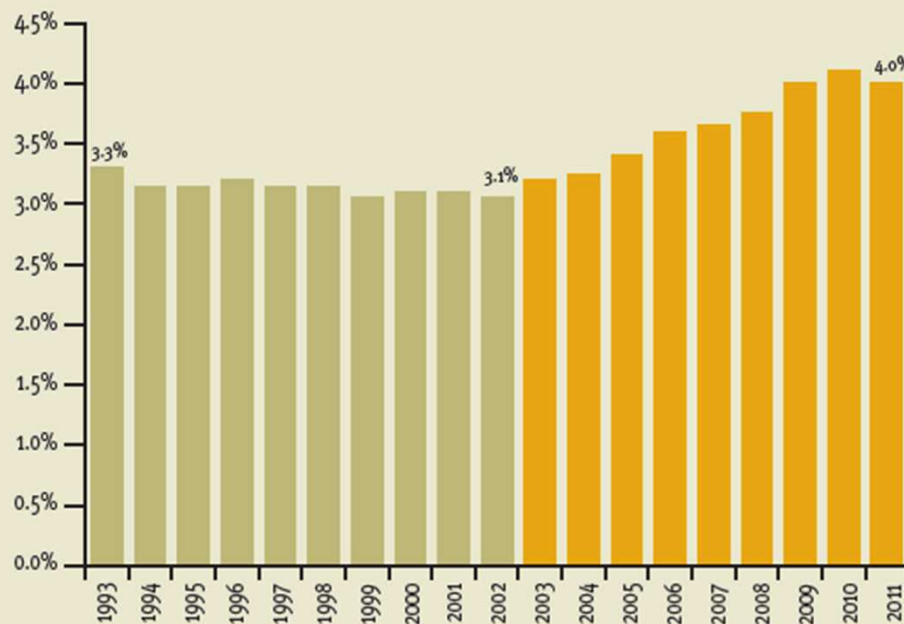
1. Prepare guidance documentation to direct and integrate Regional Planning and RCA AM Practice
2. Incentivise the development of options and trade-offs through AM Practice
3. Encourage and provide leadership to enable study teams and technical working parties to identify and implement more efficient and effective maintenance practices
4. Seek Improvements in AM Practice

Central Government: Efficiency, Effectiveness and Value for Money

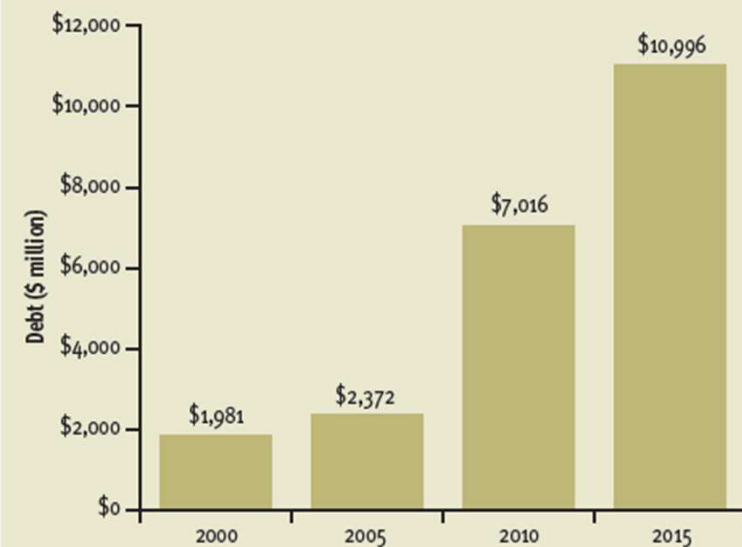


Central Government: Efficiency, Effectiveness and Value for Money

Local Government Expenditure as a Proportion of GDP



Local Government Debt



Source: Local Authority Financial Statistics & analysis of 2009 LTCCP

Central Government: Efficiency, Effectiveness and Value for Money

: Expenditure Priority Tensions (Projections from Treasury Historic Trends Approach)

Expenditure Area	2011 - %GDP	2030 - %GDP	2050 - %GDP
Debt Projections	21.8%	79.5%	223%
Debt Servicing	1.6%	4.8%	12.7%
Superannuation	4.7%	6.7%	8%
Education	6.4%	5.5%	5.4%
Health	7.6%	8.5%	10.7%
Total S+E+H	18.7%	20.7%	24.1%
Difference 2010		+5%	+10%
Infrastructure (approx.)	7%	? 5%	? 3.5%

Information Source: NZ Long Term Fiscal Statement, Oct 2009, Treasury

Central Government: Efficiency, Effectiveness and Value for Money



Savings for next 19 years

- Approx. 5% of GDP required
- Where From? Our take on this:
 - 1% GDP Local Govt. (4% current, reduce to 3% = 25% cut – say 1.3% – 1.5% per year)
 - 2% GDP Govt. Departments
 - 1 - 2% GDP Debt servicing reduction

So What Does This Mean For Me?

- ! There is no magic money tree
- ! The squeeze ahead can't be ignored
- ! Locally change will be expected
- ! Nationally change will be required
- ! The next LTP won't be the same as the last



So What Does This Mean For Me?

There are three years get there



- | | |
|---------|---|
| 2012-13 | Start Thinking, Efficiencies,
AM Improvement Programme |
| 2013-14 | Levels of Service and Trade-offs
Demand and Risk, New AMPs |
| 2014-15 | Legislative Compliance
New LTPs |