



**Nelson City Council**  
Te Kaunihera o **Whakatū**

# **OPEN**

# **MINUTE ITEM**

# **ATTACHMENTS**

**Ordinary meeting of the**  
**Nelson City Council**

***Te Kaunihera o Whakatū***

**Friday 22 March 2024**

**Commencing at 1.30p.m. - ONLY to approve LTP Consultation Document**  
**Council Chamber**

**Floor 2A, Civic House**

**110 Trafalgar Street, Nelson**

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March 2024

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# Item 6: 6 Adoption of the Long Term Plan 2024-2034 Consultation Document: Attachment 1

## **Rates affordability**

*Page 16 of draft Consultation Document (page 17 of the Attachments under separate cover document).*

*Addition to existing text (highlighted in red font)*

### **Big service cuts and lower rates increases**

Reduce the rates increase by reducing Council's work programme further. This option would involve a series of further cuts to already reduced budgets. Cuts would be spread across many activities and projects to avoid a major impact on any single one.

Examples of the types of further cuts that could be made are reducing the opening hours of the Council Customer Service Centre or reducing our spending on reactive maintenance in our parks and community facilities which would reduce our responsiveness (this could mean, for example, less cleaning of toilets or mowing of grass in response to community requests).

This option would further ease the financial impact on ratepayers, in an environment of cost of living pressures, but would increase the risk of asset failures and unbudgeted repairs, require deferring of some renewals and would be expected to impact on community wellbeing through reductions in service delivery in a wide range of areas. It would add costs to Council and our ratepayers in the long term.

...

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Accessibility strategy/audit:

To develop a Council-wide approach to improving accessibility and an audit of Council facilities.

2025/26 to 2027/28 \$103,000 total

1852948764-892

To the reader:

**Independent auditor's report on Nelson City Council's  
consultation document for its proposed 2024-2034 long-term plan**

I am the Auditor-General's appointed auditor for Nelson City Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and the Council requested me to audit the consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed our audit on 22 March 2024.

**Opinion**

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2024-34 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long-term plan; and
  - identifies and explains the main issues and choices facing the Council and city, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

**Basis of opinion**

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

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### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for auditing the consultation document and reporting on the matters described in sub-sections 93C(4)(a) and 93C(4)(b) of the Act, as agreed in our Audit Engagement Letter. We do not express an opinion on the merits of any policy content of the consultation document.

### Independence and quality management

We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In addition to this audit, and our report on the Council's 2022-23 annual report, we have carried out a limited assurance engagement related to the Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council or any of its subsidiaries.



John Mackey  
Audit New Zealand  
On behalf of the Auditor-General, Christchurch, New Zealand



Civic House, 110 Trafalgar Street  
PO Box 645, Nelson 7040, New Zealand

22 March 2024

John Mackey  
Director  
Audit New Zealand  
PO Box 2  
Christchurch 8140

Dear John

**Letter of representation for the audit of Nelson City Council's long-term plan consultation document**

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of Nelson City Council's (the Council's) long-term Plan (LTP) consultation document for the 10 years commencing 1 July 2024.

This representation letter is provided to you in connection with your responsibility under the Local Government Act 2002 (the Act) to report on:

- whether the consultation document gives effect to the purpose set out in section 93B of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the consultation document.

We understand that your audit was carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we understand you took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We also understand that your audit was (to the extent that you deemed appropriate) for the purposes of expressing an opinion about whether the consultation document provides an effective basis for public participation in the Council's decision-making processes about the proposed content of the 2024-2034 LTP and on the quality of the information and assumptions underlying the information provided in the consultation document, and that the audit would not necessarily disclose any or all irregularities should any exist.

1852948764-898

Nelson – A Smart Little City  
He Tāone Tōrire a Whakatū

 Nelson  
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We acknowledge that actual results are likely to be different from the forecast information on which the consultation document is based because anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion about whether the forecasts will be achieved. We also acknowledge that you do not express an opinion on the merits of any policy content of the consultation document.

We confirm, to the best of our knowledge and belief, the following representations:

### ***General***

1. The Council accepts that it is responsible for the preparation of a consultation document that meets the requirements of the Act.
2. In complying with the requirements of the Act in relation to the preparation of the consultation document, we have acted in such a manner and included in the consultation document such detail as we consider on reasonable grounds to be appropriate.
3. The consultation document has been prepared using the best information currently available to the Council and, accordingly, the forecast information underlying the consultation document is our best forecast of anticipated events for the 10 years commencing 1 July 2024.
4. The consultation document has been prepared and is consistent with the Council's own policies and strategies and of other organisations where appropriate.
5. All misstatements raised during the course of your audit in the underlying information have been adjusted.

### ***Underlying information and assumptions***

6. The forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and information underlying the forecast information have a reasonable and supportable basis in the context of the Council's position and have been based on the best information currently available to the Council. The assumptions are consistent among themselves, consistent with the current strategies and plans of the Council and have been consistently applied.
7. All significant forecasting assumptions have been included in the preparation of the forecast information and have been clearly identified in the underlying information on which the consultation document is based. Where significant forecasting assumptions have a high level of uncertainty, that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been disclosed in the adopted underlying information and will be included in the LTP when it is adopted.
8. The consultation document is based on the adopted underlying information that will form the basis of the LTP. The underlying information includes all the items of operating expenditure and capital projects the Council reasonably expects will be done in the 10 years covered by the plan, based on the best information currently available to the Council.

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9. The forecast of capital expenditure and operating expenditure contained in the adopted underlying information that supports the consultation document are supported by, and consistent with, underlying information such as asset management plans and the infrastructure strategy.
10. The records maintained by the Council were adequate for the preparation of the underlying information on which the consultation document is based.
11. We have made available to you all supporting documentation on the underlying information and assumptions used to prepare the consultation document.
12. All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

### ***Performance framework***

13. Forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service. Proposed performance measures reflect the intended levels of service for those activities the Council has chosen to carry out. Proposed performance targets are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

### ***Systems and processes***

14. The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance about the integrity and reliability of the forecast information on which the consultation document is based. The Council has maintained effective systems and processes, and they operated to generate accurate and reliable forecast information.

### ***Legislative compliance***

15. The Council accepts that it is responsible for ensuring that all applicable aspects of the Act that affect the consultation document have been complied with. To the best of its knowledge, the Council has complied with all legislative requirements in the preparation of the consultation document.
16. The Council has followed the decision-making provisions of Part 6 of the Act in making decisions about the content and options considered for inclusion and exclusion from the consultation document.
17. The Council intends to follow the special consultative procedures outlined in section 93A of the Act in relation to the consultation document. We acknowledge our responsibility to provide a consultation document that enables the consultation to be done. In considering this, we are satisfied the information provided can be readily understood by interested or affected people.



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18. We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters in accordance with section 76AA of the Act.
19. The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities, and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made adequate provision to meet the expenditure needs of the Council identified in the underlying information that has formed the basis of the consultation document.
20. The Council has adopted the following policies that underlie the consultation document:
  - a revenue and financing policy that complies with section 103 of the Act and has been prepared following consideration of the matters outlined in section 101(3) of the Act;
  - a liability management policy that complies with section 104 of the Act;
  - an investment policy that complies with section 105 of the Act;
  - a policy on development contributions that complies with section 106 of the Act;
  - a policy on remission and postponement of rates on Māori freehold land that complies with section 108 of the Act; and
  - a rates remission policy adopted under section 109 of the Act.

These policies have formed the basis for the financial parameters used in the preparation of the consultation document.

21. We consider that the underlying information and recommended direction inherent in the consultation document supports financial prudence.

### ***Generally accepted accounting practice***

22. The accounting policies applied to the forecast financial statements underlying the consultation document comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical financial statements will be disclosed in the accounting policies included in the underlying information.
23. The estimated effect of the revaluation of service delivery assets has been incorporated into the underlying information on which the consultation document is based.
24. The underlying forecast financial information on which the consultation document has been based has been prepared in accordance with PBE FRS 42, Prospective Financial Statements.
25. The forecast financial information on which the consultation document has been prepared is in accordance with the accounting policies.

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26. The Council's assumption about future price changes on the forecast financial information on which the consultation document has been based is also based on best information currently available to the Council and is reasonable and supportable.

***Publication of the consultation document and related audit report on the Council's website***

27. The Council accepts that it is responsible for the electronic presentation of the audited consultation document.
28. The electronic version of the audited consultation document and related audit report presented on the website are the same as the final signed version of the audited consultation document and audit report.
29. We have clearly differentiated between audited and unaudited information in the presentation of the consultation document on the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
30. We have assessed the security controls over the audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.

These representations are made at your request, and to supplement information obtained by you from the records of the Council and to confirm information given to you orally.

Yours faithfully

**Hon Dr Nick Smith**  
Mayor of Nelson

**Nigel Philpott**  
Chief Executive