

Notice is given that an ordinary meeting of the Audit and Risk Committee will be held on:

**Date:** Tuesday 10 March 2026  
**Time:** 12.30pm  
**Meeting Room:** Tasman Council Chamber  
**Venue:** 189 Queen Street, Richmond

This meeting will be livestreamed on  
[Tasman District Council - YouTube](#)

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## Audit and Risk Committee

### Komiti Tatari me te Tuponotanga

# AGENDA

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#### MEMBERSHIP

|                           |                       |
|---------------------------|-----------------------|
| <b>Chairperson</b>        | Mr G McGlinn          |
| <b>Deputy Chairperson</b> | Ms A Elstob           |
| <b>Councillors</b>        | Councillor C Butler   |
|                           | Mayor T King          |
|                           | Deputy Mayor B Maru   |
|                           | Councillor P Morgan   |
|                           | Councillor T Neubauer |
|                           | Councillor D Woods    |

(Quorum 3 members)

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## AGENDA

**1 OPENING, WELCOME, KARAKIA**

**2 APOLOGIES AND LEAVE OF ABSENCE**

**Recommendation**

**That the apologies be accepted.**

**3 DECLARATIONS OF INTEREST**

**4 LATE ITEMS**

**5 CONFIRMATION OF [MINUTES](#)**

Nil

**6 REPORTS**

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**7 CONFIDENTIAL SESSION**

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**8 CLOSING KARAKIA**

## 6 REPORTS

### 6.1 AUDIT AND RISK COMMITTEE WORKPLAN AND TERMS OF REFERENCE REPORT

Information Only - No Decision Required

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee                           |
| <b>Meeting Date:</b>       | 10 March 2026                                      |
| <b>Report Author:</b>      | Amy Clarke, Acting Assurance & Improvement Manager |
| <b>Report Authorisers:</b> | Steve Manners, Chief Operating Officer             |
| <b>Report Number:</b>      | RFNAU26-03-1                                       |

#### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 The Audit and Risk Committee (ARC) Term of Reference and Workplan are provided as an opportunity to discuss and confirm the role and expectations for ARC.

#### 2. Recommendation/s / Ngā Tūtohunga

**That the Audit and Risk Committee**

- receives the Audit and Risk Committee Workplan and Terms of Reference Report RFNAU26-03-1; and**
- endorses the Audit and Risk Committee Workplan (Attachment 1 to the agenda report).**

#### 3. Committee role and focus

- The Audit and Risk Committee (ARC) helps Council and the Chief Executive by providing independent oversight and advice on risk, controls, and assurance. Its role is to ask the right questions, test whether key risks are being managed well, and provide confidence that important systems and processes are working as they should. The Committee does not manage operations or make decisions. Instead, ARC acts as a critical friend, helping strengthen governance, accountability, and continuous improvement.
- The first meeting of the Audit and Risk Committee for the triennium gives us the opportunity to set the foundation for how the Committee will work over the next three years and how it will support Council and the Chief Executive through independent oversight and advice.
- The attached Terms of Reference (Attachment 2) set out the Committee's role and responsibilities. The Workplan (Attachment 1) shows the main areas the Committee will focus on. Together, these documents provide a framework for the Committee's work, while allowing flexibility to respond to new or emerging issues.

**4. Attachments / Tuhinga tāpiri**

- |    |   |                        |   |
|----|---|------------------------|---|
| 1. | <a href="#"></a>  | ARC Workplan 2026      | 6 |
| 2. | <a href="#"></a>  | ARC Terms of Reference | 8 |

|                                 |   | Audit and Risk Committee Work Plan  |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    | Agenda                   | Team Responsible        |
|---------------------------------|---|---|--------------------------------|-----------|--------|--------|-------|-------|-----|-----|-----|-------|-----|-----|-----|-------|----|--------------------------|-------------------------|
|                                 |   | Purpose   |                                | Frequency |        | 25/26  |       | 26/27 |     |     |     | 27/28 |     |     |     | 28/29 |    |                          |                         |
| ADMIN                           |   |   |                                | Q3        | Q4     | Q1     | Q2    | Q3    | Q4  | Q1  | Q2  | Q3    | Q4  | Q1  | Q2  | Q3    | Q4 |                          |                         |
|                                 |   |   |                                | 10-Mar    | 30-Jun | 30-Sep | 3-Dec | TBC   | TBC | TBC | TBC | TBC   | TBC | TBC | TBC | TBC   |    |                          |                         |
| <b>Administration</b>           |   |   |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    |                          |                         |
|                                 | ARC Terms of Reference                              | Review TOR  | 1st and last meeting           | ✓         |        |        |       |       |     |     |     |       |     |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | ARC Workplan  | Agree workplan  | Annual                         | ✓         |        | ✓      |       |       |     | ✓   |     |       |     |     |     |       |    | Public                   | Assurance & Improvement |
| <b>2.1 Internal Audit</b>       |   |   |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    |                          |                         |
|                                 | Internal Audit Charter                              | Review Internal Audit Charter   | Once                           |           | ✓      |        |       |       |     |     |     |       |     |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | Internal Audit Plan                                 | Agree Internal Audit Plan   | Annual                         |           | ✓      |        |       | ✓     |     |     |     |       | ✓   |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | Assurance Report                                    | Monitor performance against Internal Audit Plan and progress of Internal Audit Recommendations                | Quarterly                      | ✓         | ✓      | ✓      | ✓     | ✓     | ✓   | ✓   | ✓   | ✓     | ✓   | ✓   | ✓   | ✓     | ✓  | Public                   | Assurance & Improvement |
|                                 | Audit Reports (if not included in Assurance Report) | Review audit reports  | As required                    |           |        |        |       |       |     |     |     |       |     |     |     |       |    | Public / Public Excluded | Assurance & Improvement |
| <b>2.2 External Audit</b>       |   |   |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    |                          |                         |
|                                 | Annual Report / External Audit                      | Monitor progress of Audit NZ engagement, review and recommend draft Annual Report                             | Quarterly                      | ✓         | ✓      | ✓      | ✓     | ✓     | ✓   | ✓   | ✓   | ✓     | ✓   | ✓   | ✓   | ✓     | ✓  | Public Excluded          | Strategy and Finance    |
| <b>2.3 Risk Management</b>      |   |   |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    |                          |                         |
|                                 | Risk Management Framework                           | Review and consider risk management framework and associated policies and procedures                          | Once                           |           |        | ✓      |       |       |     |     |     |       |     |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | Risk Appetite                                       | Assist Council to determine risk appetite   | As required                    |           |        | ✓      |       |       |     |     |     |       |     |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | Risk Report   | Monitor on strategic risks, significant organisational risks, risk maturity, emerging risks/horizon scan      | Quarterly                      | ✓         | ✓      | ✓      | ✓     | ✓     | ✓   | ✓   | ✓   | ✓     | ✓   | ✓   | ✓   | ✓     | ✓  | Public                   | Assurance & Improvement |
|                                 | Risk Deep Dives                                     | Aligned with Strategic Risks and agreed by ARC  | Quarterly                      |           | ✓      | ✓      | ✓     | ✓     | ✓   | ✓   | ✓   | ✓     | ✓   | ✓   | ✓   | ✓     | ✓  | Public                   | Assurance & Improvement |
|                                 | Insurance   | Approach, renewals and policy   | Annual                         |           | ✓      |        |       | ✓     |     |     |     |       | ✓   |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | Business continuity planning                        | Annual review of BCPS and effectiveness of approach   | Annual                         |           |        |        |       | ✓     |     |     |     |       | ✓   |     |     |       |    | Public                   | Assurance & Improvement |
|                                 | Significant project / programme risk                | Review of the effectiveness of the approach for management of risk for projects or programmes of significance | As required                    |           |        |        |       |       |     |     |     |       |     |     |     |       |    | Public                   | Assurance & Improvement |
| <b>2.4 Health and Safety</b>    |   |   |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    |                          |                         |
|                                 | Health, Safety & Wellbeing Report                   | Monitor key risks, incidents, trends, compliance, and improvement   | Quarterly                      | ✓         | ✓      | ✓      | ✓     | ✓     | ✓   | ✓   | ✓   | ✓     | ✓   | ✓   | ✓   | ✓     | ✓  | Public                   | Assurance & Improvement |
| <b>2.5 Legal and Governance</b> |   |   |                                |           |        |        |       |       |     |     |     |       |     |     |     |       |    |                          |                         |
|                                 | Legal Report  | Monitor legal proceedings, LGOIMA, Privacy, complaints, Ombudsman investigations                              | Quarterly                      | ✓         | ✓      | ✓      | ✓     | ✓     | ✓   | ✓   | ✓   | ✓     | ✓   | ✓   | ✓   | ✓     | ✓  | Public Excluded          | Legal Services          |
|                                 | Cybersecurity Report                                | Monitor cybersecurity risk, incidents and initiatives   | Annual + significant incidents |           | ✓      |        |       |       | ✓   |     |     |       |     |     |     | ✓     |    | Public Excluded          | Information Services    |

|   |   |                | 10-Mar    | 30-Jun    | 30-Sep    | 3-Dec     | TBC       | TBC | TBC |        |                         |
|---|---|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----|-----|--------|-------------------------|
| <b>2.6 Integrity and Investigations</b>                 |   |                |           |           |           |           |           |           |           |           |           |           |           |     |     |        |                         |
| Protected Disclosures / Whistleblower provisions Review | Annual review of adequacy of provisions   | Annual         |           | ✓         |           |           |           | ✓         |           |           |           | ✓         |           |     |     | Public | Assurance & Improvement |
| Prevention of Fraud and Corruption Policy               | Review the approach to the prevention, detection, reporting and investigation of fraud and corruption   | Once           |           |           | ✓         |           |           |           |           |           |           |           |           |     |     | Public | Assurance & Improvement |
| Conflict of Interests                                   | Review and monitor policy and process to manage conflicts of interest across Council (management, staff, consultants, contractors, elected members) | Once           |           |           |           | TBC       |           |           |           |           |           |           |           |     |     | Public | Assurance & Improvement |
| Sensitive Expenditure                                   | Review and monitor the policy and process to manage sensitive expenditure activities  | Once           |           |           |           |           | TBC       |           |           |           |           |           |           |     |     | Public | Finance                 |
| <b>FOR CONSIDERATION</b>                                |   |                |           |           |           |           |           |           |           |           |           |           |           |     |     |        |                         |
| <b>Long Term Plan</b>                                   |   |                |           |           |           |           |           |           |           |           |           |           |           |     |     |        |                         |
| Long Term Plan  | To support the development of the LTP for adoption by end June 2027.  | Quarterly      | ✓         | ✓         | ✓         | ✓         | ✓         |           |           |           |           |           |           |     |     | Public | Strategic Policy        |
| <b>Procurement</b>                                      |   |                |           |           |           |           |           |           |           |           |           |           |           |     |     |        |                         |
| Procurement Report                                      | Complete, in progress and planned procurement activity  | Quarterly      | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓   | ✓   | Public | Assurance & Improvement |
| Procurement Policy                                      |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Assurance & Improvement |
| <b>Policy Reviews / Updates</b>                         |   |                |           |           |           |           |           |           |           |           |           |           |           |     |     |        |                         |
| Policy overview   | Status of policy reviews  | Quarterly      |           | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓         | ✓   | ✓   | Public | Assurance & Improvement |
| Complaints Policy                                       |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public |                         |
| Nuisance and Trespass Policy                            |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Assurance & Improvement |
| LGOIMA Policy   |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Legal Services          |
| Credit Cards  |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Finance                 |
| Managing Offers (gifts and hospitality) Policy          |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Assurance & Improvement |
| Privacy Policy  |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Legal Services          |
| Unreasonable Complainant Policy                         |   | At review date |           |           |           |           |           |           |           |           |           |           |           |     |     | Public | Legal Services          |
| <b>Number of reports</b>                                |   |                | <b>10</b> | <b>15</b> | <b>14</b> | <b>12</b> | <b>13</b> | <b>11</b> | <b>10</b> | <b>10</b> | <b>11</b> | <b>11</b> | <b>10</b> |     |     |        |                         |

Part Three - Terms of Reference for Committees, Subcommittees, Joint Committees, and Advisory Groups

## Council Committees

### 4. Audit and Risk Committee (ARC)

#### 1. Purpose and Areas of Responsibility

The purpose of the Audit and Risk Committee is to assist the Council and the Chief Executive to discharge their responsibilities for internal control systems and risk management. This includes the active oversight of all areas of the Council's control and accountability in an integrated and systematic way.

In carrying out its responsibilities, the Audit and Risk Committee must at all times recognise that primary responsibility for management of the Council rests with the Chief Executive.

Where the Committee finds it appropriate, any matter may be referred to the Council for consideration.

The focus of the committee is:

- Ensuring that the Council has appropriate controls consistent with the public interest, and
- Overseeing good financial and cultural governance.
- Evaluate emerging and long-term risks to organisational resilience and sustainability.

#### 2. Performance of these Responsibilities will include:

The Audit and Risk Committee's responsibilities are to provide oversight of:

##### 2.1. Internal Audit (financial and non-financial matters)

- 2.1.1. Review and recommend the annual internal audit plan; such plan to be based on the Council's risk framework.
- 2.1.2. Monitor performance against the plan at each regular meeting.
- 2.1.3. Monitor the progress of internal audit recommendations.

##### 2.2. External Audit

- 2.2.1. Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. This includes the adequacy of the nature and scope of the audit, and the timetable and fees.

Part Three - Terms of Reference for Committees, Subcommittees, Joint Committees, and  
Advisory Groups

- 2.2.2. Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.

2.3. Risk Management

- 2.3.1. Review and consider the risk management framework in line with the Council's risk appetite – which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- 2.3.2. Assist the Council to determine its appetite for risk.
- 2.3.3. Review the principal risks that are determined by the Council and consider whether appropriate action is being taken to treat the Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework. Consider emerging significant risks and report these to the Council, where appropriate.
- 2.3.4. Annually review the Council's Business Continuity plan(s) and consider whether a sound and effective approach has been followed in establishing the Council's business continuity planning arrangements.
- 2.3.5. Review the effectiveness of the approach being followed in developing strategic risk management plans for significant projects, programmes of work and high profile procurement.

2.4. Health and Safety

- 2.4.1. Review key risks of the Council in the areas of safety, occupational health and environmental issues.
- 2.4.2. Review management's approach to maintaining and continual improvement to providing a safe working environment is sound and effective.
- 2.4.3. Monitor compliance of relevant laws, regulations and operational policies and standards.
- 2.4.4. Monitor the establishment and tracking of measurable workplace health, safety and environment key targets.

2.5. Legal and Governance

- 2.5.1. Oversee the Council's ongoing legal matters and litigation.
- 2.5.2. Monitor the Council's performance in responding to LGOIMA requests within the legislative timeframes.
- 2.5.3. Review the adequacy and effectiveness of internal controls for overseeing privacy and cyber security.

Part Three - Terms of Reference for Committees, Subcommittees, Joint Committees, and  
Advisory Groups

- 2.5.4. Consider regular reports on the status of investigations by the Offices of the Ombudsman and of the Auditor General into decisions by the Council.

2.6. Integrity and investigations

- 2.6.1. Review annually the Council's whistleblowing procedures and ensure that arrangements are in place by which staff and others may, in confidence, raise concerns about possible improprieties involving Council or its CC(T)Os in matters of financial reporting, financial control or any other matters, and that there is proportionate and independent investigation of such matters and appropriate follow-up action.
- 2.6.2. Review management's approach in relation to the prevention, detection, reporting and investigation of bribery and fraud.
- 2.6.3. Review and monitor policy and process to manage conflicts of interest amongst elected members, community board members, management, staff, consultants and contractors.
- 2.6.4. Review and monitor policy and process to manage sensitive expenditure activities across the Council.
- 2.6.5. Review and monitor policy and process to manage legal proceedings.

**3. Powers**

- 3.1. The Audit and Risk Committee has no decision-making ability. It has no other powers other than those related to its risk and assurance mandate below. The Audit and Risk Committee, within the scope of its role and responsibilities is authorised to:
  - 3.1.1. discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
  - 3.1.2. request the attendance of any employee, including the Chief Executive, at committee meetings;
  - 3.1.3. request the Chief Executive provide legal or other professional advice, as considered necessary to meet its responsibilities,
  - 3.1.4. recommend to the Council action on any matter in relation to Audit and Risk activities.
- 3.2. The Committee may, at any time, report to the Chief Executive or the Council any other matter it deems of sufficient importance to do so.

Part Three - Terms of Reference for Committees, Subcommittees, Joint Committees, and  
Advisory Groups

**4. Limitations**

The Audit and Risk Committee has no executive powers and is directly responsible to the Council.

**5. Administration**

5.1. Meetings

- 5.1.1. The expectation is that members of the public wanting to speak to a matter on the Agenda should be given that opportunity.
- 5.1.2. Meetings are quarterly.
- 5.1.3. The Audit and Risk Committee may meet between the quarterly meetings at the discretion of the chair to attend to urgent business.
- 5.1.4. A special meeting may be held to review the Council's annual report and long term plan audits.
- 5.1.5. The Audit and Risk Committee will meet separately with the external auditors at least once a year.

5.2. Membership of the committee shall comprise:

- 5.2.1. Five elected members appointed by the Council.
- 5.2.2. Up to two external members appointed in accordance with the Council's Policy on the Appointment and Remuneration of Independent Members on Council Committees and Business Units. The independent member is appointed for a term of three years from the date of appointment or such other terms as the Council resolves.
- 5.2.3. The Chair shall be appointed by the Council and will be an independent member.
- 5.2.4. A Deputy Chair shall be appointed by the Council, they may be an elected or independent member.
- 5.2.5. Any member of the committee, either elected or independent, may serve no more than six years (the equivalent of two terms of three years) on the committee. In extraordinary circumstances, the Council may approve an additional term for a member of an appropriate length to ensure the committee is able to provide continuity of support to the Council.
- 5.2.6. The Chief Executive or any Council staff member may not be a member of the committee.

Part Three - Terms of Reference for Committees, Subcommittees, Joint Committees, and  
Advisory Groups

- 5.2.7. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council. At least one member of the committee should have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.
- 5.3. The quorum comprises four members, three of whom must be elected members, and one who must be an independent member.
- 5.4. Reports to the Council.

## 6.2 EXTERNAL AUDIT MATTERS

Information Only - No Decision Required

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee   |
| <b>Meeting Date:</b>       | 10 March 2026  |
| <b>Report Author:</b>      | Charlotte Thomas, Financial Accounting Manager; Shashini Weerakoon, Financial Accountant; Alan Bywater, Team Leader - Community Policy |
| <b>Report Authorisers:</b> | Sue McLean, Group Manager - Strategy & Finance   |
| <b>Report Number:</b>      | RFNAU26-03-2   |

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 This report presents matters related to the Council’s engagement with Audit New Zealand (Audit NZ) in relation to the Annual Report. Audit NZ is the Council’s statutory external audit provider. Audit NZ provides an overall audit opinion on both the Annual Report and the Long Term Plan.
- 1.2 This report addresses external audit matters relating to both quarters ended December 2025 and March 2026.
- 1.3 Audit NZ has provided the Report to the Council on the audit of Tasman District Council ‘the Report’ (**Attachment 1**).
- 1.4 The Report summarised that the Council has received a clean audit opinion with the exception of a limitation of scope qualification, due to the complexities in quantifying damage from the severe weather events in late June and early July 2025. The Report also acknowledged the overall quality and timeliness of the information provide by the Council was of a good standard in all eight criteria assessed (page 10). The Report provides detail on the outcomes of focus areas from the 2024-25 Audit Plan and other matters.
- 1.5 The process for sharing the status of previous audit recommendations uses two reporting streams. A high-level update to Council, focusing on matters impacting the audit opinion, and a detailed reporting to management where required. The Report (**Attachment 1**) includes two new recommendations which the Council staff have reviewed and responded to. The detailed report of audit recommendations to management for information (**Attachment 6**) has twelve previous recommendations, with four now closed. The remaining open items to be assessed based on risk and cost-benefit analysis.
- 1.6 Audit NZ has provided the draft Audit Plan for the Annual Report for the year ended 30 June 2026, and ‘the Plan’ is attached (**Attachment 2**). The final version of the Plan will be issued following the Audit and Risk Committee meeting.
- 1.7 The Plan highlights the key audit focus areas and timeline. The interim audit is scheduled for May 2026, and the final audit will commence in September 2026 with the Annual Report adoption date set for 30 October 2026.

- 1.8 Each year, an important accounting decision must be made regarding the valuation of Property, Plant and Equipment, and which asset classes are held at fair value. Asset classes are reviewed and, if inflation is expected to significantly increase their value, independent valuations are obtained for both financial reporting and insurance purposes.
- 1.9 For the year ending 30 June 2026, we will be obtaining valuations for Buildings. However, assets such as Land (last revalued on 30 June 2021), Roding and Bridges (last revalued on 30 June 2025), Three Waters, Waste Management and Coastal Structures (last revalued in 2024) will not undergo revaluation for 2026, as our fair value assessment does not indicate material movement in values for these assets.
- 1.10 The Audit Fee Proposal Letter for the Annual Report 2026 (**Attachment 3**) estimates the audit fee will be \$349,000 (excluding disbursements), close to our budgeted audit fees of \$355,000 for 2026. This is a 5.8% increase from the actual fees charged in 2025 of \$330,000 (excluding disbursements). The increase is due to the applied discount being progressively reduced each year. Audit fee increases have been discussed extensively at previous committee meetings.
- 1.11 The Audit Engagement Letter (**Attachment 4**) outlines the terms, nature and limitations of the annual audit engagement, along with the respective responsibilities of the Council and the Appointed Auditor for the years ending 30 June 2026 to 30 June 2028.
- 1.12 In respect to the qualification received in 2025 in relation to Rivers assets, we expect this to remain in place until the 30 June 2027 Annual Report. This is due to the ongoing nature of assessments, data cleansing and restoration plans. A clean audit opinion is expected for roading assets as the majority of the restoration will be complete, negating the need for significant estimates and assessments of damage, specifically for the Annual Report.
- 1.13 Council's finance team has also been notified that a significant change in 2026 is that Nelson City Council will now be audited by Ernst and Young, rather than Audit NZ which may add some complexity to the audit process.
- 1.14 Long Term Plan (LTP) 2027–2037 meetings with Audit NZ have been underway for several months to jointly plan audit processes and ensure a smooth audit experience. Discussions so far have covered timelines for consultation and final LTP documents, property revaluation timing, potential changes to the Group of Activities structure, the audit of the Water Services Strategy, and the possible role of the Audit and Risk Committee. Detailed information on LTP matters is reported separately to the Audit and Risk Committee.

## **2. Recommendation/s / Ngā Tūtohunga**

### **That the Audit and Risk Committee**

- 1. receives the External Audit Matters report RFNAU26-03-2.**

## **3. Summary of key points from the Report to the Council on the audit of Tasman District Council For the year ended 30 June 2025**

- 3.1 Audit NZ has provided the Report (**Attachment 1**) on the audit of Tasman District Council.
- 3.2 **Audit opinion:** A clean audit opinion was issued except for a limitation of scope qualification, due to the complexities in quantifying damage from the severe weather events in late June and early July 2025. Additionally, an emphasis of matter on future of water delivery was issue due to the uncertainty regarding the approval of the water service delivery plan by the Secretary for Local Government.

- 3.3 **Valuation of Roothing and Bridges Infrastructure Assets:** The valuation of roading and bridge infrastructure assets showed a 35% increase from the 2022 valuation, primarily due to updated unit rates and overhead assumptions. The valuation process was found to be robust, with the valuer applying professional judgment and using comparable council cost data for major asset categories. However, it's important to note that this review was based on asset conditions prior to the significant flooding events in 2025, which caused extensive damage. The financial statements do not reflect the impact of this damage, as reliable estimates for repair or replacement costs were still unavailable.
- 3.4 **Fair Value Assessment of Property, Plant and Equipment (PPE):** The Council reviewed the fair value of three waters infrastructure assets, land, and buildings for the year ending 30 June 2025. The audit found no material changes or indicators that would require a full revaluation and concluded that the values reported are reasonable.
- 3.5 **Impairment Assessment of Property, Plant and Equipment (PPE):** Significant flooding around balance date caused major damage to Council assets, including roading and bridges. The financial statements do not reflect this impact, as the Council could not reliably estimate repair or replacement costs in time for the Annual Report. Consequently, the audit opinion is qualified regarding the impact of the 2025 weather events on the Council's PPE, as well as the estimated costs and related funding disclosures outlined in Note 37 of the financial statements.
- 3.6 **Water Services Reform:** The Council submitted its Water Services Delivery Plan on 29 September 2025, which proposes an in-house business unit model with increased financial ring-fencing and new regulatory requirements. Approval of the plan was pending at the time of the Report, creating uncertainty that has been highlighted in the audit report. The model retains Council ownership and operational responsibility for water services.
- 3.7 **Capital Projects:** The audit confirmed that capital asset additions and work in progress were fairly reflected in the financial statements.
- 3.8 **New Zealand Mutual Liability Riskpool Scheme:** The Council has ongoing obligations to contribute to funding shortfalls. The Annual Report has provided sufficient disclosures regarding the risk pool scheme and the potential for future funding calls.
- 3.9 **Internal Controls & Governance:** The audit identified instances of self-approved or unapproved journal entries, indicating a risk of management override. The recommendation is to implement one-up approval for all manual journal entries, with management plans to enhance monitoring and reminders; to strengthen the control environment.
- 3.10 **Accounting Estimates & Judgements:** Significant judgement areas include the valuation of roading and bridges, fair value assessments for three waters assets, asset useful lives, and advances to Waimea Water Limited. The auditor reviewed these estimates and found the methods and assumptions to be prudent and appropriate.
- 3.11 **Audit Quality & Timeliness:** The quality and timeliness of information provided for the audit were graded as good across all areas. There were no significant deficiencies, and previous issues raised have been addressed promptly.
- 3.12 The audit fee for 2025 was \$330,000 (excluding disbursements), consistent with the 2025 fee proposal letter, with no additional charges.
- 3.13 The process for sharing the status of previous audit recommendations uses two reporting streams. A high-level update to the Council focusing on matters impacting the audit opinion, and a detailed reporting to management where required. The Report (**Attachment 1**) includes

two new recommendations which the Council has reviewed and responded to. The detailed report of audit recommendations to management (**Attachment 6**) has twelve previous recommendations, with four now closed. The remaining open items to be assessed based on risk and cost-benefit analysis.

#### **4. Audit Plan for the audit of the Annual Report for the year ended 30 June 2026**

- 4.1 Audit NZ has provided the draft Audit Plan for the Annual Report for the year ended 30 June 2026, and 'the Plan' is attached (**Attachment 2**). The final version of the Plan will be issued following the Audit and Risk Committee meeting.
- 4.2 The Plan outlines the main audit risks and issues, and the focus areas for the Tasman District Council for the year ending 30 June 2026. The key audit focus areas have been reviewed by the Council staff, and we have ensured we are well prepared, or have plans in place, to address these areas. As in previous years, the focus areas are likely to be consistent with other councils, except for June/July 2025 severe weather related accounting, which is specific to Tasman District Council.
- 4.3 **Focus areas: Audit risks and issues** (see pages 2-6 of the Plan)
- 4.4 **Fair value assessment of infrastructure assets (non-revaluation year):** Council to assess whether the fair value of infrastructure assets not scheduled for revaluation, such as land (last revalued in 2022), three waters (2024), and roading assets (2025) remains materially accurate. This requires using reliable indices, local cost information and advice from valuers. There is a heightened risk for land due to limited index data and the long period since the last valuation. The Council has requested a market-movement letter from Quotable Value Limited (QV) to support the position that no material market movement has occurred in the Land Portfolio since the previous revaluation. The audit will review the assumptions, methods and appropriateness of any index-based valuation adjustments
- 4.5 Valuation of infrastructure and operational assets: The Council plans to revalue building assets as at 30 June 2026, with the valuation performed in January and indexed to year-end. Valuations must be supported by accurate source data, robust methodologies and well-documented explanations for asset movements. The audit will test data accuracy, valuation methods, responses to 2025 flood impacts, unit rate development and compliance with accounting standards.
- 4.6 **Accounting for impairment of property, plant and equipment:** Significant flooding in June–July 2025 caused widespread damage to roading, bridges and river protection assets. Council must assess impairment charges, identify irreparable assets for disposal, document key assumptions and distinguish operational versus capital expenditure. The audit will assess methodologies, test assumptions and data, and ensure impairment and depreciation adjustments comply with standards. Currently work is underway to evaluate the full extent of the damage, remediation costs, funding and related insurance recoveries.
- 4.7 **Local Water Done Well (LWDW):** Council's decision to continue in-house delivery of water services introduces new accounting and reporting requirements, including ring-fencing. The Council may need external advice to ensure compliance. The audit will assess the Council's accounting and reporting approach, including any expert advice obtained.
- 4.8 **The risk of management override of internal controls:** The risk of management overriding internal controls is inherent in all organisations. The audit will test journal entries, review estimates for bias and evaluate unusual or related-party transactions. Currently, no known or suspected frauds have been identified for the period.

- 4.9 **Consolidation adjustments:** Council's group includes entities with different reporting frameworks (e.g. Waimea Water Ltd, IHL, NRSBU, NTRLBU), creating risks around completeness and accuracy of consolidation adjustments. The audit will review processes, inquire about entity changes, rely on component auditors and assess group-wide controls. To mitigate the risk, we have updated the Statement of Expectations to make it clear that any material accounting matters must be promptly notified to both Council's finance teams as soon as they arise.
- 4.10 **Financial Statement materiality (Parent materiality)** (see page 9 of the Audit Plan):
- 4.10.1 Overall, \$230.6 million (2025: \$195 million) – this only applies to Property, Plant and Equipment revaluation.
- 4.10.2 Specific \$4.4 million (2025: \$4.2 million) – this applies to all other transactions and balances unless material by nature or the fair value of property, plant and equipment above.
- 4.10.3 Clearly trivial \$220,000 (2025: \$200,000) – all errors above this are reported in the annual Representation Letter.
- 4.11 Materiality is set for service performance information at an individual measure level based on what Audit NZ expect would influence readers' overall understanding, decision making or assessment of Council's performance. Audit NZ has identified 11 material measures in its report.

## 5. Annual Report Audit Engagement and Timeline for the year ended 30 June 2026

- 5.1 The interim audit is scheduled for May 2026, and the final audit will commence in September 2026, with the adoption date set for 30 October 2026 (see page 14 of the Audit Plan).
- 5.2 The Audit Engagement Letter (**Attachment 4**) outlines the terms, nature and limitations of the annual audit engagement, along with the respective responsibilities of the Council and the Appointed Auditor for the years ending 30 June 2026 to 30 June 2028. The objective of the audit is to provide an independent opinion on the Council's financial statements and performance information, and to report any other matters identified during the audit, typically relating to financial management and accountability.
- 5.3 The Audit Director, Audit Manager and Supervisor remain unchanged from the previous year.
- 5.4 The Audit Fee Proposal Letter for the Annual Report 2026 (Attachment 3) estimates the audit fee will be \$349,000 (excluding disbursements), close to our budgeted audit fees of \$355,000 for 2026. This is a 5.8% increase from the actual fees charged in 2025 of \$330,000 (excluding disbursements). The increase is due to the applied discount being progressively reduced each year. Audit fee increases have been discussed extensively at previous committee meetings.
- 5.5 Council's finance team has also been notified that a significant change in 2026 is that Nelson City Council will now be audited by Ernst and Young, rather than Audit NZ which may add some complexity to the audit process.

## 6. Fair Value Assessment

### Fair Value Assessment of Property, Plant and Equipment ('PPE')

- 6.1 The purpose of this section is to provide an overview of the fair value assessment process for the Council's Property, Plant and Equipment (PPE). It highlights the Council's accounting policy, valuation considerations, materiality and the plan for assessing different asset classes.

## **Tasman District Council's Accounting Policy**

- 6.2 The Council's Accounting Policy states that the PPE classes Three Waters (Water Supply, Wastewater and Stormwater), Waste Management, Coastal Structures, Roothing and Bridges, Land and Buildings are held at fair value. The frequency of revaluations depends upon the changes in the fair values of the items of Property, Plant and Equipment being revalued.
- 6.3 When the fair value of a revalued asset differs materially from its carrying amount, a revaluation is necessary. Some items of Property, Plant and Equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, revaluation should occur as often as necessary to ensure that carrying amounts do not differ materially from fair value.
- 6.4 Aside from materiality, the decision to conduct valuations is based on various factors, including the costs involved such as valuation and audit fees, as well as the staff time required. Insurance valuation needs, and the impact on the related depreciation charge is also considered.
- 6.5 Council's Policy is that valuations are only performed more frequently when the total fair value movements approach or exceed materiality thresholds or there is a genuine business need. This approach ensures effective resource allocation and focuses on areas with a significant impact on the financial statements. We perform internal index assessments which suitably inform other decision making, outside of the formal valuation process. External valuation and audit fees consume significant resource in both time and the cost of the valuer and auditor fees.

## **Materiality and Audit NZ**

- 6.6 Audit NZ confirmed that the overall materiality - used for asset revaluations is \$230.6 million and performance materiality for assessing fair values is \$173 million.

## **Valuation Plan and Rationale for Asset Classes**

- 6.7 After reviewing relevant price index movements, we estimate a total impact on fair value of up to \$116 million. In the year ending 30 June 2026, valuations will be obtained for Building assets only. These assets were last revalued at 30 June 2023. The estimated fair value increase is \$10.7 million. Quotable Value Limited (QV) will undertake the valuation.

## **Remaining Asset Classes**

- 6.8 The movement on the remaining asset classes that are not being revalued is estimated to be a total of \$106 million, which is significant but not material in the context of the Council's \$2 billion invested in property plant and equipment. Therefore, no revaluations of Land, Roothing and Bridges, Three Waters (Water Supply, Wastewater and Stormwater), Waste Management, Coastal Structures, or Ports are planned for 2026. These will be assessed again in 2027. Noting that appropriate asset value inflation assumptions are included in the Long Term Plan for the funding of the related depreciation.
- 6.9 In conclusion, the Council's fair value assessment process for PPE follows a prudent approach that considers materiality and resource allocation. Valuations are conducted when necessary, and the plan for each asset class is based on factors such as indications of material differences and insurance requirements. The Council will continue to engage with Audit NZ to address concerns and ensure the provision of relevant information to users of the financial statements.

## **Expected movement calculations**

| <b>Asset Class</b>                                   | <b>Date of last revaluation</b> | <b>30 June 2025 book value</b> | <b>Expected fair value movement since valuation</b>   | <b>Valuation proposed for 2026</b>  |
|--|---------------------------------|--------------------------------|---|---|
| <b>Land</b>  | 30 June 2021                    | \$237 million                  | \$8 million, (3.4%)<br>[QV house price index, Tasman] | No. Based on initial review no material index movements have been identified. Council has requested a market-movement letter from QV to support this position and we are currently waiting for the letter. Land is non-depreciable and no insurance requirements. |
| <b>Three Waters</b>                                  | 30 June 2024                    | \$784 million                  | \$42.8 million (5.7%)<br>[CGPI***]                    | No. Immaterial index movement and only two years since last revaluation.  |
| <b>Refuse (Waste Management)</b>                     | 30 June 2024                    | \$31 million                   | \$1 million (4.5%)                                    | No. Immaterial index movement and only two years since last revaluation.  |
| <b>Coastal Structures</b>                            | 30 June 2024                    | \$18 million                   | \$0.8 million (4.5%)                                  | No. Immaterial index movement and only two years since last revaluation.  |
| <b>Roading and Bridges</b>                           | 30 June 2025                    | \$1.18 billion                 | \$52 million, (4.5%)<br>[NZTA transport indices**]    | No. Immaterial index movement and only one years since last revaluation.  |
| <b>Ports</b>   | 30 June 2025                    | \$19 million                   | \$0.8 million (4.5%)                                  | No. Immaterial index movement and only one years since last revaluation.  |
| <b>Estimated impact – non revalued assets</b>        |                                 |                                | <b>\$106 million</b>                                  | <b>We assess this immaterial for each class and in total.</b>   |
| <b>Buildings</b>                                     | 30 June 2023                    | \$132 million                  | \$10.7 million (8.1%)<br>[CGPI*]                      | Yes. Not material. But comparatively higher index movement and three years since last revaluation.  |
| <b>Estimated fair value increase to 30 June 2026</b> |                                 |                                | <b>\$10.7 million</b>                                 | Valuations to be obtained.  |

| <b>Asset Class</b>   | <b>Date of last revaluation</b> | <b>30 June 2025 book value</b> | <b>Expected fair value movement since valuation</b> | <b>Valuation proposed for 2026</b> |
|--|---------------------------------|--------------------------------|---|------------------------------------|
| <b>Total estimated fair value increase to 30 June 2026</b> |                                 |                                | <b>\$116 million</b>                                |                                    |

6.10 Index assumptions for material asset classes:

\*Actual Capital Goods Price Index ('CGPI') for Non-Residential Buildings from 30 June 2023 to 30 September 2025, was 5.3%. It is assumed to be 8.1% to 30 June 2026.

\*\*Actual NZTA (New Zealand Transport Agency) indices from 30 June 2025 to 30 September 2025, were as follows: Reseals excluding bitumen 0.9%, Network outcomes 0.7%, Structures 0%, Construction 0.7%, Professional services 0.8%, and Bitumen 0.6%. We have assumed an increase of 4.5% to 30 June 2026.

\*\*\*Actual Capital Goods Price Index for Systems related to Sewerage and Water from June 2024 to 30 September 2025 (latest index released), was 3.2%. We have assumed an increase by 5.7% until 30 June 2026.

These are based on general annual inflation forecasts being between 1-3%.

## **7. Long Term Plan 2027-2037**

7.1 Informal meetings with Audit NZ about audit arrangements for the Long Term Plan 2027-2037 have been taking place for several months. The aim of the meetings is broadly to work together to plan the audit processes and cooperate to make the audits as straightforward as possible.

7.2 To date topics discussed have included:

7.2.1 the timeline for the consultation document and supporting information and final LTP documents and their associated audits;

7.2.2 the timing of the revaluation of properties and its impact on timelines/processes;

7.2.3 plans to change our Group of Activities structure;

7.2.4 audit of the Water Services Strategy and the relationship to the LTP audit; and

7.2.5 possible roles of the Audit and Risk Committee in the LTP process.

7.3 We have communicated a desire to better understand the audit process and the timelines during the audit processes so that we are fully aware of what the auditors are working on and what else to expect later in the process. This should assist our ability to supply what is needed and respond to questions and feedback from the auditors. Similarly, we have agreed in principle to programme a debrief with Audit NZ after each of the two audits with a view to enhancing the relationship and identifying ways to improve how we work together in the future.

7.4 We have kept Audit NZ informed about the organisational restructure and changes of people in roles. We have also communicated information on the preparation and approval of our Water Services Plan.

7.5 Meetings are programmed to continue through the rest of 2026. We anticipate receiving a draft audit plan from Audit NZ in about mid-2026. Depending on the timing of the receipt of

the draft plan relative to the Committee's meetings, staff plan to share the draft plan with the Committee for its review and feedback prior to it being finalised.

## 8. Risks, Controls, Fraud and other Matters

### River Assets - Audit opinion rationale 30 June 2026

- 8.1 In respect to the qualification received in 2025 in relation to Rivers assets, we expect this to remain in place until 30 June 2027 Annual Report. This is due to the ongoing nature of assessments, data cleansing and restoration plans. A clean audit opinion is expected for roading assets as the majority of the restoration will be complete, negating the need for significant estimates and assessments of damage, specifically for the Annual Report.
- 8.2 The Council has assessed the requirements (**Attachment 5**) for achieving a clean audit opinion for year ended 30 June 2026 and concluded that this is unlikely to be viable due to the extent of flood damage to river protection assets and longstanding data quality limitations, including missing geo locations, aggregated records and items unable to be reconciled without physical verification. While Audit NZ has encouraged aiming for a clean opinion, achieving this would require a materially accelerated programme of field verification, valuation, and specialist resourcing, with a high execution risk and significant diversion from critical recovery and insurance work. Additionally, this will come at a significant cost adversely impacting on Council financing and ratings requirements, purely to meet an audit requirement. Given the clear central government direction to limit rates increases, the additional costs and risks associated with an accelerated programme does not meet the costs vs benefits vs risk appetite of the Council. Although noting that Audit NZ did emphasise that the assessment can include management estimates, however these should be done externally, or have external peer review if we want to keep audit fees from over-running significantly. Either way, there will be additional costs on a rapid execution approach with no guarantee that the data will be able to be placed into a state to remove the qualification.
- 8.3 Audit NZ referred to another council who received a clean opinion the year following their flood damage. The Council's finance team met with other council's finance team, to understand what actions they took to gain a clean audit opinion. The team confirmed that their clean opinion was possible only after substantial restoration and data cleanup that was already well progressed prior to their flood event.
- 8.4 On balance, Council proposes accepting a qualified FY26 opinion, supported by strengthened disclosures, while implementing a structured and fully resourced rivers dataset rebuild—covering geolocation, reconciliations, targeted inspections, and agreed impairment methodology—to enable a credible, audit ready valuation and a clean opinion in FY27. The Council will provide Audit NZ and Audit and Risk Committee with a documented workplan, owners, timelines, and quarterly progress reporting toward this FY27 clean opinion target.

### Other matters

- 8.5 We are not aware of any other significant risks to the adoption of the Annual Report 2026.
- 8.6 Controls have been operating effectively.
- 8.7 There have been no known or suspected frauds in the year. There is a global increase in the risk of cyber fraud, including Accounts Payable fraud. The finance team has increased its manual controls and is exploring options to reduce the risk further.

**9. Attachments / Tuhinga tāpiri**

|    |   |    |
|----|---|----|
| 1. | <a href="#"></a> <a href="#"></a> Audit Report to Council 2025                                | 23 |
| 2. | <a href="#"></a> <a href="#"></a> DRAFT Audit Plan 2026                                       | 36 |
| 3. | <a href="#"></a> <a href="#"></a> DRAFT Audit fee Proposal Letter 2026                        | 60 |
| 4. | <a href="#"></a> <a href="#"></a> DRAFT Audit Engagement letter 2026                          | 67 |
| 5. | <a href="#"></a> <a href="#"></a> Road Map for Clean Audit Opinion for River Assets in 2027   | 82 |
| 6. | <a href="#"></a> <a href="#"></a> Detailed Report of Audit Recommendations to Management 2026 | 84 |

# Report to the Council

## on the audit of Tasman District Council

For the year ended 30 June 2025

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Our audit report

### We intend issuing a modified audit report

We intend issuing a modified audit report for Tasman District Council (the Council) on 30 October 2025 with a qualified opinion on financial statements and unqualified opinion on the audited information other than the financial statements.

The qualified audit opinion on financial statements means the Council's financial statements are fairly presented in all material aspects and comply with Public Benefit Entity Reporting standards, except for the possible effect in respect of the impact of the 2025 weather events on the Council's property, plant and equipment. We highlighted this issue in our Interim Report to the Council dated on 16 September 2025 and further under "Impairment assessment of property, plant and equipment (PPE)" on page 4.

Without further modifying our opinion, we draw attention to the fact that there is some uncertainty as the Council's water service delivery plan is yet to be accepted by the Secretary for Local Government.

We are satisfied the audited information other than the financial statements, including statement of objectives and service performance and funding impact statements, present fairly the Council's activity for the year.

Finalisation of the audit report is subject to:

- receiving signed financial statements and representation letter; and
- completing our review of the final version of the annual report once received.

We will confirm completion of our procedures at the Council meeting on 30 October 2025.

This report sets out all matters that we consider need to be considered by the Audit and Risk Committee.

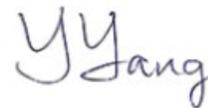
### Corrected and uncorrected misstatements

We have discussed any misstatements that we found with management, other than those which were clearly trivial.

The misstatements that have not been corrected are listed in the representation letter. We are satisfied that these misstatements are individually and collectively immaterial.

### Thank you

We would like to thank the Council, management, and staff for the assistance they provided during the audit. We acknowledge the significant pressures faced by the management and the Council in responding to the June/July flooding event and commend the team for their continued engagement and assistance during this challenging period.



Yvonne Yang  
Appointed Auditor  
30 October 2025

## Focus areas from the Audit Plan

| Focus area  | Outcome   |
|---|---|
| <p><b>Valuation of roading and bridges infrastructure assets</b></p> <p>NZ IAS 16, <i>Property, Plant and Equipment</i> accounting standard, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> | <p>We previously commented on the valuation of roading and bridge infrastructure in our Interim Report to Council dated 16 September 2025, based on our audit review of the pre-final revaluation.</p> <p>Since that report, there have been no material changes in the asset values. The only movements relate to adjustments for vested assets, additions, and disposals, totalling \$14 million. Additionally, the fair value impact from changes in the Capital Goods Price Index (CGPI) for the six months ended 30 June 2025, has not been material.</p> <p>As noted in our Interim management report, the optimised depreciated replacement cost (excluding additions and vested assets) has increased \$284 million, representing approximately 35% uplift from the 2022 valuation. This increase is primarily attributable to the changes to unit rates and on-cost assumptions (from 20% to 25% overhead charges at the most) to reflect evidence of construction costs across several subcategories. The valuer has leveraged their professional judgement in ascertaining the expected cost range based on comparable council cost information for all three largest asset subcategories, such as formation, pavements and bridges.</p> <p>We reviewed the valuation report and held discussions with the valuer to understand the methodology, assumptions, and data sources used. We dedicated considerable time to understanding the valuation methodology applied by the new valuer, particularly given the significant value increase compared to the previous valuation performed by Marsh.</p> |



| Focus area  | Outcome   |
|---|---|
|   | <p>Based on this review, we are satisfied that the valuation process was robust, and that the valuer’s expertise and objectivity were appropriate.</p> <p><b>It is important to note that our review was based on the condition of the roading assets prior to the significant flooding events that impacted the region.</b></p>  |
| <p><b>Fair value assessment of property, plant and equipment (PPE)</b></p>  |   |
| <p>For those assets that the Council does not plan to revalue in the current financial year, the Council is required to perform a fair value movement assessment (assessment) to determine whether there could be a material difference between the fair value and the carrying value.</p>  | <p>We reviewed the fair value assessments prepared by the Council for three waters infrastructure assets, land, and buildings, covering the full year to 30 June 2025. There were no material changes between the values that we reviewed at pre-final stage to final stage of the audit.</p> <p>Based on our review, we did not identify any indicators of material movement in fair value that would necessitate a full revaluation of these asset classes.</p>   |
| <p><b>Impairment assessment of property, plant and equipment (PPE)</b></p>  |   |
| <p>The impairment of assets accounting standards requires an entity to assess at each reporting date, whether there is any indication that an asset may be impaired. If any such indication exists, the entity is to determine the recoverable amount of the asset.</p> <p>The Council should determine whether there are any indicators of impairment in its infrastructure, PPE and intangible assets. This should be undertaken well before year-end so any indications of impairment can be identified and accounted for, in the year-end financial statements, in a timely manner.</p> <p>The carrying value of PPE disclosed in the financial statements is materially different from the fair value.</p> | <p>The Tasman district experienced two significant weather events around balance date, resulting in extensive flooding and substantial damage to a number of the Council’s assets, including roading, bridges, and river protection infrastructure. The financial statements do not reflect the impact of this damage, as the Council has been unable to reliably estimate the costs required to repair or replace the affected assets.</p> <p>We understand that work is ongoing to evaluate the full extent of the damage, remediation costs, funding and insurance. However, it is unlikely a reliable estimate will be made in sufficient time for the annual report audit and adoption. In any case, the estimate will not be able to split the damage incurred between the flooding events pre and post year end, in order to determine the impact on the financial statements for 25J.</p> |



| Focus area   | Outcome  |
|--|--|
| <p>The most notable asset class at cost model on the Group’s financial statement is the Waimea Water Dam (\$101,538k as of 30 June 2025). This balance consolidates from Waimea Water Limited, a CCO jointed controlled by the Council and Waimea Irrigator Limited.</p> <p>For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.</p> <p>We will issue specific instruction limiting to the consideration relating to impairment assessment of Waimea Water Dam, to the component auditor.</p> | <p>Due to the absence of reliable estimates, we were unable to obtain sufficient appropriate audit evidence to support:</p> <ul style="list-style-type: none"> <li>the carrying value of PPE as at 30 June 2025;</li> <li>the closing balance of revaluation reserves as at 30 June 2025;</li> <li>the impairment charge for damaged assets that should be recognised in other comprehensive revenue and expense for the year ended 30 June 2025; and</li> <li>the loss on disposal of irreparable assets that should be recognised in the surplus for the year ended 30 June 2025.</li> </ul> <p>Consequently, our audit opinion is qualified in respect of the impact of the 2025 weather events on the Council’s PPE, and the estimated costs and the associated funding disclosures presented in note 37 of the financial statements.</p> <p>In relation to Waimea Dam impairment assessment, we concluded that the carrying value of PPE measured at cost is appropriate, and no impairment adjustments were required for the reporting period.</p> |

| Dealing with the “Local Water Done Well” water reforms in the 2025 annual report  |   |
|---|---|
| <p>The Council’s Water Services Delivery Plan involves the operation of an in-house business unit within the Council. This model is similar to Council’s current arrangement for overseeing and managing the delivery of its drinking water, wastewater, and stormwater water services, but with increased financial ring-fencing and new economic regulation requirements for drinking water and wastewater.</p> | <p>The Council submitted its water services delivery plan on 29 September 2025, and this was within the extended deadline of 1 October 2025 due to the disruption of the weather events in June and July 2025. At the time of writing this report the water services delivery plan has not been approved.</p> <p>There is some uncertainty as the proposal is yet to be accepted by the Secretary for Local Government.</p> |



| Focus area   | Outcome   |
|--|---|
| <p>This model retains direct Council ownership and operational responsibility of water service delivery, ensuring accountability to the local community and alignment with broader Council objectives.</p>   | <p>As this is fundamental to the readers understanding of the financial statements, we have included an emphasis of matter paragraph in our audit report to draw the attention of readers to this matter.</p> |
| <p><b>Capital asset additions and work in progress (WIP)</b></p>   |   |
| <p>The Council manages a significant capital programme. Accounting for capital projects, whether completed during the year or in progress at balance date, requires judgement which can have a significant impact on the financial statements.</p>   | <p>We reviewed the accounting for costs incurred on capital projects. We are satisfied that asset additions and work in progress are fairly reflected in the financial statements.</p>                        |
| <p><b>New Zealand Mutual Liability Riskpool Scheme</b></p>   |   |
| <p>Although Riskpool is in wind down, member councils have an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.</p> <p>In August 2023, Riskpool indicated that member councils might have to provide further contributions to cover identified shortfalls whereby claims exceed reinsurance recoveries. This led to relevant councils recognising a provision or including disclosure of the situation and what it meant in their 2022/23 financial statements.</p> <p>In November 2023, Riskpool made a call on member councils to fund quantified shortfalls. The amount to be funded by member councils was \$12.9 million. Riskpool reserves the right to make further calls for additional funding if needed. As of September 2024, we are not aware of any further calls being made.</p> <p>The Council will need to consider its disclosures in this regard and should specifically consider whether further information is available to allow the Council to reliably measure a provision for unpaid calls.</p> | <p>We have reviewed the disclosures in note 41 of the annual report and confirm that adequate and appropriate disclosures have been made.</p>   |



| Focus area   | Outcome   |
|--|---|
| <p><b>The risk of management override of internal controls</b></p>   |   |
| <p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> | <p>We completed testing to address this risk and are satisfied the inherent risks are addressed appropriately.</p> <p>However, we identified an area of improvement as below.</p> <p><b>Finding</b></p> <p>Our review of journal entries noted three instances of self-approved journals and an instance where a journal was not approved.</p> <p>Their lack of an independent review of journals presents a risk of fraud and error going undetected. Good practice journal processes should include independent one-up review of all journal entries prior to posting.</p> <p><b>Recommendation</b></p> <p>Implement one-up approval for all manual journal entries prior to posting.</p> <p><b>Management comment</b></p> <ul style="list-style-type: none"> <li>• <i>Council’s finance system (MAGIQ) currently does not have built-in controls to prevent the same individual from both preparing and approving journals. Consequently, we rely on manual review and monitoring of journals. While journals are reviewed, unfortunately some exceptions were missed this year.</i></li> <li>• <i>To strengthen the control environment, we will enhance monitoring of journal approvals to ensure completeness and timeliness. This will include additional checks and regular reminders for the staff involved. Furthermore, existing controls such as access controls, regular reconciliations, management reviews, and journal entry monitoring remain in place to identify and address unusual or high-risk transactions.</i></li> </ul> |



## Other matters identified during the audit

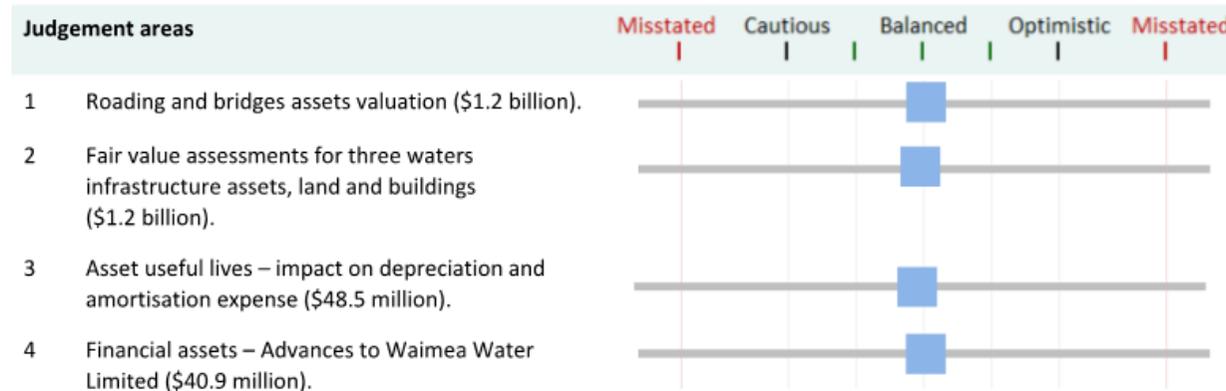


| Matters identified  | Outcome  |
|---|--|
| <p><b>Consistency of group accounting policies and oversight</b></p> <p>The Council operates within a complex group structure that includes joint ventures and joint operations. We noted that there is currently no formalised process requiring group entities to submit control assessments when there are changes in shareholding, acquisitions, or disposals of interests within the group. Additionally, there is no formal mechanism in place for the Council to review and approve changes to accounting policies adopted by group entities.</p> <p>In accordance with good governance practices and financial reporting standards, entities are required to assess and document control implications of changes in shareholding or interests in other entities. Furthermore, consistent accounting policies across the group are essential to ensure accurate and compliant consolidated financial reporting.</p> <p>The absence of Council’s oversight over formal controls assessments may result in the Council being unaware of significant changes within its group structure, leading to incorrect accounting treatments and potential misstatements in the consolidated financial statements.</p> | <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Establish and implement a formal policy that mandates group entities to submit control assessments for any changes in shareholding or interests.</li> <li>Additionally, introduce a governance process requiring the Council’s review and approval of any accounting policy changes within group entities, to ensure consistency and compliance in financial reporting.</li> </ul> <p><b>Management comment</b></p> <ul style="list-style-type: none"> <li><i>The formal policy will be contained within the Statement of Expectations. We will reiterate that the Council’s require prompt notification of any proposed changes in accounting policies or significant matters so these can be reviewed and approved by Council. This allows councils to consider impacts early.</i></li> </ul> |



## Financial statements and service performance information

### Judgements made in significant accounting estimates



These are our views on the level of prudence in key judgements in this year’s financial statements, relating to accounting estimates.

### Judgements made in significant accounting policies, disclosures, and related matters

We evaluated the methods and assumptions applied in determining the fair value of operational and infrastructural assets. There are a number of estimates and assumptions exercised when valuing infrastructure assets using the Depreciated Replacement Cost method. These include:

- Estimating the replacement costs of the asset. The replacement cost is derived from recent contracts in the region for similar assets.
- Estimating the remaining useful life over which the asset will be depreciated. To minimise this risk, the Council’s infrastructural assets useful lives have been determined by qualified and

experienced external valuers and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council’s asset management planning activities, which gives the Council further assurance over its useful life estimates.

- Advances to Waimea Water Limited is appropriately accounted as a concessionary loan. The determination of the discount rate is a matter of judgement. We are satisfied this financial asset is fairly presented.



### Quality and timeliness of information provided for audit

The Council’s responsibilities include understanding whether management produce quality information, and whether there are adequate resources, skills, and expertise applied in the reporting process. Our expectations were informed by the FMA’s *Audit Quality Monitoring Report* (expectations for directors) and *Guidance and expectations for keeping proper accounting records*.

| Expectation   | Grading |
|---|---------|
| Financial statements prepared by management comply with accounting standards.                   | ✔ Good  |
| Quality supporting financial information is prepared and available on a timely basis.           | ✔ Good  |
| Accounting records and supporting documentation reconcile to the financial statements.          | ✔ Good  |
| Accounting records support the accounting treatment applied by management.                      | ✔ Good  |
| Management prepares accounting papers for unusual or more complex transactions and estimates.   | ✔ Good  |
| Governors challenge the process and the outcomes of management’s judgements.                    | ✔ Good  |
| Service performance reporting prepared by management complies with accounting standards.        | ✔ Good  |
| Quality supporting service performance information is prepared and available on a timely basis. | ✔ Good  |
| Reported service performance agrees to supporting records.                                      | ✔ Good  |
| Issues raised in our previous reports are addressed in a timely manner.                         | ✔ Good  |



| Grading   | Explanation  |
|---|--|
|  <b>Good</b>       | The quality and timeliness of the information was of a good standard with no significant deficiencies.           |
|  <b>Acceptable</b> | Quality and timeliness were of an acceptable standard but with some minor deficiencies and room for improvement. |
|  <b>Attention</b>  | There were numerous and/or significant deficiencies and/or delivery was significantly late.                      |



## Appendix 1 Disclosures



### Our responsibilities in conducting the audit

We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.

The audit of the financial statements does not relieve management or the Council of their responsibilities. Our audit engagement letter contains a detailed explanation of the responsibilities of the auditor and the Council.

### Auditing standards

We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining a system of internal control for detecting these matters.

### Auditor independence

We confirm that, for the audit of the Council's financial statements for the year ended 30 June 2025, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with, or interests in, the Council.

In addition to the audit, we have carried out engagements in the areas of Debenture Trust Deed, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Council.

### Fees

The net audit fee for the year is \$302,000 (excluding OAG Audit Standards and Quality Support charge of \$28,000), as detailed in our Audit Proposal Letter. Other fees charged in the period are \$8,000 for the Debenture Trust Deed.

### Other relationships

We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council that is significant to the audit.

We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Council during or since the end of the financial year.



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## Executive Summary

I am pleased to present our audit plan for the annual report audit of Tasman District Council for the year ending 30 June 2026. Our role as your auditor is to give an independent opinion on the financial statements and Service Performance Information. We also recommend improvements we identified during the audit.

The contents of this plan provide a basis for discussion with you. We are happy to elaborate further on the matters raised. If there are additional matters that you think we should include or any matters requiring clarification, please discuss these with me.

Nāku noa, nā

**Yvonne Yang**  
 Appointed Auditor  
 12 February 2026

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## Focus areas: Risks and issues



Based on the planning work and discussions we have completed to date; we set out the main audit risks and issues in the table below. These will be the focus areas during the audit. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

| Risk/issue  | Our audit response   |
|---|--|
| <p><b>Fair value assessment of infrastructure assets (non-revaluation year)</b></p> <p>Council needs to perform a fair value movement assessment (assessment) for those assets subject to the valuation model that it does not plan to revalue in the current financial year. The assessment is performed to determine whether there could be a material difference between the fair value and the carrying value of the asset, and should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consultation with valuers, where necessary.</li> </ul> <p>Where a valuation adjustment appears necessary, a full valuation may not be required, provided certain conditions are met. Council can adjust the existing fair values using an index-based-valuation approach. We are happy to discuss with management to confirm whether or not the specific criteria to adopt this approach, have been met.</p> <p>Council’s plan is not to revalue land (last revalued in 2022), three waters infrastructure assets (2024) and roading assets (2025).</p> | <p>There is limited index information available to support changes in land value. Management should assess the reasonableness of the index given their knowledge of the underlying land (e.g. rural land with potential for farming, urban land with the potential for residential, commercial or industrial use). Given the land has not been revalued since 2022, there is a risk that a material difference between the fair value and the carrying amount exists and a full revaluation may be required. We recommend that management consult with their valuation expert to ensure the index used is suitable.</p> <p>We will review the reasonableness of the Council’s assessments including the appropriateness of the assumptions used.</p> |



| Risk/issue   | Our audit response  |
|--|---|
| <b>Valuation of infrastructure and operational assets</b>  |   |
| <p>The Council revalues its infrastructure and operational assets whenever there is expected to be a material movement in the fair value of those assets.</p> <p>The reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>We understand that the Council intends to revalue its building assets as at 30 June 2026. This valuation is planned to be performed as at January 2026, with indices applied to the remainder of the financial year to 30 June 2026.</p> <p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p> <p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in:</p> <ul style="list-style-type: none"> <li>• source data (for example, lengths and volumes);</li> <li>• unit rates; and</li> <li>• any other significant adjustments.</li> </ul> | <p>We will:</p> <ul style="list-style-type: none"> <li>• review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met;</li> <li>• assess relevant quality controls that support the integrity of the underlying data and assumption schedules used in the valuation;</li> <li>• obtain an understanding of and test the underlying source data used in the valuation;</li> <li>• understand how the valuer has reflected the impact of the 2025 flooding events in the valuation of any affected buildings</li> <li>• review the methodology used to develop unit rates and test those rates back to the Council's analysis of recent contract costs;</li> <li>• engage with the valuers as necessary when assessing the reasonableness of the assumptions and methodology used and to gain an understanding of the reasons for movements in key asset components;</li> <li>• review the accounting entries and the fixed asset register to ensure the values are correctly updated; and</li> <li>• review the appropriateness of the disclosures in the annual report.</li> </ul> |



| Risk/issue  | Our audit response |
|---|--------------------|
| Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council’s management team. |                    |

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| Risk/issue   | Our audit response  |
|--|---|
| <b>Accounting for impairment of Property plant and equipment</b>   |   |
| <p>The District was severely affected by two significant weather events that occurred in June and July 2025. These events caused extensive flooding and significant damage to a number of the Council's assets, including its roading, bridges and river protection assets.</p> <p>The damage was not accounted for in the prior year financial statements as the Council was not yet able to estimate the costs to repair or replace these assets with sufficient reliability. The audit opinion was modified in this regard. No impairment was recognised for damaged but repairable assets or assets damaged beyond repair.</p> <p>Well before year-end, Council should undertake a detailed assessment to:</p> <ul style="list-style-type: none"> <li>• determine the impairment charge for damaged assets that should be recognised in other comprehensive revenue and expenses (fair value model) / surplus (cost model);</li> <li>• determine the loss on disposal for irreparable assets that should be recognised in surplus for the year;</li> <li>• record all assumptions applied in assessing estimation uncertainty in deriving cost to restore for affected assets; and</li> <li>• distinguish between operational and capital expenditure.</li> </ul> <p>The above process will involve significant judgements, estimations and assessments to determine the extent of damage and the replacement costs involved.</p> <p>We understand that work is underway to evaluate the full extent of the damage, remediation costs, funding and related insurance recoveries.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>• obtain copies of any impairment assessment performed and discuss the assessment process with the relevant personnel, focusing in particular on the assumptions adopted;</li> <li>• review the impairment assessment methodology to ensure it complies with generally accepted accounting practice;</li> <li>• test the validity of the assumptions adopted and whether they have been applied consistently;</li> <li>• ensure any changes to useful lives have been appropriately adjusted, and values and depreciation charges have been appropriately accounted for;</li> <li>• assess the presentation and disclosure of information related to the impairment assessment in the financial statements;</li> <li>• test the integrity of the underlying data used for the impairment assessment; and</li> <li>• ensure that adjustments and disclosures comply with the accounting standards.</li> </ul> |



| Risk/issue  | Our audit response  |
|---|---|
| <b>Local Water Done Well (LWDW)</b>   |   |
| <p>Council adopted the in-house model of delivery of three waters in the Council meeting on 25 September 2025, whilst Council’s Water Services Delivery Plan giving effect to this, was approved by the Secretary for Local Government in December 2025.</p> <p>The Council will need to decide on the appropriate accounting and reporting response to this model of delivery, particularly as the continuation of managing water assets in-house will have an impact in future years with ring-fencing and reporting requirements.</p> <p>Given the potential accounting and reporting changes, the Council may wish to consider obtaining professional advice to help develop its response to the accounting and reporting implications.</p> | <p>We will review the Council’s proposed response to the accounting (ring fencing) and reporting implications of the LWDW decisions, including any professional advice obtained.</p>  |
| <b>The risk of management override of internal controls</b>   |   |
| <p>There is an inherent risk of fraud in every organisation due to management override of internal controls. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>   | <p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of selected journal entries;</li> <li>• reviewing accounting estimates for indications of bias; and</li> <li>• evaluating any unusual or one-off transactions, including those with related parties.</li> </ul> |



| Risk/issue   | Our audit response  |
|--|---|
| <b>Consolidation adjustments</b>   |   |
| <p>Council has interests in several entities, including joint operations (Waimea Water Limited and Sewerage and landfill business units) and joint ventures (Infrastructure Holdings Limited and Tasman Bay Heritage Trust). These entities apply different accounting policies on their own, spanning both public benefit entity and for-profit reporting frameworks. . This raises the risk of completeness and accuracy over adjustments necessary to the consolidation to align the accounting in the group entities with the group’s accounting policies.</p> | <p>Our response will include:</p> <ul style="list-style-type: none"> <li>• Enquiries of management regarding any new interests acquired, changes and or disposals over the year.</li> <li>• Review of groupwide controls and processes to ensure completeness and accuracy of adjustments.</li> <li>• Enquiries with and review of component auditor work for any consolidation adjustments.</li> </ul> |

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## Group audit

Our audit approach for the group is designed to obtain sufficient assurance on the group’s financial statements and service performance information. We assessed the risks of material misstatement and our approach for each component of the group is detailed below.

We will report any significant internal control deficiencies to the Council and management of the group, and in particular, deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

Deficiencies reported may be identified by the group engagement team or brought to our attention by a component auditor.

We will also communicate any fraud identified by the group engagement team or brought to our attention by a component auditor.

| Component                             | Our audit approach   |
|---------------------------------------|--|
| Infrastructure Holdings Limited (IHL) | The component auditor is Neil Calder of Ernst & Young (EY). The audit work on this component will be a full financial statements audit. We will issue group audit instructions to the component auditor that will specify information that we require from them for the group audit.<br><br>The audit areas of focus relevant to this component are: <ul style="list-style-type: none"> <li>• Valuation of Property, plant and equipment (including Port Operations and Airport Buildings) – Valuations involve the use of significant judgments and application of critical assumptions which are prone to bias.</li> </ul> |

This table shows the work we have planned for each component where we are asking component auditors to perform work for the group audit.



| Component   | Our audit approach   |
|---|--|
| Waimea Water Limited  | <p>The statutory audit is performed by the same Appointed Auditor with the support from a separate audit team within Audit New Zealand. The audit work on this component will be a full financial statements audit.</p> <p>We rely on the component audit team to assist us in confirming the joint operation consolidation elimination journals and any impairment indicator relating to Waimea Community Dam (valued at cost).</p> <p>We will continue assessing if there are additional risks of material misstatements at the Group level and further communicate with the component audit team.</p> |
| Nelson Regional Sewerage Business Unit (NRSBU) and Nelson Tasman Regional Landfill Business Unit (NTRLBU) | <p>These Business Units are not legal entities; therefore, no standalone audits are required.</p> <p>For accounting purpose, they are assessed as joint operations between Tasman District Council and Nelson City Council.</p> <p>We will perform substantive analytical procedures over the material revenue and expenditure account balances consolidated to the group accounts.</p> <p>We will continue assessing if there are additional risks of material misstatements at the Group level and further audit procedures are required.</p>  |



## Materiality

Materiality refers to information that, if omitted, misstated, or obscured, could reasonably be expected to:

- influence readers’ overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material considering the surrounding circumstances and its impact. Qualitative considerations are just as important as quantitative considerations.

The Council **Error! Reference source not found.** and management needs to make their own assessment of materiality from a preparer’s perspective. The Council and management should not rely on our materiality assessment as a basis for making its own judgements about the integrity of the financial statements and service performance information.

### Financial statements materiality

**Group materiality:**

|   |                 |
|---|-----------------|
| Overall materiality - used for asset revaluations | \$218.6 million |
| Specific materiality - used for all other items   | \$4.2 million   |
| Clearly trivial threshold                         | \$210,000       |

**Parent materiality:**

|   |                 |
|---|-----------------|
| Overall materiality - used for asset revaluations | \$210.6 million |
| Specific materiality - used for all other items   | \$3.8 million   |
| Clearly trivial threshold                         | \$184,000       |

This materiality is subject to change once the actual results for the current year are available.



We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial** with no relevant qualitative considerations. Where management does not wish to correct a misstatement, we will seek written representations from the Council on the reasons why the corrections will not be made.

**Misstatements**

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and Service Performance Information. We assess the effects of any detected and uncorrected misstatements, individually and in aggregate, against materiality and qualitative considerations.

**Materiality for service performance information**

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council’s performance. In doing this, we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers’ overall understanding, decision-making, or assessment of Council’s performance. We normally express this materiality as a percentage of the reported result.

Outlined below are the measures we assessed as material and our materiality for planning purposes. We will reassess this during the audit.

| Material measure   | Materiality   |
|--|---|
| <p><b>Water supply – Safety of drinking water</b></p> <p>The extent to which the local authority’s drinking water supply complies with the following parts of the drinking water quality assurance rule:</p> <ul style="list-style-type: none"> <li>a) 4.4 T1 Treatment Rules;</li> <li>b) 4.5 D1.1 Distribution System Rule;</li> <li>c) 4.7.1 T2 Treatment Monitoring Rules;</li> <li>d) 4.7.2 T2 Filtration Rules;</li> <li>e) 4.7.3 T2 UV Rules;</li> <li>f) 4.7.4 T2 Chlorine Rules;</li> <li>g) 4.8 D2.1 Distribution System Rule;</li> <li>h) 4.10.1 T3 Bacterial Rules;</li> <li>i) 4.10.2 T3 Protozoal Rules; and</li> <li>j) 4.11.5 D3.29 Microbiological Monitoring Rules.</li> </ul> | <p>Quantitative materiality is not applicable; the reported result is to be consistent with supporting qualitative information.</p> |



| Material measure   | Materiality   |
|--|---------------|
| <p><b>Water supply – Customer satisfaction</b></p> <p>The percentage of residents satisfied with the water supply service. Measured through the annual residents' survey.</p>  | 8% of result. |
| <p><b>Wastewater – System and adequacy</b></p> <p>The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>  | 5% of result. |
| <p><b>Wastewater – Compliance and sustainability</b></p> <p>Compliance with the resource consents for discharge from the sewerage system, measured by the number of:</p> <ul style="list-style-type: none"> <li>• abatement notices;</li> <li>• infringement notices; and</li> <li>• enforcement orders; and convictions.</li> </ul> | 5% of result. |
| <p><b>Stormwater flooding - system adequacy</b></p> <p>a) The number of flooding events that occur in a TA district.</p> <p>b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the TA's stormwater system.</p>   | 5% of result. |

| Material measure  | Materiality   |
|---|---------------|
| <p><b>Flood protection</b></p> <p>The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its activity management plan, asset management plan, annual works program or long-term plan).</p> | 5% of result. |
| <p><b>Transportation</b></p> <p>The percentage of sealed local roads resurfaced each fiscal year.</p>   | 5% of result. |
| <p><b>Transportation</b></p> <p>Residents are satisfied with the Council's roads and footpaths in the District. As measured through the annual residents' survey.</p>   | 8% of result. |
| <p><b>Environment Management</b></p> <p>All active dairy farms in the district receive at least one inspection/audit for compliance with the rules controlling dairy effluent disposal.</p>   | 5% of result. |
| <p><b>Environment Management – freshwater quality</b></p> <p>Swimming beaches and rivers are suitable for contact recreation, all or most of the time. As measured using "fine weather" samples from our core sampling sites.</p>   | 8% of result. |



## Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter. Your responsibilities, with appropriate assistance from management, include:

- preparing the financial statements and performance information in accordance with legal requirements and financial reporting standards;
- providing us with access to all relevant records and providing information in a timely manner;
- providing access to staff, who will provide an appropriate level of assistance;
- providing draft financial statements and performance information, including all relevant disclosures, in accordance with the agreed timetable;
- maintaining accounting and other records supporting the information in the financial statements and providing us with access to those records; and
- subjecting the annual report, financial statements, and Service Performance Information to appropriate levels of quality review before they are provided to us.

Our responsibilities include carrying out the audit, maintaining our independence, and providing you with an audit report.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We will use AuditDashboard to make these requests and for transferring files as part of the audit.

### Draft financial statements and performance information

We expect that we will need to perform a detailed review of three versions of the annual report:

- A good quality draft set of financial statements and performance information (including notes) that is reasonably complete, received before or at the start of the final audit visit.
- A final set of financial statements and performance information incorporating all changes identified during the audit, received at the end of the audit.
- A final signed annual report or printers proof version.

We do not intend performing a detailed check of additional versions. If this becomes necessary, we will discuss this with you first and there will be an additional cost.

### Year-end processes

The year-end financial statement close process and the preparation of the annual report require significant time and effort to complete



them effectively. We want the audit process to run smoothly, and we will work with management to achieve this.

### Bringing forward audit procedures

A lot of audit work is traditionally performed after the financial year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- Year-to-date transactions for expenditure;
- Revaluations of PPE;
- PPE fair value assessments;
- PPE impairment assessment (flooding impacts); and
- Advances to Waimea Water Limited.

Completion of these tests earlier in the year enables more timely identification and resolution of errors and reduces the time your management needs to support the audit process at year-end, when the annual report is being prepared.

We will work with management to ensure the required information is available at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.



## Timetable

Our proposed timetable is:

|   |                         |
|---|-------------------------|
| Planning and interim  | January - February 2026 |
| Interim and pre-final audit begins  | 18 May 2026             |
| Issue group instructions  | February 2026           |
| Interim report to the Council issued  | July/August 2026        |
| Draft financial statements and service performance information available for audit (including notes) with actual year-end figures | 18 September 2026       |
| Final audit begins  | 21 September 2026       |
| Final financial statements and service performance information available, incorporating all agreed amendments                     | 21 October 2026         |
| Verbal audit clearance given  | 23 October 2026         |
| Report to the Council issued  | 30 October 2026         |
| Audit opinion issued  | 30 October 2026         |

## Reporting

### Communication with the Council and management

We will meet with the Council and management throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

### Reports to the Council

At the end of the audit, we will report to the Council on:

- our findings on the audit risks identified in this plan;
- any other significant matters found during our audit, including significant deficiencies in internal controls;
- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

At our discretion, we may also provide an interim report to the Council and separate reports to management on less significant findings arising from our audit. We will advise the Council if we issue a report to management.



## Our team

Our engagement team is selected to ensure we have the right subject-matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

|                 |                                      |
|-----------------|--------------------------------------|
| Yvonne Yang     | Appointed Auditor                    |
| Rudie Tomlinson | Engagement Quality Reviewer Director |
| Cynthia Jani    | Audit Manager                        |
| Robyn Dearlove  | Information Systems Auditor          |

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. They are independent from the day-to-day audit field work and so provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team but will not have direct contact with you.



## Our audit process



## Fraud risks

Misstatements in the financial statements and Performance Information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

### Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management.

### Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and service performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at [oag.parliament.nz/reports/fraud-reports](https://oag.parliament.nz/reports/fraud-reports).

## Professional judgement and professional scepticism

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mindset that leads to a questioning approach when considering information and forming conclusions. It means not accepting information at face value, being alert for inconsistencies or anomalies, and considering the possibility of fraud or error.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgments and assumptions and weigh them against alternative possibilities.

It also means we do not assume that what was true last year remains true this year. Because of this, the audit team will ask management some of the same questions we asked last year. Circumstances can change, information can become outdated, and our audit evidence needs to be current.



## Wider public sector considerations

A public sector audit also examines whether:

- a public entity carries out its activities effectively and efficiently;
- waste is occurring or likely to occur because of any act or failure to act by a public entity;
- there is any sign or appearance of a lack of probity because of any act or omission by a public entity or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence because of any act or omission by a public entity or by one or more of its members, office holders, or employees.



## How we manage quality



We apply a risk-based approach to designing, implementing, and operating the components of our system of quality management (SOQM) in an interconnected and coordinated manner to proactively manage the quality of our audits.

*Audit quality encompasses the key elements that create an environment which maximises the likelihood that we perform quality audits on a consistent basis. Audit quality is about more than issuing the right audit opinion, it is also about how we reach that opinion. We maintain a persistent focus on audit quality and on continuing improvement to audit quality over time.*

### Quality objectives

Quality objectives are the desired outcomes for each component of the SOQM.

| Quality objective             | What this involves  |
|-------------------------------|---|
| Governance and leadership     | Establishing an environment that supports the system of quality management.   |
| Relevant ethical requirements | All staff understand and fulfil their responsibilities regarding ethical requirements.  |
| Acceptance and continuance    | Making judgments about accepting or continuing engagements and our ability to perform each engagement.  |
| Engagement performance        | Performing a quality engagement, including directing and supervising the team, exercising professional judgment, consulting on difficult or contentious matters, and ensuring appropriate engagement documentation. |
| Resources                     | Having sufficient and appropriate human, technological, and intellectual resources.   |
| Information and communication | Maintaining and communicating information regarding the quality management system both internally and externally.   |



## Risk identification and key responses included in our SOQM

We perform an annual risk assessment to identify any risks to achieving our quality objectives. We then implement responses to address these risks. The combination of responses ranges from specific controls to developing policies and procedures for our audit teams. Some of these operate at a firm level, while others are applied to each individual audit.

Of these numerous responses, there are two notable responses that we would like to share as examples:

### Independence

Our independence and conflicts of interest policy require all employees to be scrupulous about identifying and managing any conflicts of interest or independence risks. We manage this through our ethics and independence declarations for every staff member, including a compulsory annual review, supplemented by individual independence declarations for each engagement.

### Internal and external inspections

All our Appointed Auditors are subject to internal and external inspections on a cyclical basis to ensure that our engagements comply with standards. The Office of the Auditor-General, the Financial Markets Authority, and the New Zealand Institute of Chartered Accountants perform the external inspections. We perform a root cause analysis on selected findings from these

reviews and develop action plans to address the identified root causes.

## Monitoring and assessing the SOQM

Monitoring and assessment of the SOQM is ongoing. We perform regular monitoring which informs our annual assessment of whether we are achieving our quality objectives and therefore complying with professional requirements. Our most recent assessment to June 2025 noted that our system was effective, with some improvements needed around the timeliness of completing some monitoring activities.

Independent quality reviews are integral to our assessment of our SOQM. Our most recent FMA review in 2022, which focused only on FMC entities, assigned an overall grade of 'compliant' on a scale of good, compliant, and non-compliant.

The NZICA review, also conducted in 2022, raised relatively few findings from the files they inspected and made the following observation:

*It was evident from our review that Audit New Zealand seeks to apply a high standard of quality in its audits, which is comparable with the major commercial audit firms. Since Audit New Zealand does not have the resources of a global network behind it, maintaining this standard requires significant investment in local technical resources to keep the audit methodology up to date. A high level of technical competence was apparent*



*both from our file reviews and the FMA's review of the quality control system.*

DRAFT



DRAFT

Level 3, 335 Lincoln Road  
Addington  
Christchurch 8024

[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)



XX January 2026

Tim King  
Mayor  
Te Kaunihera o te tai o Aorere  
Tasman District Council  
Private Bage4  
Richmond 7050

Ref: EN/ LCA/30-0040/ L04326J  
Copy: Director Auditor Appointments  
Office of the Auditor-General  
PO Box 3928  
Wellington 60140

Tēnā koe Tim

**Proposal to conduct the audit of Tasman District Council on behalf of the Auditor-General for the 2026, 2027 and 2028 financial years**

**1 Introduction**

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2026, 2027 and 2028. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fee for the audit for the financial year ending 30 June 2026 and reasons for any change. ***Given the ongoing changes in the sector, we will agree the fees for the financial years ending 30 June 2027 and 30 June 2028 at a future date;***
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support (ASQS) fee provides;
- certification required by the Auditor-General; and

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- our commitment to conduct the audit in accordance with the Auditor-General’s Auditing Standards.

**2 Statutory basis for the audit and how audit fees are set**

The audit of your organisation is carried out under section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. The Auditor-General has asked auditors to ensure that the audit hours included in their proposals reflect the time that is required to complete a quality public sector audit efficiently, and that the fees proposed are reasonable.

Your Audit and Risk Committee and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

There is much that the Council can itself do to ensure the efficiency and effectiveness of the audit. This includes being well prepared for audit, having good systems and controls, and ensuring staff are available to assist the auditors as they carry out their audit work.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

**3 Entities covered by this proposal**

This proposal covers the audit of Tasman District Council. A separate fee proposal will be provided for the Debenture Trust Deed audit.

**4 Key members of the audit team**

|                                   |                 |
|-----------------------------------|-----------------|
| Appointed Auditor                 | Yvonne Yang     |
| Engagement Quality Reviewer (EQR) | Rudie Tomlinson |
| Audit Manager                     | Cynthia Jani    |

In accordance with normal professional practice, the key members of the audit team named in this proposal are subject to change. For example, a change made to comply with the Auditor-General’s independence requirements.

## 5 Estimated audit hours

We have prepared a one-year fee budget with the budgeted fees for the two outer years of this proposal to be prepared and negotiated with you following completion of the 2026 audit.

We estimate that the following hours will be required to carry out this year’s audit (compared to the budgeted and actual data from the previous financial year):

| Audit team member        | 2025 budget  | 2025 actual* | 2026         |
|--------------------------|--------------|--------------|--------------|
| Appointed Auditor        | 100          | 116          | 100          |
| EQR Director             | -            | -            | 15           |
| Audit Manager            | 155          | 225          | 155          |
| Audit Staff              | 1,150        | 1,275*       | 1,135        |
| Information Systems      | 13           | 49           | 13           |
| Tax Specialists          | -            | -            | -            |
| Other specialists        | 8            | 5            | 8            |
| <b>Total audit hours</b> | <b>1,426</b> | <b>1,670</b> | <b>1,426</b> |

\*Note – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

## 6 Proposed audit fees

Our proposed fees for this year’s audit (compared to budgeted and actual data from the previous financial year) is:

| Structure of audit fees                                     | 2025 budget fees | 2025 actual fees charged (*) | 2026           |
|---|------------------|------------------------------|----------------|
|   | \$               | \$                           | \$             |
| Net audit fee (excluding OAG ASQS charge and disbursements) | 317,740          | 317,740                      | 327,029        |
| Discount applied  | (15,740)         | (15,740)                     | (7,029)        |
| OAG ASQS charge   | 29,617           | 29,617                       | 29,604         |
| Discount applied  | (1,617)          | (1,617)                      | (604)          |
| <b>Total audit fee (excluding disbursements)</b>            | <b>330,000</b>   | <b>330,000</b>               | <b>349,000</b> |

| Structure of audit fees   | 2025 budget fees | 2025 actual fees charged (*) | 2026           |
|---|------------------|------------------------------|----------------|
|   | \$               | \$                           | \$             |
| Estimated disbursements   | 10,000           | 11,929                       | 12,000         |
| <b>Total billable audit fees including ASQS and disbursements</b> | <b>340,000</b>   | <b>341,929</b>               | <b>361,000</b> |

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support fees.

We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

As part of your 2026 audit, we are expecting to undertake additional work in relation to review of the impairment of assets due to the flooding event and additional valuation work. This work is not included in the above fee. At the conclusion of our audit, we will discuss any recovery of the reasonable costs for this work with you.

#### 6.1 Reasons for changes in audit fees

The change in audit fee is purely driven by the staff cost increase shown in the table below.

| Reasons for increased or decreased audit fees compared to previous period budgeted fees. | 2026         |
|--|--------------|
| Predicted staff salary cost movements.   | 9,289        |
| <b>Total (decrease)/increase in audit fees</b>   | <b>9,289</b> |

#### Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your organisation’s annual report (including financial statements and statements of service performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your organisation’s financial statements will include all relevant disclosures;

- we will review up to two sets of draft annual reports, one printer’s proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to the accounting standards or the financial reporting framework that require additional work;
- there are no significant changes to auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements that change the scope of, timing of, or disbursements related to, this audit.

**Our fee specifically excludes the following:**

- Costs associated with an audit of flood protection assets’ impairment assessment resulting from June/July 2025 flooding events;
- Costs associated with an audit of additional revaluation of property, plant and equipment (this means the proposal assumes one class of property, plant and equipment being revalued per year);
- Costs associated with review and/or audit of greenhouse gas emissions or climate change disclosures contained in audited information.
- Costs associated with the impact of changes resulting from the Government’s Local Water Done Well programme.
- Changes to the annual report or financial statements resulting from regulatory or legislative changes.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

**7 What the OAG ASQS fees provides**

Parliament has indicated that it expects the cost of annual audits under the Public Audit Act (including an OAG ASQS fees) to be funded by public entities.

The OAG ASQS fees partially fund a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;

- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG ASQS fees portion of the total audit fee, to the OAG.

## **8 Certifications required by the Auditor-General**

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

## **9 Conclusion**

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Nāku noa, nā

Yvonne Yang  
Appointed Auditor  
Audit New Zealand

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I accept the audit fees for the financial year ending 30 June 2026 as stated above.

Full name: \_\_\_\_\_ Position: \_\_\_\_\_  
Authorised signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Entity name: \_\_\_\_\_

**Actions to take when agreement has been reached:**

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: Yvonne Yang  
PO Box 2  
Christchurch 8140

30 January 2026

Mayor Tim King  
Te Kaunihera o te tai o Aorere  
Tasman District Council  
Private Bag 4  
Richmond 7050

Tēnā koe Tim

### **Audit Engagement Letter**

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Tasman District Council (the Council), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Yvonne Yang, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2026 to 30 June 2028.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the governing body (the council) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the Tasman District Council’s financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Draft Audit Engagement Letter FY26 Mar 2026

**The council's responsibilities**

Our audit will be carried out on the basis that the council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- preparing and reporting the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and Schedule 10 of the Local Government Act 2002;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
  - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
  - all other information, in addition to the financial statements and performance information, to be included in the annual report;
  - additional information that we may request from the Council for the purpose of the audit;
  - unrestricted access to council members and employees that we consider necessary; and
  - written confirmation concerning representations made to us in connection with the audit;

In addition, the council is responsible for:

- the preparation of the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

The council's responsibilities extend to all resources, activities, and entities under its control. We expect that the council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;

- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament’s and the public’s expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the council and/or the individuals within the Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The council has certain responsibilities relating to the preparation of the Council’s financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 1 also contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

## **Our responsibilities**

### ***Carrying out the audit***

We are responsible for forming an independent opinion on whether the financial statements of the Council:

- present fairly, in all material respects:
  - its financial position; and
  - the results of its operations and cash flows for the financial year;
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

We are also responsible for forming an independent opinion on whether the performance information of Council:

- provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand; and

- fairly presents, in all material respects, the actual levels of service for each group of activities, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

In addition to the above we are also responsible for forming an independent opinion whether:

- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding impact statement for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act; and
- the funding impact statement of Council, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

We are also required to report on whether the Council has:

- complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act; and
- included complete and accurate disclosures about its performance against benchmarks required by Part 2 of the Regulations.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the Council's financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the Council's financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the Council's financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the council and the Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the council obtained and applied the resources of the Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the council and the Council have met Parliament’s and the public’s expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

#### ***Our independence***

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of Council; including being independent of management personnel and members of the council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the council and me or Audit New Zealand.

#### ***Reporting***

We will issue an independent audit report that will be attached to the Council’s financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will include our opinion about whether:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

We will also issue a report that will be sent to the council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the council. Typically, those matters will relate to issues of financial management and accountability. We may also provide

other reports to Council from time to time. We will inform the council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

**Next steps**

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally or have any concerns about the quality of the audit, you should contact me as soon as possible. If, after contacting me, you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Nāku noa, nā

Yvonne Yang  
Appointed Auditor  
On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the council.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: Tim King  
Title: Mayor

## Appendix 1: Respective specific responsibilities of the council (as the governing body) and the Appointed Auditor

| Responsibilities of the council   | Responsibility of the Appointed Auditor  |
|---|--|
| <b>Responsibilities for the financial statements and performance information</b>  |  |
| <p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards. You are also responsible for preparing and reporting the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and Schedule 10 of the Local Government Act 2002.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p> | <p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the Council's financial statements:</p> <ul style="list-style-type: none"> <li>• present fairly, in all material respects:                             <ul style="list-style-type: none"> <li>○ the financial position;</li> <li>○ the results of the operations and cash flows for the financial year;</li> </ul> </li> <li>• comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.</li> </ul> <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> <li>• provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand; and</li> <li>• fairly presents, in all material respects, the actual levels of service for each group of activities, including:                             <ul style="list-style-type: none"> <li>○ the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and</li> <li>○ the reasons for any significant variation between the levels of service achieved and the intended levels of service; and</li> </ul> </li> <li>• complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.</li> </ul> |

| Responsibilities of the council | Responsibility of the Appointed Auditor  |
|---------------------------------|--|
|                                 | <p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> <li>• the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of the Council, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;</li> <li>• the funding impact statement for each group of activities of the Council, has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act; and</li> <li>• the funding impact statement of the Council, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.</li> </ul> <p>We are also required to report on whether the Council has:</p> <ul style="list-style-type: none"> <li>• complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act; and</li> <li>• included complete and accurate disclosures about its performance against benchmarks required by Part 2 of the Regulations.</li> </ul> <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee’s overall understanding of the financial statements and performance information.</p> |

| Responsibilities of the council | Responsibility of the Appointed Auditor  |
|---------------------------------|--|
|                                 | <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> <li>• the appropriateness of accounting policies used and whether they have been consistently applied;</li> <li>• the reasonableness of the significant accounting estimates and judgements made by those charged with governance;</li> <li>• the appropriateness of the content and measures in any performance information;</li> <li>• the adequacy of the disclosures in the financial statements and performance information; and</li> <li>• the overall presentation of the financial statements and performance information.</li> </ul> <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> <li>• the adoption of the going concern basis of accounting is appropriate;</li> <li>• all material transactions have been recorded and are reflected in the financial statements and performance information;</li> <li>• all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and</li> <li>• uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information.</li> </ul> <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p> |

| Responsibilities of the council  | Responsibility of the Appointed Auditor   |
|--|---|
|  | <p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>  |
| <b>Responsibilities for the accounting records</b>   |   |
| <p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> <li>• correctly record and explain the transactions of the Council;</li> <li>• enable you to monitor the resources, activities, and entities under your control;</li> <li>• enable the Council's financial position to be determined with reasonable accuracy at any time;</li> <li>• enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and</li> <li>• are in keeping with the requirements of the Commissioner of Inland Revenue.</li> </ul> | <p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>   |
| <b>Responsibilities for accounting and internal control systems</b>  |   |
| <p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>   | <p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p> |

| Responsibilities of the council   | Responsibility of the Appointed Auditor   |
|---|---|
| <b>Responsibilities for preventing and detecting fraud and error</b>  |   |
| <p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the Council) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p> | <p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> <li>• obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and</li> <li>• report to you any significant weaknesses in internal control that come to our notice.</li> </ul> <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p> |

| Responsibilities of the council  | Responsibility of the Appointed Auditor   |
|--|---|
| <b>Responsibilities for compliance with laws and regulations</b>   |   |
| <p>You are responsible for ensuring that the Council has systems, policies, and procedures (appropriate to the size of the Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the Council are complied with. Such systems, policies, and procedures should be documented.</p>  | <p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> <li>• the relevance of the law or regulation to the audit;</li> <li>• our assessment of the risk of non-compliance;</li> <li>• the impact of non-compliance for the addressee of the audit report</li> </ul> <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p> |
| <b>Responsibilities to establish and maintain appropriate standards of conduct and personal integrity</b>  |   |
| <p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a “Code of Conduct” and, where applicable, support the “Code of Conduct” with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted “Codes of Conduct” that apply to the public sector.</p> | <p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p>  |

| Responsibilities of the council   | Responsibility of the Appointed Auditor   |
|---|---|
|   | <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>   |
| <b>Responsibilities for conflicts of interest and related parties</b>   |   |
| <p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>  | <p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p> |
| <b>Responsibilities for publishing the audited financial statements on a website</b>  |   |
| <p>You are responsible for the electronic presentation of the financial statements and performance information on the Council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p> | <p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>   |

| Responsibilities of the council  | Responsibility of the Appointed Auditor   |
|--|---|
| <b>Responsibilities under the Health and Safety at Work Act 2015</b>   |   |
| <p>We expect you to work with us to ensure the health and safety of our audit staff.</p> <p>You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises, or otherwise engaging with you on their audit work. We expect you to provide a safe and healthy work environment, which includes, but is not limited to, providing:</p> <ul style="list-style-type: none"> <li>• information, training instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures;</li> <li>• suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation;</li> <li>• adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities;</li> <li>• appropriately labelled and equipped first-aid kits;</li> <li>• personal protective equipment (PPE) when all other control measures can't adequately eliminate or minimise risks to a worker's health and safety; and</li> <li>• protection from offence conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs.</li> </ul> <p>We expect you to work with us to resolve any health and safety concerns related to our audit staff.</p> | <p>The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, as a person conducting a business or undertaking (PCBU), we will make arrangements with you to keep our audit staff safe while they are working at your premises or otherwise engaging with you on their audit work.</p> <p>We will obtain an understanding of health and safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.</p> <p>We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or do not do does not adversely affect the health and safety of other people.</p> <p>We will co-operate with the workplace health and safety policies and procedures of the Tasman District Council and comply with any reasonable instructions given.</p> <p>We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as a Chief Financial Officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.</p> |

**Road Map for Clean Audit Opinion for Rivers Assets in Financial Year 2027**

This is our current road map to a achieving a clean opinion in FY 2027:

| <b>Date / Timeframe</b>             | <b>Activity</b>   | <b>Status / Notes</b>  |
|-------------------------------------|---|--|
| End February 2026                   | Recruit Asset and Information Officer – Rivers and Natural Hazards  | Role advertised; interview slots scheduled.  |
| Ongoing (to date and progressively) | Analyse flood-recovery costs to confirm damage-repair vs capital improvement to help inform correct accounting.   | To inform financial reporting as recovery programme progresses.  |
| End February 2026                   | Review river asset capital additions since 2017 against maintenance contract claim records to reconcile to asset database.                                | Work underway.   |
| Complete by June 2026               | Field-data collection for rock protection assets – flood-damaged assets   | Initial focus on flood-damaged assets  |
| Complete by December 2026           | Field-data collection for remaining rock protection assets.   | Includes ensuring appropriate accounting for assets not identifiable in the field.   |
| Complete by December 2026           | Office-based asset assessment of non-insured assets (e.g. willows, native plantings)  | To be completed by the Asset and Information Officer; includes database rationalisation  |
| Complete by December 2026           | Office-based overhaul of stop bank asset records.   | Using survey, geotechnical, and as-built data from Motueka Stopbank refurbishment; completed by the Asset and Information Officer. |
| Early 2027                          | Professional valuation of all river assets (insured and non-insured), with appropriate finalised impairment/ disposal assessments and accounting entries. | To be arranged.  |

**Option analysis for timing of clean opinion**

Options for FY26

| <b>Criteria</b>                      | <b>Option A – Pursue a clean opinion in FY26</b>  | <b>Option B – Accept qualified FY26; aim for clean FY27</b>   |
|--------------------------------------|---|---|
| <b>Core approach</b>                 | Accelerate field verification, valuation, and consultant-supported management estimates to achieve audit evidence by 30 June 2026.            | Focus FY26 on structured dataset rebuild (geo-locations, reconciliations, existence), targeted inspections, and agreeing methodology with Audit NZ. Target a clean FY27 valuation after data remediation. |
| <b>What it takes / what it means</b> | Large uplift in internal and consultant capacity; accelerated valuation and physical verification; external support for management estimates. | Acknowledge FY26 clean opinion is unlikely; focus on building reliable asset dataset; complete targeted inspections; agree methodology with Audit NZ.   |
| <b>Benefits</b>                      | Aligns with Audit NZ’s encouraged trajectory; if successful, removes modified opinion earlier.  | Directs effort to permanent fixes; reduces execution risk; protects recovery and insurance work; supports transparency.   |
| <b>Risks / Trade-offs</b>            | High execution risk; opportunity cost to recovery and insurance; external capacity limits; potential inefficient spend.                       | Qualified FY26 opinion carries reputational sensitivity; requires proactive communications.   |
| <b>Mitigations (for Option B)</b>    | n/a   | Documented workplan; quarterly reporting; explicit FY27 clean-opinion target.   |
| <b>Overall feasibility</b>           | Low — significant uplift required; high risk of still receiving qualification.  | High — realistic pathway supported by remediation programme and resourcing.   |

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**Open recommendations**

| Recommendation   | First raised | Status 24J   | 25J Update with Management comments  |
|--|--------------|--|--|
| <p><b>IS policy update</b></p> <p>Progress IS policy updates and distribute to all users of Council's technology.</p>  | <p>2022</p>  | <p><b>In progress</b></p> <p>The recommendations have not been fully implemented.</p> <p>Our audit in June 2024 noted this work was still underway. The Council's IS team is committing to finishing policies to a good standard by December 2024.</p>   | <p><b>Current status: In Progress</b></p> <p><i>Information Services has created a new set (28) of cybersecurity and data protection policies and standards which cover the vast majority of Information Services policies. We are now in the process of ratifying these policies and replacing old policies with these new set.</i></p> |
| <p><b>Fixed asset register for infrastructure assets</b></p> <p>Ensure infrastructure assets are managed within a dedicated Fixed Assets Register to ensure the completeness and accuracy of each asset's details are easily tracked to the general ledger, to better facilitate strong asset management, and robust accounting.</p> | <p>2023</p>  | <p><b>In progress</b></p> <p>The recommendations have not been implemented. Council will explore whether original cost information can be incorporated into the 'hybrid FAR' for the infrastructure assets and consider for inclusion in our requirements in the Digital Innovation Programme.</p> | <p><b>Current status: In Progress</b></p> <p><i>This is currently in progress. Comment from PY remains the same.</i></p>   |

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| Recommendation   | First raised | Status 24J  | 25J Update with Management comments  |
|--|--------------|---|--|
| <p><b>Review PPE assets fully written off</b></p> <p>Review fixed assets with nil net book values to determine whether they need to be written out of the fixed assets register.</p> <p>Review the useful lives, for categories of assets with nil net book values, to determine if the standard useful lives should be revised.</p> | 2020         | <p><b>In progress</b></p> <p>The recommendations are still being worked on. Council is working through decisions to review and scrap all vehicles with a two or a three-safety rating and nil book value items in the ensuing year.</p> | <p><b>Current status: In Progress</b></p> <p><i>This is currently in progress.</i></p> <p><i>The majority of the fleet with NIL BV vehicle assets have now been replaced with new EVs and hybrids. The Property team will continue to review and replace any other vehicles as needed in the future.</i></p> <p><i>The useful lives of vehicle assets for EVs, hybrids, and cars were reviewed in December 2024. The revised rates are being used in the Fixed Asset Register.</i></p> |

| Recommendation  | First raised | Status 24J  | 25J Update with Management comments   |
|---|--------------|---|---|
| <p><b>Quality of the valuation report</b></p> <ul style="list-style-type: none"> <li>Evaluate the valuation process and the performance of the external valuation service providers.</li> <li>Assess whether the current external valuation service provider can provide a quality valuation to ensure the carrying amount of the assets are fairly presented on Council's financial statements, including:                             <ol style="list-style-type: none"> <li>The indirect costs, including overheads, applied when</li> </ol> </li> </ul> | 2024         | <p><b>Management comment</b></p> <p><i>We will incorporate this feedback into our scope and planning process. We will engage an experienced valuation specialist for 2025 Transport asset valuation or perform an internal valuation with an appropriate peer review.</i></p> <p><i>Initial discussions with an experienced valuer indicate they understand the audit expectations.</i></p> | <p><b>Current status: In progress</b></p> <p><i>This is currently in progress.</i></p> <p><b>For the Roading valuation:</b> <i>As an initial step we have engaged WSP as an experienced valuation specialist for 2025 Transport asset valuation and expect the performance of the valuation service to improve.</i></p> <p><i>Feedback requesting more detail to be included in the report was requested after receipt of the initial draft valuation report.</i></p> |

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| Recommendation  | First raised | Status 24J  | 25J Update with Management comments  |
|---|--------------|---|--|
| <p>developing unit rates are complete, comparable to accepted ranges used across the industry, and are informed by information extracted from actual contracts.</p> <p>2. The methodology and assumptions used in deriving unit rates and overheads, and what each of these include, should be well documented for inclusion in the Council's valuation report.</p>   |              |   | <p><i>The transportation manager in, conjunction with financial accounting manager reviewed all unit rates and lives against Councils actual contract rates, where available.</i></p> <p><i>The same will be done over the next three waters valuation.</i></p>  |
| <p><b>Three waters assets quantity data quality</b></p> <ul style="list-style-type: none"> <li>• Reconciliation of GIS to Confirm are done regularly, to enable future valuation data to be accurate.</li> <li>• Review of confirm to ensure all completed capital projects are properly reflected in Confirm with all required data fields completed.</li> <li>• Improved processes to ensure the timely consistent recording of disposals.</li> </ul> | 2024         | <p><b>Management comment</b></p> <p><i>Plans to increase QA to be established.</i></p>  | <p><b>Current status: In Progress</b></p> <p><i>-Report checking for attribute discrepancy between GIS and Confirm is run twice a week.</i></p> <p><i>-Dashboard checking for assets not synched to Confirm is updated every 10mins.</i></p> <p><i>-Projects completed are reviewed on an on-going basis.</i></p> <p><i>-Disposal recording still in need of improvement.</i></p> <p><i>-Finance will perform a complete review at the next three waters valuation when an overall assessment can be made re data quality improvement.</i></p> |
| <p><b>Infrastructure asset valuations – Unit rate information</b></p> <ul style="list-style-type: none"> <li>• Develop and maintain a standard unit rate database for <b>Infrastructure</b></li> </ul>  | 2024         | <p><b>Management comments</b></p> <p><i>To be reviewed and considered by Group Manager - Community Infrastructure. The initial proposal</i></p> | <p><b>Current status: In progress</b></p>  |

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| Recommendation   | First raised | Status 24J   | 25J Update with Management comments   |
|--|--------------|--|---|
| <p><b>asset</b> revaluations which is supported by recent contracts.</p> <ul style="list-style-type: none"> <li>To ensure the valuation quality, the Council should challenge its valuer whether the unit rates can be justified in accordance with its current unit rate database.</li> </ul> |              | <p><i>is that rather than a full database, Community Infrastructure will maintain a list of contracts with links to pricing schedules and commentary which would assist the valuer in understanding the variables impacting the pricing.</i></p> | <p><i>Management accepts the risk, feedback to be incorporated.</i></p> <p><i>For the Roading valuation, all contracts and pricing schedules were collated and provided to the valuer with commentary on nature of works.</i></p> <p><i>The same will be done over the next three waters valuation.</i></p> |

| Recommendation  | First raised | Status 25J  | 26J Update with Management comments |
|---|--------------|---|-------------------------------------|
| <p><b>Management override of controls</b></p> <p>Implement one-up approval for all manual journal entries prior to posting.</p> | 2025         | <p><b>Management comment</b></p> <p><i>Council's finance system (MAGIQ) currently does not have built-in controls to prevent the same individual from both preparing and approving journals. Consequently, we rely on manual review and monitoring of journals. While journals are reviewed, unfortunately some exceptions were missed this year.</i></p> <p><i>To strengthen the control environment, we will enhance monitoring of journal approvals to ensure completeness and timeliness. This will include additional checks and regular</i></p> |                                     |

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|   |             | <p><i>reminders for the staff involved. Furthermore, existing controls such as access controls, regular reconciliations, management reviews, and journal entry monitoring remain in place to identify and address unusual or high-risk transactions.</i></p>  |  |
| <p><b>Consistency of group accounting policies and oversight</b></p> <p>Establish and implement a formal policy that mandates group entities to submit control assessments for any changes in shareholding or interests.</p> <p>Additionally, introduce a governance process requiring the Council's review and approval of any accounting policy changes within group entities, to ensure consistency and compliance in financial reporting.</p> | <p>2025</p> | <p><b>Management comment</b></p> <p><i>The formal policy will be contained within the Statement of Expectations. We will reiterate that the Council's require prompt notification of any proposed changes in accounting policies or significant matters so these can be reviewed and approved by Council. This allows councils to consider impacts early.</i></p> |  |

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**Closed recommendations**

| Closed Recommendations  |             |   |  |
|---|-------------|---|--|
| <p><b>User access to MagiQ</b></p> <ol style="list-style-type: none"> <li>1— Disable user access in MagiQ when a staff member leaves.</li> <li>2— Perform regular reviews of user access to ensure access remains appropriate.</li> </ol> | <p>2022</p> | <p><b>In-progress</b></p> <p>The recommendations have not been implemented.</p> <p>Adding and removing users in MagiQ is now working effectively and a regular review of terminated users is now established to ensure access is removed from MagiQ when users leave.</p> <p>However, we note that no full reviews of MagiQ users and their access levels are being done, and during our audit we noted users who had inappropriate General Ledger updating access.</p> <p><b>Management comment (Nov 2024):</b> The MagiQ audit was conducted during our upgrade from on-premise to MagiQ Cloud. Transitioning to MagiQ Cloud has brought some changes to the permissions required for our operations.</p> <p>MagiQ Cloud permissions necessitate elevated rights compared to what was previously required on-premise. Considering this, we have reviewed the GL Cloud permissions and have removed any unnecessary permissions wherever possible. Some staff will still need to</p> | <p><b>Current status: Complete</b></p> <p><i>MagiQ Cloud permissions necessitate elevated rights compared to what was previously required on-premise. Considering this, we have reviewed the GL Cloud permissions and have removed any unnecessary permissions wherever possible. Some staff will still need to maintain a higher level of permissions to carry out their work processes effectively, just as they did on-premise.</i></p> <p><i>Reviews of terminated users are being done regularly. Since audit we have implemented quarterly GL permission audits.</i></p> |

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|  |      | <p>maintain a higher level of permissions to carry out their work processes effectively, just as they did on-premise.</p> <p>Reviews of terminated users are being done regularly. Since audit we have implemented quarterly GL permission audits.</p>   |  |
| <p><b>Improve content of the revaluation report</b></p> <p>Request a more detailed report from the valuer to assist management with review of the revaluation results and provide more useful data for asset management.</p> | 2020 | <p><b>In-progress</b></p> <p>The recommendations have not been implemented. We have re-raised this issue as the infrastructure valuation was performed this year.</p>  | <p><b>Current status: Complete</b></p> <p><i>Complete, we required more detailed information from the valuer to be included in the valuation report.</i></p>   |
| <p><b>Training on bribery and corruption</b></p> <p>Implement a programme of training on management of conflict of interests, and bribery and corruption, for Council staff.</p>   | 2019 | <p><b>In-progress</b></p> <p>The recommendations are still being worked on. A new conflict of interest policy has been approved and communicated and there is induction training being developed.</p> <p><b>Management comment (Nov-2024):</b><br/>Resources have been developed and rolled out for management of conflicts of interest and fraud and corruption prevention and six-monthly updates for staff are planned. Specific induction resources being developed.</p> | <p><b>Current status: Complete</b></p> <p><i>Resources have been developed for both conflict of interest and fraud prevention. These are available to staff.</i></p> <p><i>Information, including videos and assessment tools are shared with staff on conflict of interests, at least twice a year.</i></p> <p><i>A programme of training on fraud prevention has been implemented which utilises webinars and resources provided by the Counter Fraud Office.</i></p> <p><i>We continue to make improvements to the resources and training available to staff.</i></p> |
| <p><b>Waimea Dam related accounting</b></p>  | 2024 | <p><b>Management accepts the risk</b></p> <p><b>Management comment</b></p>   | <p><b>Current status: Complete</b></p>   |

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|--|--|--|---|
| <ul style="list-style-type: none"> <li>• Establish a contract/agreement register for all the documentations involved in relation to WWL matters. It is also good practice for management to analyse and document the accounting implication for each contract/agreement.</li> <li>• We recommend the Council to consider a sustainable long-term funding arrangement.</li> </ul> |  | <p><i>Council has accepted the approach. The funding structure to effectively hold debt to perpetuity (and not funding depreciation) is typical of irrigation schemes.</i></p> | <p><i>Contracts are held in Doris. A document has been provided with links to all agreements, key accounting implications and papers.</i></p> |
|--|--|--|---|

Tasman DC 26J

**Recommendations where management accepts the risk**

| Recommendation  | First raised | Status 24J  | 25J Update with Management comments       |
|---|--------------|---|---|
| <p><b>Bank reconciliation process</b><br/>Perform a separate reconciliation for each bank account.</p>  | 2022         | <p><b>Management accepts the risk</b><br/><i>Management comment</i></p> | <p><b>Management Accepts the risk</b></p> |
| <p><b>Landfill provision disclosures</b><br/>Comply with the requirements of accounting standard PBE IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> to fully disclose the movements in the landfill provision note disclosure.</p> | 2022         | <p><b>Management accepts the risk</b><br/><i>Management comment</i></p> | <p><b>Management Accepts the risk</b></p> |

### 6.3 AUDIT AND RISK COMMITTEE ROLE IN THE LONG TERM PLAN 2027-2037 PROCESS

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee                       |
| <b>Meeting Date:</b>       | 10 March 2026                                  |
| <b>Report Author:</b>      | Alan Bywater, Team Leader - Community Policy   |
| <b>Report Authorisers:</b> | Sue McLean, Group Manager - Strategy & Finance |
| <b>Report Number:</b>      | RFNAU26-03-3                                   |

#### 1. Presentation / Whakatakotoranga

Alan Bywater, Team Leader Community Policy will make a presentation to the Committee on possible roles for the Audit and Risk Committee in the Long-Term Plan 2027-2037 process.

Please read the attached document before the meeting.

#### 2. Attachments / Tuhinga tāpiri



Audit and Risk Committee Role in the Long Term Plan 2027-2037 Process

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**Audit and Risk Committee Role in the LTP 2027-2037 - Workshop Information – 10 March 2026**

**Purpose**

To consider how the Audit and Risk Committee can best contribute to the LTP 2027-2037 process

- Action from A&R Committee meeting 3 October 2024
- Recommendation from external reviewers of the LTP 2024-2034 process.

Audit and Risk Committee meeting dates 2026:

- 10 March
- 30 June
- 30 September
- 3 December

**Audit and Risk Committee Involvement in the LTP 2024-2034**

|                            |  |
|----------------------------|--|
| June 2023                  | Review of draft assumptions. No substantive decisions sought   |
| December 2023              | Update on the LTP process inc. letter of engagement with Audit NZ, assumptions and levels of service. No substantive decisions sought    |
| March 2024                 | Update on the LTP process inc. relationship with Audit NZ, property revaluations, update on assumptions. No substantive decisions sought |
| October 2024               | Interim audit report on LTP consultation document and final audit report on LTP. No substantive decisions sought                         |
| December 2024-January 2025 | External members advice on settling issue of invoice for 'additional' work carried out by Audit NZ in the LTP                            |

**Audit and Risk Committee Terms of Reference**

**Purpose:** assist the Council and the Chief Executive to discharge their responsibilities for internal control systems and risk management. This includes the active oversight of all areas of Council’s control and accountability in an integrated and systematic way.

Responsibilities:

- Internal audit (financial and non-financial)
- External audit

- Risk management
- Health and safety
- Governance
- Integrity and investigations

### External Audit

Audit NZ will carry out the audit of the LTP consultation document and the supporting information<sup>1</sup> and subsequently on the final LTP documents. We have commenced monthly meetings with Audit NZ (Yvonne Yang and Cynthia Jani) to plan towards the LTP audits.

In the previous LTP the ARC received the Letter of Engagement with Audit NZ (after it had been signed), received the interim audit report and the external members participated in the process to negotiate the level of extra fees that Audit NZ charged for work it considered additional to that covered by the letter of engagement.

The Audit and Risk Committee could be more involved in the relationship with Audit NZ as follows:

- Review and advise on draft letter of engagement/audit plan prior to it being signed by Council – depending on the timing of the letter from Audit NZ vis a vis the AR Committee meetings.
- Review the audit plan and timeline
- Receive updates on progress with the audit during the LTP process
- Receive notes from debrief meetings (we hope to undertake these after the consultation document and final audits to learn how we can work together better).
- Receive and comment on the governors' report
- Advise on any invoice for additional work etc. (if that happens)

### Risk Management

The Audit and Risk Committee Chair provided some initial thoughts in October last year about the Committee's potential roles in risk management associated with the LTP. These are noted below with some initial thinking from staff.

#### Chair's suggestion 1:

Reliability of the models involved

Staff Thoughts:

The main models used in the LTP are: growth model, financial model, rates model and development contributions model. Staff could provide information on the nature, limitations and tolerances of these models to the Committee (see separate report on this agenda).

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<sup>1</sup> Information that is relied on by the content of the consultation document, provides the basis for the preparation of the LTP or is necessary for the audit

Timing:

March 2026 meeting

**Chair's suggestion 2:**

Ability of the Council to deliver on what is in the LTP – “doability” which includes capacity to deliver

Staff Thoughts:

There are probably two aspects to this: deliverability of the capital programme and deliverability of the levels of service (largely operational). The deliverability of the capital programme (as well as its affordability) are core considerations in the development of the programme. The deliverability of the capital programme is also an issue the external auditor looks closely at.

The LTP does not create an operational programme per se. Rather it identifies a set of levels of services and targets which largely rely on operational (and in some case capital) expenditure. At an appropriate stage in the process staff could share the proposed levels of service and targets (along with comparisons of previous years' performance (from annual reports) to stimulate a discussion about the achievability of these.

Timing:

September and/or December 2026

**Chair's suggestion 3:**

Reasonableness of the key assumptions

Staff Thoughts:

We are required to identify the forecasting assumptions, the risks, level of uncertainty and potential financial effects of that uncertainty. Generally, we try to identify as many of the forecasting assumptions as early as possible so that the remainder of the planning can be undertaken in a way that is consistent with these assumptions. There are some assumptions (e.g. inflation rates, interest rates) that cannot be finalised until the LTP gets closer to completion. Some of these require ongoing monitoring and if necessary, adjustment through until the LTP is completed.

In the LTP 2024-2034 the draft forecasting assumptions were shared with the Audit and Risk Committee with an informal opportunity for the Committee to raise any concerns. In the LTP 2027-2037 the Committee could be provided with a more formal opportunity to provide input to the assumptions.

Timing:

The initial draft of the forecasting assumptions have been shared with the Committee (see separate agenda item) this meeting. An update could be provided at the October or December 2026 meeting.

**Chair's suggestion 4:**

Reasonableness of the key policies

Staff Thoughts:

There are a number of policies included in or closely associated with the LTP. Of these we consider the following policies are the most important for the Committee to review and provide input to:

- Revenue and Financing Policy
- Financial Strategy
- Infrastructure Strategy

Staff could share information of the aspects of these policies being reviewed and the draft policies with the Committee at appropriate stages for input.

Timing:

Update on direction – June, September and December 2026.

Versions for consultation – March 2027 (but probably too late to influence content at this stage).

**Chair’s suggestion 5:**

Fiscal prudence and funding and balance sheet risks

Staff Thoughts:

The information that provides the financial prudence and balance sheet risks are largely contained in the Financial Strategy and the benchmarks. The Financial Roadmap work will effectively help shape much of the content of the Financial Strategy.

Staff could share a draft of the Financial Strategy at an appropriate stage in the process. Similarly, as proposed budgets firm up staff could share the benchmarks with the Committee.

Timing:

Financial Strategy - update on direction – March, June, September and December 2026.

Draft Benchmarks – December 2026

**Chair’s suggestion 6:**

Have the right questions been consulted on, risk of not engaging the community on a key matter.

Are the risks to the Council’s strategy well disclosed for the community

Staff Thoughts:

It probably makes sense to share with the Committee thinking about the questions we plan to engage the community on prior to these being finalised. The intention is to use an engagement approach throughout the LTP process and try to put more a higher level of focus and effort on engagement in the last quarter of 2026 when there remains more capacity for public feedback to influence the final LTP and rely less on the formal consultation process in early 2027. The ‘right questions’ are likely to vary during different stages in the LTP process. Staff could share with the Committee information about the engagement process in regular reports and share thinking about the key issues to include in the consultation document.

Timing:

Engagement – ongoing through the LTP process. Thinking of key issues for the consultation document – December 2026.

**Chair's suggestion 7:**

Impact of political risks from central government – are we on the right direction of travel

Staff Thoughts:

Several political risks from central government already exist and others are likely to evolve through the LTP process. Staff could note the central government risks identified and the approach to managing those risks at Committee meetings through the LTP process.

Timing:

Regularly through the LTP process.

**Chair's suggestion 8:**

Whether the LTP means we should raise further risk cards for monitoring going forward.

Staff Thinking:

Whether there are further risks for monitoring going forward is likely to become apparent towards the end of the LTP process. Following adoption of the LTP, the Committee could be given the opportunity to identify any new or increased risks resulting from the LTP, to be integrated into the more general risk management process and reporting.

Timing:

June or September 2027

## 6.4 LONG TERM PLAN 2027-2037 MATTERS REPORT

**Decision Required**

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee   |
| <b>Meeting Date:</b>       | 10 March 2026  |
| <b>Report Author:</b>      | Alan Bywater, Team Leader - Community Policy; Matthew McGlinchey, Financial Strategy & Planning Manager; Geoff Everitt, Senior Policy Advisor – Data Analysis; Michael Goldingham, Team Leader – Infrastructure Planning |
| <b>Report Authorisers:</b> | Sue McLean, Kaiwhakahaere ā Rōpū – Te Pae Rautaki Ahumoni   Group Manager - Strategy & Finance   |
| <b>Report Number:</b>      | RFNAU26-03-4   |

### 1. Purpose of the Report / Te Take mō te Pūrongo

1. The purpose of this report is to:
  - 1.1 seek feedback from the Committee on the draft set of working forecast assumptions for the Long Term Plan (LTP) 2027-2037;
  - 1.2 provide the Committee with information about the models to be used in the development of the LTP 2027-2037;
  - 1.3 update the Committee on work to develop a financial roadmap to inform the Financial Strategy; and
  - 1.4 provide information on the risks to the LTP 2027-2037 from central government legislation changes.

### 2. Summary / Te Tuhinga Whakarāpototo

- 2.1 Council's LTP 2027-2037 is required to identify significant forecasting assumptions. These assumptions will include assessments of factors that might impact on Council and the community, including anticipated changes in the population, the economic and financial environment, how the Council will provide services, and external factors such as climate change and Government legislation.
- 2.2 Staff are developing a set of working assumptions to inform the development of the LTP 2027-2037. The draft set of working assumptions in its current 'work in progress' form are provided for review by and feedback from the Committee at this early stage.
- 2.3 All the working assumptions will be reviewed regularly and updated when new information is available, such as new legislation. We anticipate bringing an updated version of the assumptions to the Committee's June meeting and provide updates at subsequent meetings. An updated set of assumptions will be adopted as supporting information for the LTP consultation in March 2027.

- 2.4 The reliability of the models to be used in the LTP process is an area consistent with the Committee's terms of reference in relation to risk. This report lists the primary models to be used and discussed their reliability.
- 2.5 Work has commenced on the development of a financial roadmap which will ultimately inform the Financial Strategy in the LTP. Information on the financial roadmap to date and the process from here are provided in this report.
- 2.6 The Government has multiple legislative and other proposals that have the potential to affect the Council in general and the LTP in particular. Staff have assumed that this is an area of interest for the Committee, particularly in considering the risks around this reform on the LTP. In this report we have commenced the process of identifying the Government proposals and the risks to the LTP. We anticipate this continuing to be a topic for consideration at subsequent Committee meetings.

### **3. Recommendation/s / Ngā Tūtohunga**

#### **That the Audit and Risk Committee**

1. receives the Long Term Plan 2027-2037 Matters Report RFNAU26-03-4; and
2. provides feedback on the draft working assumptions for the Long Term Plan 2027-2037 (Attachment 1 to the agenda report); and
3. provides feedback on how staff should focus future reporting on the risks to the Long Term Plan from the Government's reform programme.

### **4. Background / Horopaki**

- 4.1 The potential for the Committee to have a more extensive role in the development of the LTP was discussed at a committee meeting some time ago and there is an outstanding action to hold a workshop on this topic. Staff attempted to have that workshop at the Committee's October 2025 meeting but unfortunately time did not permit this. A presentation report on possible roles for the Committee is a separate item on today's agenda.
- 4.2 Consultants were commissioned to review the LTP 2024-2034 process and one of their recommendations was also to consider how the Audit and Risk Committee could add value to the LTP process.
- 4.3 The discussion with the Committee about its role in the LTP process has not yet taken place, however work on the LTP 2027-2037 is well underway and the Committee only meets four times in the year. So staff have taken the initiative to provide this initial report focusing on some areas they consider the Committee may be interested in and be able to add value.

### **5. Draft Working Assumptions for the LTP 2027-2037**

- 5.1 The Local Government Act 2002 requires Council's LTP (2027–2037) to identify all significant forecasting assumptions and the risks behind the financial estimates. (s17, Schedule 10, Local Government Act 2002).
- 5.2 A forecasting assumption is a statement about future conditions, behaviours, or trends that Council expects to occur. These assumptions form the basis for the LTP's financial forecasts.

- 5.3 Clearly communicating assumptions is essential for transparency, accountability, and audit requirements. Applying consistent assumptions across the organisation also supports integrated planning.
- 5.4 Staff are currently developing a set of working assumptions to guide preparation of the 2027–2037 LTP. These are being developed early to promote consistency across the plan. Some assumptions are still in draft form and will be refined as more up-to-date information becomes available over the year. At this stage not all the assumptions have been drafted.
- 5.5 The Committee plays an important role in reviewing and providing feedback on these assumptions. This report provides an initial opportunity to comment on their content, the level of uncertainty associated with them, and any potential impacts. Feedback is also welcome on whether any assumptions are unnecessary or if additional assumptions are needed.
- 5.6 An updated version of the assumptions will be provided to the Committee at its June meeting and again later in the year. A revised set of assumptions will be adopted as supporting information for public consultation in March 2027, and the final version will be included in the completed LTP.
- 5.7 Because assumptions are predictions about the future, actual results may differ—sometimes significantly. Each assumption therefore includes an assessment of the likelihood of variation, the level of risk, and the potential consequences for Council.
- 5.8 The quality of assumptions is a key focus for the LTP auditor, who must form an opinion on their robustness.
- 5.9 Significant forecasting assumptions must be:
- 5.9.1 realistic;
  - 5.9.2 evidence-based (especially when outside industry norms);
  - 5.9.3 internally consistent; and
  - 5.9.4 applied consistently across the LTP and supporting information, unless a justified exception is clearly explained.
- 5.10 Assumptions have been grouped into five categories: **Growth, External, Legislative, Operational, and Financial**. Each assumption includes a description of uncertainties and risks, their likely effects, and how Council will manage them.
- 5.11 This report summarises key assumptions and major areas of uncertainty. The full list, including placeholders where work is still underway, is provided in **Attachment 1**.

### **Growth Assumptions**

- 5.12 Growth assumptions are based on updated 2025 Infometrics projections for the Tasman District (high/medium/hybrid scenarios). These assumptions are critical as they influence financial forecasts, rating growth, service demand, and the scale and timing of infrastructure investment. Early clarity on the preferred scenario reduces inconsistencies in later modelling.
- 5.13 Broadly, Tasman District is expected to continue growing over the next 30 years, although the rate of growth is expected to slow. Projections reflect assumptions about fertility, life expectancy, and migration, all of which may change. The rate of growth is projected to vary across the District.

- 5.14 We expect the Growth Model to generate the detailed outputs required for LTP forecasting in May 2026, noting that this work is dependent on the adoption of a preferred growth scenario (medium or high) to anchor the modelling. The most up to date information will be shared and discussed with elected members at the meeting.
- 5.15 The draft growth assumptions that underpin Council's draft LTP are set out in Section 1 of Attachment 1.

### **External Assumptions**

- 5.16 External assumptions relate to factors outside Council's control that may significantly affect income or spending. These include climate change impacts, natural hazards, and changes in the wider economic environment. These factors are inherently uncertain and influenced by national and global conditions.
- 5.17 The draft external assumptions are set out in Section 2 of Attachment 1. An assumption about the broad economic environment over the next ten years will be developed. In general, we anticipate the economic environment in Tasman to be closely aligned to that of New Zealand. Forecasts of metrics such as GDP, inflation etc. are likely to vary over the next year so will be included in the assumptions at a later date.

### **Legislative Assumptions**

- 5.18 The general assumption is that Council will be affected by changes to Government legislation and sub-regulation such as national standards and policy direction. Currently, there is a high degree of change and uncertainty regarding legislative changes and sub-regulation, particularly in the areas of resource management and water services.
- 5.19 Specific assumptions regarding the anticipated direction of resource management reform, local government reform and water services provide some direction for financial forecasting based on anticipated effects on Council systems, processes and resourcing.
- 5.20 Assumptions will be updated as reforms progress.
- 5.21 Assumptions about three waters activities and Resource Management Act reform are yet to be developed. Draft assumptions regarding legislative change are set out in Section 3 of Attachment 1.

### **Operational Assumptions**

- 5.22 Operational assumptions relate to Council's day-to-day activities, including staffing levels and delivery of capital projects. Some details, such as future FTE numbers, will be confirmed through LTP planning.
- 5.23 The draft operational assumptions are set out in Section 4 of Attachment 1.

### **Financial assumptions**

- 5.24 These assumptions cover key financial variables such as interest rates, inflation, insurance costs, and external funding (e.g. New Zealand Transport Agency/Waka Kotahi subsidies).
- 5.25 Specific values for some assumptions will be updated throughout the year as economic conditions change. e.g. future projected inflation and interest rates. Similarly, some assumptions may need to change in response to changes in Government direction e.g. NZTA funding.
- 5.26 Other financial metrics—such as the transition to funding depreciation—will be determined through LTP planning.

- 5.27 These assumptions relate to matters directly relevant to financial forecasting, such as interest rates and inflation. Within this group of assumptions, the cost of Council insurance is considered. External funding considerations are also noted, such as central government funding, including (Waka Kotahi) contributions to Council transportation projects.
- 5.28 Assumptions on fixed asset revaluation and transition to depreciation are yet to be developed. Financial assumptions are set out in Section 5 of Appendix 1.

## **6. Models to be used in the LTP 2027-2037**

### **Growth Demand and Supply Model**

- 6.1 The Growth Demand and Supply Model (GDSM) integrates population and dwelling projections with plan-enabled land capacity from the TRMP and Future Development Strategy to identify where and when growth is likely to occur. These combined inputs form the basis for the Growth Model, whose outputs in turn inform the Infrastructure Strategy, and the financial forecasts required for the LTP.
- 6.2 The reliability of the model depends on the quality of its inputs and how accurately the underlying assumptions reflect real-world outcomes. Council procures its population and business land projections from reputable independent providers, including Infometrics (who use Statistics NZ projections as the basis for their projections). Additional internal review and quality assurance is supported in this cycle by an external consultant review. The model itself has been used across multiple LTP cycles and has been progressively refined, drawing on input from engineering, planning, finance, and policy staff with specialist expertise.
- 6.3 While the model performs well over the short term, uncertainty increases over the medium and long term as assumptions compound. Demand-side projections are particularly sensitive to net migration trends.
- 6.4 Supply-side capacity is more reliable in the short term, where zoning and infrastructure availability are already known, but becomes less certain over longer horizons due to dependencies on future rezoning, developer uptake, and infrastructure sequencing. These uncertainties are inherent to all long-term forecasting tools and are managed through regular monitoring, conservative financial assumptions, and updates every LTP cycle.

### **Financial Model - Growth**

- 6.5 The output of the Growth Model is a base input into the Development Contribution model that determines revenue expectations required for the LTP. This model was developed by Finance and Strategic Policy area of Council. It looks at historic and future spend to determine an appropriate revenue expectation by ward for the 3 wards and also for the Roothing development contribution. These calculations in turn determine a base revenue input into the overall financial model. They also determine how much of a capital project is considered growth in nature.
- 6.6 Two Finance staff and two Strategic Policy staff are the subject matter experts in relation to this model.
- 6.7 With the new legislation surrounding Development Levies it is expected that the model will need to be reviewed to ensure it meets the new legislative requirements.

## Financial Model - Complex

- 6.8 Council's financial model is contained within the MagiQ Performance. This a reporting tool that sits over and above the base MagiQ Enterprise product. Budget Managers enter all financial data into the system. There are also base inputs that Finance staff are responsible for like depreciation, the debt book etc.
- 6.9 The financial model is 'owned' by the Systems Accountant who has developed the model over the last ten years. There is a second person in the finance team who can also run the model. A 'run' of the financial model can take up to 3 hours to process if it has to start at the beginning. In some instances, it can be started part way through the process.
- 6.10 Once we run the initial model it can take up to ten working days to prove out the model results i.e. the inputs and the associated outputs (Financial statements, rates movement, net debt) make sense. Once we have done the initial run, subsequent checks are straightforward as Finance can control all input and thus easily understand the changes to the external key financials.
- 6.11 Once all inputs are in the financial model run a sequential set of tools to calculate the overall Trail Balance for Councils financials. The trial balance is pulled into a spreadsheet via a sequel query that then populates outputs like;
- 6.11.1 the Revenue and Expenditure Statement
  - 6.11.2 Financial Position Statement
  - 6.11.3 the Cash Flow Statement
  - 6.11.4 the Equity Statement
  - 6.11.5 the Funding Impact Statement
  - 6.11.6 the GOA Funding Impact Statements; and
  - 6.11.7 a series of Rates and Debt graphs etc.

## 7. Update on the Financial Roadmap

- 7.1 In considering the overall financial position of Council and the associated challenges, staff decided that a financial roadmap was required. This sits over the top of the Financial Strategy that is in the LTP.
- 7.2 The Tasman District Council's 10-Year Financial Roadmap (The Roadmap) sets out a comprehensive strategy to achieve long-term financial sustainability in the face of significant demographic growth, aging infrastructure, regulatory reforms, and increasing community expectations. The roadmap emphasises prudent financial management, resilience, and equity to ensure ongoing service delivery and infrastructure renewal without imposing undue burdens on current or future ratepayers.

### Strategic intent

- 7.3 Provide clear direction for Council decision-making to achieve a balanced approach to:
- 1.1.1 managing growth effectively;
  - 1.1.2 renewing and maintaining critical infrastructure; and
  - 1.1.3 ensuring long-term financial sustainability.

## Strategic context

- 7.4 The Road Map sets the framework within which this intent will be delivered. It reflects the external and internal factors shaping Council’s operating environment, including:
- 1.1.4 infrastructure challenges and funding mechanisms for growth;
  - 1.1.5 rate and debt limits aligned with affordability and Local Government Funding Agency (LGFA) covenant requirements;
  - 1.1.6 transition of Three Waters services to a Council Controlled Organisation (CCO) in due course;
  - 1.1.7 demographic and economic growth trends influencing service demand;
  - 1.1.8 ageing assets requiring renewal and resilience planning;
  - 1.1.9 regulatory changes, including Local Water Done Well reforms;
  - 1.1.10 climate resilience imperatives and adaptation measures; and
  - 1.1.11 legislative financial constraints and community affordability considerations.

## 8. LTP Risks from Central Government Legislation Change<sup>1</sup>

- 8.1 There are multiple parts of Central Government’s legislative and other reform proposals that create risks for the Council on the development of the LTP. We intend to continue to canvas these risks with the Committee during the development of the LTP over the next year.
- 8.2 This preliminary discussion is an analysis focuses on the following proposals only – recognising that there are others that will impact the LTP:
- 8.2.1 Resource Management System Reforms
  - 8.2.2 Rate Capping Proposals (NZ Government – announced 1 December 2025)
  - 8.2.3 Local Government (System Improvements) Amendment Bill (Bill 180-2)
  - 8.2.4 Development levies
  - 8.2.5 “Simplifying Local Government” Structural Reform Proposal
  - 8.2.6 Going for growth.
- 8.3 The following sections provide a very high-level description of these reforms:
- 8.3.1 Rate caps: proposed 2–4% per capita annual cap on all rates (excluding water charges and non-rates), transition from 2027 with full effect by 2029; regulator approval needed to exceed in exceptional cases.
  - 8.3.2 Local Government (System Improvements) Amendment Bill: refocuses the statutory purpose, codifies core services, strengthens performance/transparency, and inserts a definition of “cost effective”. The Select committee has recommended it be passed.
  - 8.3.3 “Simplifying Local Government” proposal: replace elected regional councillors with Combined Territories Boards (CTBs) of mayors, dual threshold voting for key resource decisions, CTBs to prepare Regional Reorganisation Plans, with potential Crown Commissioner involvement.

<sup>1</sup> Generative AI was utilised in the drafting of this section of the report

- 8.3.4 Resource management reforms: transition to a new system by mid-2026; stronger regional spatial planning, fewer plans/consents, and reduced explicit role for regional councils under the new planning system.
- 8.3.5 Development levies system: consultation on a Local Government (Infrastructure Funding) Amendment Bill to replace development contributions with development levies; aims to better fund growth infrastructure.
- 8.4 Going for Housing Growth (GfHG):
- 8.4.1 Pillar 1 (land supply & planning):
- Housing Growth Targets for Tier 1 and 2 councils requiring 30 years of feasible housing capacity, based on high population growth projections.
  - Government considering lifting this requirement to 50 years of growth planning.
  - Price indicators (e.g. rural–urban price differentials) must not deteriorate over time.
  - Stronger central government monitoring and power to intervene where councils are not compliant.
  - Remove rural–urban boundary restrictions — councils can no longer impose these (though rural zoning can remain).
  - Enable intensification in the right places, especially in Tier 1 cities:
  - Required higher-density zoning along strategic transport corridors.
  - Councils must offset any housing capacity lost due to protections (e.g. special character).
  - Mixed-use development required across urban areas (e.g. allowing cafes/retail).
  - Removal of minimum floor area and balcony requirements for dwellings.
  - Medium Density Residential Standards (MDRS) become optional.
- 8.4.2 Pillar 2 (infrastructure funding):
- Replace development contributions with a more flexible development levy system
  - Separate levies for services such as drinking water, wastewater, stormwater, transport, reserves, and community infrastructure.
  - Overall aim: create a toolkit that is more responsive to growth pressures and simpler for councils and developers.
- 8.4.3 Pillar 3 (incentives):
- Align incentives so local communities and councils benefit from allowing housing.
  - Further consultation signalled for 2026.
- 8.5 Together, these reforms tighten revenue flexibility, reshape planning mandates, and change who makes—and funds—regional decisions. The LTP and Infrastructure Strategy will need to: (i) reflect statutory purpose and “core services” shifts, (ii) re-sequence growth and renewals under constrained rates, and (iii) embed new spatial planning and development levy settings that underpin growth infrastructure delivery.
- 8.6 There are several interdependencies and compound risks from these reforms that affect the LTP, as follows:

- 8.6.1 Rates Cap & Development levies: if levy settings or transition timelines lag, councils have limited ability to bridge funding with rates, risking growth stalling or debt acceleration.
  - 8.6.2 GfHG 1 and Infrastructure Strategy: zoning intensification and removal of rural-urban boundaries without funded trunk upgrades creates paper capacity and community backlash if projects don't materialise.
  - 8.6.3 System Improvements Bill & LTP prioritisation: narrower purpose and "core services" pressure will reprioritise community assets and placemaking, affecting wellbeing outcomes unless explicitly evidenced as cost effective.
  - 8.6.4 Simplifying Local Government & RMA replacement: governance shift to CTBs overlaps with spatial planning rollout; if sequencing is off, regional transport and environmental planning could stall. This risk may not apply for unitary councils.
- 8.7 We need to develop some working assumptions for some of these legislative and reform changes to promote consistent planning across different parts of the LTP. As the parliamentary process for each moves through subsequent stages, we can either confirm our assumption or amend it. By the time the LTP is complete in June 2027 many of these legislative and reform changes will have reached a conclusion and no longer require assumptions.
- 8.8 As noted, this section of the report attempts to identify some high-level risks to the LTP from the Government's reform proposals. These risks are an appropriate topic for the Committee's consideration. Staff would appreciate some direction from the Committee as to the form and content of content on these topics for reports at future meetings during the year.

**9. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

- 9.1 There are no financial implications from this report.

**10. Options / Kōwhiringa**

- 10.1 The options are outlined in the following table:

| Option |  | Advantage   | Disadvantage  |
|--------|--|---|---|
| 1.     | Provide feedback on the draft working assumptions.       | Provides opportunity to improve the working assumptions and the LTP planning based on them. | Results in minor additional work for staff in drafting/redrafting and may increase auditing work if adds additional assumptions.                  |
| 2.     | Don't provide feedback on the draft working assumptions. | No additional work for staff in drafting/redrafting or increase auditing work.              | Missed opportunity to improve the working assumptions and the LTP planning based on them, unless no improvements are identified by the Committee. |

- 10.2 Option 1 is recommended.

**11. Legal / Ngā ture**

- 11.1 Schedule 10, Part 1, section 17 of the Local Government Act requires the significant forecasting assumptions to be published in the LTP including assumptions on the life cycle of significant assets and the sources of funds for future replacement of significant assets.
- 11.2 In the case of where significant forecasting assumptions involve a high level of uncertainty, we must document that uncertainty and estimate the potential effects of the uncertainty on the financial estimates.

**12. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori**

- 12.1 Initial conversations have commenced with iwi about the LTP 2027-2037 with iwi indicating a desire to understand how the feedback they provided on the last LTP through submissions has/is being addressed.

**13. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui**

- 13.1 The significance of the decision about providing feedback of the draft working assumptions is low.

|    | <b>Issue</b>  | <b>Level of Significance</b> | <b>Explanation of Assessment</b>  |
|----|---|------------------------------|---|
| 1. | Is there a high level of public interest, or is decision likely to be controversial?  | Low                          | Decision is providing feedback to improve the assumptions. An updated version of the assumptions will be available for public comment later in the LTP process. |
| 2. | Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future? | Low                          | The assumptions in themselves do not affect well being of the community.  |
| 3. | Is there a significant impact arising from duration of the effects from the decision?   | Low                          | The assumptions used can be altered until the LTP is adopted although substantial changes later in the process may result in re-work.                           |
| 4. | Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)                | N/A                          |   |
| 5. | Does the decision create a substantial change in the level of service provided by Council?  | N/A                          |   |
| 6. | Does the proposal, activity or decision substantially affect debt, rates or   | Low                          | Some assumptions could alter financial planning in the LTP.   |

|     | Issue  | Level of Significance | Explanation of Assessment   |
|-----|--|-----------------------|---|
|     | Council finances in any one year or more of the LTP?   |                       |   |
| 7.  | Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?   | N/A                   |   |
| 8.  | Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?   | N/A                   |   |
| 9.  | Does the proposal or decision involve Council exiting from or entering into a group of activities?   | N/A                   |   |
| 10. | Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater or particular consideration of current legislation relating to water supply, wastewater and stormwater infrastructure and services? | Low                   | The working assumptions acknowledge and attempt to anticipate the changes through Local Water Done Well |

#### 14. Communication / Whakawhitiwhiti Kōrero

- 14.1 The assumptions and draft financial strategy will be made available to the public as supporting information to the LTP consultation document in 2027.
- 14.2 It is likely that the risks for the Council around the government’s legislation will be appropriately reflected in the LTP consultation document and final LTP.

#### 15. Risks / Ngā Tūraru

- 15.1 The assumptions require the Council to anticipate what will happen in the future. As a consequence, there are risks that the assumptions prove incorrect. For these reasons the level of risk and anticipated consequences if the assumptions prove to be incorrect are recorded.
- 15.2 There are reliability and accuracy risks from the models used in LTP. These are mitigated as much as possible by quality assurance processes. The growth model outputs are based on population projections that may prove not to represent the actual population growth. We monitor growth regularly and have some ability to adapt the Council’s programme through subsequent Annual Plans. In addition, the model will be re-run every three years as part of the LTP process so can incorporate current information at that time.
- 15.3 There are a range of risks that will need to be considered in the development of the Financial Strategy. We anticipate these being discussed with elected members and this Committee. The key risks may need to be noted in the Strategy itself.

- 15.4 There are a range of risks to the Council and LTP from the Government's reform process. The Council will continue to participate in the consultation processes for these reforms and highlight the risks they create to the Government. As the reforms firm up and become legislation the risks will need further consideration and potentially mitigation in the LTP.

## **16. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi**

- 16.1 Climate change forms an important assumption and this will be used for a range of LTP planning.
- 16.2 There are several other climate change related assumptions e.g. Emission Trading Scheme and Natural Hazards that will be used to help guide LTP planning.

## **17. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru**

- 17.1 Direction to activities in the LTP is provided by a range of Council strategies and policy.

## **18. Conclusion / Kupu Whakatepe**

- 18.1 This is the first report in a series throughout 2026 about LTP matters designed to enable the Committee to provide input and add value to the process.
- 18.2 Feedback is specifically sought on the draft working assumptions and how staff can best report on the risks to the LTP from the Government's reform programme.

## **19. Next Steps and Timeline / Ngā Mahi Whai Ake**

- 19.1 Staff will continue to develop the assumptions. The draft working assumptions will be discussed by the Mayor and Councillors in April. They will continue to be revised and updated as better information comes to hand. Staff anticipate reporting update assumptions and/or significant changes to the draft working assumptions to the Committee at subsequent meetings.
- 19.2 Staff will continue to utilise models in the LTP process, carrying out suitable quality assurance checks.
- 19.3 Work will continue to develop the Financial Road Map and utilise that to draft the Financial Strategy.
- 19.4 Staff will continue to monitor Government legislative and other changes. The risks and impacts of these on the LTP will be assessed and reported to subsequent meetings of this Committee. Staff will work on developing some working assumptions to facilitate consistent planning across the LTP.

## **20. Attachments / Tuhinga tāpiri**

1.   Working Draft - Assumptions for LTP 2027-2037

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## FORECASTING ASSUMPTIONS

### TASMAN'S 10-YEAR PLAN 2024-2034

This document provides the significant forecasting assumptions underlying the financial estimates in the Tasman District Council 10-Year Plan 2027 - 2037

The Council's 10-Year Plan 2027 - 2037 is required to contain information on the significant forecasting assumptions underlying the information contained in the document. These assumptions will include assessments of a number of factors that might impact on the Council and the community, including anticipated changes in the population over the next 30 years, the economic and financial environment, how the Council will provide services over the next 30 years, and external factors such as climate change and Government legislation.

Actual results might differ, and these differences could potentially be significant. Therefore, each assumption includes an assessment of risk and how likely the actual results could vary from the assumptions. The forecasting assumptions table also sets out an assessment of the impact the variances would have on the Council.

# 1 GROWTH ASSUMPTIONS

## 1.1 Population growth

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES, AND HOW COUNCIL WILL MANAGE THE EFFECTS   |
|--|---|----------------------|--|
| <p>That the overall population of Tasman increases by ~7600 / ~5000 (High / Medium) residents between 2027 and 2037, to reach ~70,200 / ~66,600. The District will experience ongoing population growth over the next 30 years but the rate of growth will slow over time<sup>1</sup>.</p> <p>Based on these assumptions, Council is planning a further ~5,000 / ~3,700 dwellings by 2037.</p> <p>The growth assumption also considers non-resident demand for holiday home properties and assumes the</p> | <p>That population growth and development are higher or lower, due to a range of factors, including migration patterns, housing demand, and landowner/developer decisions.</p> <p>Positive net migration is the major contributor to the District’s population growth and increasingly offsets natural decrease (more births than deaths). It has historically been highly variable and therefore difficult to predict.</p> | <p>Medium</p>        | <p>Council will continue to monitor growth and demand.</p> <p>If population growth is higher than assumed, debt incurred by Council to fund the growth-related portion of infrastructure will be repaid more quickly than assumed. Higher growth than planned could also result in an insufficient amount of serviced land (including infrastructure) for development and a worsening of housing affordability. Council may be required to plan for additional growth in its forthcoming Regional Spatial Plan, Land Use Plan and Natural Environment Plan and/or increase its investment in infrastructure to make more land for development available. Some infrastructure may need to come forward.</p> <p>If population growth is lower than assumed it may take longer for Development Contributions to pay off debt incurred to fund growth related infrastructure. Council may need to revise its capital programme for growth related infrastructure. The forecast increases in rates and development contributions may be smaller than anticipated.</p> |

<sup>1</sup> Infometrics, Projections Tasman, 2023 High / Medium scenario



| ASSUMPTION   | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES, AND HOW COUNCIL WILL MANAGE THE EFFECTS |
|--|---|----------------------|--|
| <p>current proportion of dwellings will continue to be used as holiday homes.</p> <p>For further information on the 10-Year Plan Growth Projections, please refer to Tasman Growth Projections 2027 to 2057.</p> | <p>Migration patterns could be affected by:</p> <ul style="list-style-type: none"> <li>• An increase in the number of returning New Zealanders</li> <li>• House prices and incomes relative to other regions and countries</li> <li>• Housing supply in other regions, particularly Nelson City.</li> </ul> <p>The demand and supply of new commercial and industrial buildings are influenced by a range of factors, including the economic and employment trends.</p> |                      |  |



1.2 Ageing population

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|---|---|----------------------|--|
| <p>That the proportion of the population aged 65 years and over is projected to increase from 24% in 2024 to 31% by 2037.</p> | <p>Once a population has more than 20 per cent aged 65+ years it is usually approaching the end of natural increase. Tasman reached that threshold in 2016 and has experienced relatively low natural increase in recent years.</p> | <p>Low</p>           | <p>The proportion of Tasman residents aged 65 years and over will continue to increase over the next decade. This demographic shift means a larger share of residents on fixed or limited incomes, making them more sensitive to rates increases. Household size is projected to decline from 2.43 in 2024 to 2.33 by 2037, contributing to greater demand for smaller and more accessible housing. A growing number of older residents is also likely to increase demand for accessible facilities, information, and services.</p> <p>An ageing population may place pressure on Council to moderate rates increases, which could constrain operational budgets and affect levels of service. Council will need to consider the long-term operational costs of new infrastructure and facilities to ensure affordability. The expected demand for smaller, more accessible dwelling types may require ongoing review of zoning provisions to ensure the housing supply aligns with community needs. Council may also need to review public facilities and services to ensure they remain accessible and suitable for an older population.</p> |



1.3 Sufficient Development Capacity

| ASSUMPTION      | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|-----------------|---------------------------|----------------------|---|
| To be developed |                           |                      |   |

1.4 Growth in rating units

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|---|---|----------------------|---|
| That the number of rating units will increase from X in 2027 to Y in 2037, with an average annual increase of Z%. | That actual growth in rating units is lower or higher than assumed. Economic conditions, demographic factors, and landowner/developer decisions can cause variations in rating unit growth. | High                 | Any significant variance from rating unit projections will affect revenue and development contributions revenue.<br><br>Lower than projected growth could result in marginally higher rates increases. Council has taken a conservative approach in its estimated growth in the rating base so that the risks are relatively low. |



1.5 Development Contributions (DCs) and Reserve Financial Contributions (RFCs)

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY  | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|--|---|---|---|
| <p>That Council will continue to recover a significant proportion of growth-related infrastructure costs from development, through Development Contributions (DCs), Reserve Financial Contributions (RFCs), and/or any successor growth funding mechanisms established through legislative reform (including development levies), broadly in line with population and development growth assumptions adopted in this Long Term Plan.</p> <p>Over the next 10 years, the Council expects to collect \$Xm in DCs and \$X million in RFCs.</p> <p>That Council will transition to any new growth funding regime in a staged and compliant manner once</p> | <ul style="list-style-type: none"> <li>Legislative reform may alter the scope, timing, methodology or recoverability of growth-related funding, particularly for reserves and community infrastructure.</li> <li>Development contributions, reserve financial contributions or development levy revenue may be received more slowly or in different proportions than assumed.</li> <li>Transitional arrangements between regimes may create short-term funding or cashflow mismatches.</li> <li>Borrowing may be required to fund growth infrastructure in advance of contributions or levies being collected.</li> </ul> | <p><b>Medium overall,</b> reflecting:</p> <ul style="list-style-type: none"> <li><b>Low uncertainty</b> in Years 1–3 (existing DC/RFC framework continues to apply),</li> <li><b>Medium to High uncertainty</b> in Years 4–10 due to the timing, content and implementation of legislative reform and associated policy changes.</li> </ul> | <ul style="list-style-type: none"> <li>If growth-related revenue is received more slowly than assumed, Council may need to hold growth-related debt for longer, increasing interest costs.</li> <li>Extended borrowing could place pressure on Council’s net debt limits set out in the Financial Strategy.</li> <li>Changes to eligible expenditure or funding rules may require reprioritisation or rescoping of some growth-related capital projects, including reserves and community facilities.</li> <li>Council may need to revise contribution/levy charges, debt limits, or funding strategies through future Annual Plans or LTP reviews</li> </ul> |

|   |  |  |  |
|---|--|--|--|
| <p>legislative changes are enacted, including any required replacement of the Development and Financial Contributions Policy, while continuing to collect DCs and RFCs under existing statutory provisions until such time as new mechanisms take effect.</p> <p>That Council will continue to calculate growth funding requirements over a long-term horizon (generally 30 years or more), consistent with national planning requirements and infrastructure strategies, and recover costs as growth occurs.</p> <p>Refer to the <b>Development and Financial Contributions Policy</b> (and any successor policy adopted under new legislation) and the <b>Infrastructure Strategy</b> for further detail on growth funding assumptions and methodologies.</p> |  |  | <p>to manage affordability and risk.</p> |
|---|--|--|--|

## 2 EXTERNAL ASSUMPTIONS

### 2.1 Climate change

See our website [here](#) for the NIWA reports and further information on the impacts and implications of a changing climate.

#### ASSUMPTION

The following key assumptions have been made regarding the potential impacts of climate change on the Tasman District community and the Council's activities:

Tasman's climate will change based on the climate projections for Aotearoa New Zealand produced by NIWA (now Earth Sciences New Zealand) by downscaling global climate models. Council's assumption is based on changes in key climate variables expressed as the range of average changes across four climate change scenarios. These scenarios, known as Shared Socio-economic Pathways (SSP)<sup>2</sup>, are:

- SSP1–2.5
- SSP2–4.5
- SSP3–7.0
- SSP5–8.5

Use of these scenarios are based on Ministry for the Environment national direction/guidance and the Local Government Sector Climate Scenarios (2025).

Mid-century warming cannot be avoided, due to the amount of greenhouse gas emissions that have already accumulated in the atmosphere to date.

Activities in different contexts apply different scenarios of future climate change:

- For assessing natural hazards such as river and rainfall flooding for infrastructure planning, subdivision, intensification, consenting, and similar planning purposes Council applies the climate change scenario SSP5-8.5 with additional allowances where future projections may not cover the full range of time-horizons required in these contexts. SSP5-8.5 is assumed to represent the 'worst case' future greenhouse gas emissions

<sup>2</sup> Shared Socio-economic Pathways (SSPs) are scenarios of different global socio-economic changes that drive greenhouse gas (GHG) emissions and in turn drive potential future climate changes (IPCC, 2021)

**ASSUMPTION**

scenario with the greatest climate change impacts, and is applied to avoid having to replace infrastructure or abandon buildings or subdivisions due to greater than projected impacts of climate change.

- For other matters, including Council’s mitigation planning (such as emissions forecasting and reduction pathways assessment), Council applies the climate change scenario of SSP2-4.5 as the baseline. This scenario is referred to as the ‘middle of the road’ scenario and assumes that the global CO<sub>2</sub> emissions remain at around current levels until the middle of the century with a best estimate of global average warming of around 2.7°C by the end of the 21st century relative to 1850–1900 (Chen et al., 2021).

Sea-levels will continue to rise through the 21<sup>st</sup> century and are likely to rise at an accelerated rate. Tasman District is particularly vulnerable to sea-level rise due to its extensive coastline. For low-lying land there will be increasing inundation and erosion due to rising sea-levels and coastal storms.

For assessing coastal hazards for infrastructure planning, subdivision, intensification, consenting, and similar planning purposes the Council applies sea-level rise projections based on SSP5-8.5 ‘M’ (p50) or ‘H+’ (p83) and adds allowances for vertical land movement. Council’s plans assume sea-level rise (relative to the 1995–2014 baseline and independent of vertical land movement) of:

- 0.19m by 2031–2035;
- 0.32m by 2050;
- 0.97m by 2090–2100;
- 1.66 - 1.67m by 2130.

This is based on the SSP5–8.5 ‘H+’ (p83) scenario and is in line with Ministry for the Environment’s Coastal Hazards and Climate Change Guidance (2024).

For coastal subdivision, greenfield development, major new infrastructure, changes in land use, and redevelopment, Council is planning for 1.66-1.67m of sea-level rise by 2130. The Tasman District coastline is typically subsiding at rates between -1mm to -4mm per year which will further increase the amount of sea-level rise experienced at the coast. Sea-level rise and vertical land movement values are sourced from the NZ SeaRise data platform.

There will be an increased frequency and intensity of extreme weather events. Climate change is expected to have an impact on the frequency and magnitude of extreme weather events such as storms, heatwaves, and droughts. These events may impact the community through damage to property, disruption of services, and increased health risks.

**ASSUMPTION**

There will be changes in water availability, including more frequent and severe droughts, which may impact the community through restrictions on water use, reduced agricultural productivity, and impacts on biodiversity. Prolonged dry conditions can also increase the risk of wildfire.

Biodiversity will be impacted. Climate change is likely to lead to changes in the distribution and abundance of species in the Tasman District. This could result in changes in ecosystem services, impacts on cultural and recreational activities, and increased risks to human health.

**BRIEF DESCRIPTION OF RISK**

**LEVEL OF UNCERTAINTY**

There is an overall risk that the effects of climate change are more or less severe than the scenarios Council’s assumptions are based on and/or that the rate or amount of sea-level rise is higher than assumed based on guidance from the Ministry for the Environment. . This may result in under- or over-estimation of long-term risk and required financial investment.

Medium to High

WORK IN PROGRESS

#### POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES

There is a medium to high level of uncertainty associated with climate change projections. While climate models provide valuable insights into potential impacts, it is difficult to predict with certainty the exact nature and extent of these impacts. Climate change impacts to around mid-century are largely unavoidable, but after that point climate models show a much broader range of possible effects depending on how emissions evolve. Consequently, it is important to build flexibility and adaptability into the 10-Year Plan.

The Council acknowledges that there is a range of potential impacts associated with climate change, and that these impacts may vary depending on the specific location within the Tasman District.

There will be social, cultural, economic and environmental implications of climate change for individuals, landowners, businesses, iwi, and the wider community, in addition to the broader implications for the District. Examples of types of impacts include:

- damage to/loss of assets, property, infrastructure and facilities from coastal inundation, coastal erosion, sea-level rise, flooding and/or wildfire
- issues with water supply security
- increased wastewater overflows
- inadequate flood protection structures
- increased biosecurity incursions and impacts on biodiversity.

Climatic events increase Council's costs for both responding to events and building greater resilience into infrastructure and our communities.

The financial cost to Council of responding to the impacts of climate change has not been quantified yet but is likely to be significant. If the impacts are more severe than anticipated, the financial costs will be even higher. A wide range of Council's services and planned infrastructure provision may be affected, particularly in coastal areas.

Council will need to monitor the effects of climate change and sea-level rise over time and review its budgets, programme of work and levels of service accordingly. There are also implications for how the insurance market will respond over time to increasing climate-related losses, for both Council and communities, including the potential for higher excesses, reduced coverage, or withdrawal of cover.

The Council continues to improve its understanding of Tasman's climate change and natural hazards risk to inform a range of work programmes. **Central government's National Adaptation Framework and RMA replacement legislation signals that council will be required to prepare adaptation plans in**

**POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES**

priority areas (under an amendment to the Climate Change Response Act). Any future legislative requirements to prepare adaptation plans will result in financial obligations on council.

Council's business must respond to climate change now to ensure a level of preparedness for future impacts. Failure to respond will lead to significant future challenges and costs.

Council will continue to set priorities and apply consistent risk reduction approaches to reduce risk from climate change and natural hazards. Council will monitor climate change, natural hazard, and emergency management related regulatory settings to adjust operations and policy throughout the Long Term Plan period.



2.2 Natural hazards

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY                                 | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|--|--|--|--|
| <p>That there will be damaging natural hazard events during the term of Tasman’s 2027–2037 LTP period. Since 2001, Tasman District has been impacted by more than 10 costly weather-related events of varying scales, and it is reasonable to expect the next 10 year period to be similar.</p> <p>That there is a high likelihood of localised damaging natural hazard events such as from flooding, slope failure, strong winds, coastal inundation and erosion, and wildfire, occurring within the next 10 years, and that some of these events will be very costly. For example the 2013 Richmond flood was estimated to cost \$45M, the 2022 Nelson-Tasman severe weather event was estimated to cost \$31M, and the 2025</p> | <p>There is a risk that moderate or larger natural hazard event and/or a number of localised natural hazard events occur during the period of Tasman’s 10-year plan 2027–2037. The effects of climate change increases the likelihood of damaging weather-related events (the frequency and severity of weather-related natural hazard events is expected to increase).</p> <p>The Nelson Tasman Emergency Management Group Plan identifies the following natural hazards as having a high assessed risk to the region:</p> <ul style="list-style-type: none"> <li>• flooding</li> <li>• regional/national earthquake</li> </ul> | <p><b>Medium (High for financial assistance)</b></p> | <p>Council needs to increase and then maintain sufficient Emergency Reserves to fund more regular events.</p> <p>Council has sufficient borrowing capacity above its self-imposed debt cap to be able to use in the case of a natural hazard event where costs exceed its emergency reserves.</p> <p>Following a larger, more widespread, damaging natural hazard event, or a series of more localised events, Council may have to review its levels of service, financial limits and its investment in facilities and infrastructure to support the response and recovery of the District.</p> <p>Government and Government agencies are signalling that providing financial assistance is not sustainable long term e.g. NZTA is requiring more resilience work to be done, if not, financial assistance likely to be lowered.</p> |

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|---|--|----------------------|---|
| <p>Tasman floods have an estimated cost to Council of over \$48M (though due to external funding and insurance the final cost to Council may only be around \$11M).</p> <p>There is a moderate chance of larger, more widespread, more damaging events, such as flooding across multiple catchments, regional drought, a regional earthquake (including an Alpine Fault event), occurring during the 10-year Long Term Plan period, with long-lasting effects such as the damage to the Takaka Hill road after Cyclone Gita in 2018.</p> <p>Council assumes that 40% of the repairs to underground assets will be funded by infrastructure insurance and 60% by central government (NEMA) and 51% of the cost of repairs to roading assets will be funded by NZ Transport</p> | <ul style="list-style-type: none"> <li>• tsunami</li> <li>• human pandemic</li> <li>• wildfire</li> <li>• landslide</li> </ul> <p>That central government and NZTA Waka Kotahi will not continue to assist in funding repairs to the level previously provided or at all. This has been signaled by both Central Government and NZTA Waka Kotahi that the current levels of assistance is not sustainable.</p> |                      |   |



| ASSUMPTION   | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|--|---------------------------|----------------------|---|
| Agency/Waka Kotahi (NZTA). If the district sustains storm damage, then the current arrangement with NZTA is that the funding assistance rate increases with the scale of damage. |                           |                      |   |

WORK IN PROGRESS DRAFT

### 2.3 Emissions Trading Scheme (ETS)

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|---|---|----------------------|--|
| <p>That the Council’s carbon unencumbered units (which are available for sale) correctly valued.</p> <p>The Council’s forestry activity produces sufficient committed units (ETS credits) which are valued at \$0 as they are credits obtained through forest growth which must then be surrendered on harvest.</p> <p>The Council will have no permanent forests in the Emissions Trading Scheme.</p> <p>The Regional Landfill Business Unit can purchase ETS units as required to meet its obligations.</p> | <p>That ETS costs are higher than assumed, costing the Council more than forecast through the Regional Landfill Business Unit.</p> <p>The trigger price for the release of additional ETS credits (NZU, carbon units) to the market has been set at:</p> <ul style="list-style-type: none"> <li>• \$38.67 per NZU for 2026/2027</li> <li>• \$41.45 per NZU for 2027/2028</li> <li>• \$44.35 per NZU for 2028/2029.<sup>3</sup></li> </ul> <p>The demand for carbon credits is expected to increase exponentially, especially driven by the surge of corporate climate pledges that will boost activities in the voluntary market.</p> | <p>Medium</p>        | <p>If the increase in ETS costs are materially higher than assumed, Council may need to increase waste management fees and charges further or increase rates to fund these costs.</p> <p>IF NZU prices are higher than estimated then Council’s unencumbered NZU credits will have a higher book value. This value will only be realised if they are sold.</p> |

<sup>3</sup> [Proposed changes to NZ ETS limit and price control settings for units for 2022 - Ministry for the Environment - Citizen Space](#)



2.4 Economic environment

| ASSUMPTION      | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|-----------------|---------------------------|----------------------|---|
| To be developed |                           |                      |   |

2.5 Covid-19 and other epidemics

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|---|--|----------------------|---|
| That New Zealand avoids another widespread outbreak of Covid-19 (or any other pandemic) and no further lockdowns or border restrictions are required in relation to COVID. However, it is assumed that new and different pandemics and other epidemics may emerge which could require time to adapt to. | The occurrence of pandemics or epidemics is difficult to predict but may result in lockdowns or border restrictions. | Medium               | For periods of time, Council may only need to provide essential services and may reduce some discretionary services, or continue by remote working.<br><br>Completing capital works programmes may become more difficult to achieve due to social distancing measures. The economic<br><br>impact would increase pressures for Council to limit rates increases, potentially at the expense of lower levels of service. |



### 3 LEGISLATIVE ASSUMPTIONS

#### 3.1 Three Waters activities

| ASSUMPTION      | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|-----------------|---------------------------|----------------------|---|
| To be developed |                           |                      |   |

#### 3.2 Resource Management Act (RMA) reform

| ASSUMPTION      | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|-----------------|---------------------------|----------------------|---|
| To be developed |                           |                      |   |

WORK IN PROGRESS DRAFT

### 3.3 Future Roles and Functions

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|--|---------------------------|----------------------|---|
| <p>To be developed further.</p> <p>Final assumption at 30 June 2027:</p> <p>That the existing role and functions of Council will continue through the term of the Long Term Plan 2027–2037.</p> <p><i>More work is required to determine what our working assumptions are about key parts of the Government’s reform programme will be by 30 June 2027 to inform our LTP planning.</i></p> |                           |                      |   |

WORK IN PROGRESS DRAFT



### 3.4 Amalgamation and shared services

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|--|---|----------------------|---|
| <p>That the Council will continue through the term of Tasman’s Long Term Plan 2027-2037 as a separate unitary authority based on existing boundaries. The Council will continue to work with other Councils and entities, (particularly Nelson City Council), to develop shared services, including through Council Controlled Organisations, where this provides economic and social benefits to the community or where this is legally required.</p> | <p>That the Nelson and Tasman Councils amalgamate to form one combined Council for the wider region or the Council does not continue in its current form.</p> <p>That some shared services arrangements are discontinued during the 10-Year Plan 2024-2034.</p> | <p>Low</p>           | <p>Amalgamation of the two councils or Councils’ organisational form changing in another way would involve a fundamental reconsideration of the levels of service, capital programmes, and finances under a new amalgamated Council.</p> <p>Shared services are in place because there are financial, coordination or other benefits to the parties involved. If some of these are discontinued, there could be increased costs for the Council and/or lower levels of service.</p> |



### 3.5 Government legislation

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|---|---|----------------------|---|
| <p>That Council will be affected by changes to Government legislation. However, as the nature of these changes is not known, no financial provision has been made for them except where noted elsewhere in these forecasting assumptions. It is assumed that the Council will have the opportunity to submit on legislation likely to affect it and that Government will work with councils to ensure that any legislative changes are managed appropriately.</p> | <p>That Government legislation increases Council costs or reduces its ability to raise revenue.</p> | <p>Medium</p>        | <p>If the increase costs from changes in legislation are material, Council may need to increase rates or fees and charges to fund these or consider reducing discretionary levels of service.</p> |

WORK IN PROGRESS DRAFT

## 4 OPERATIONAL ASSUMPTIONS

### 4.1 Council resource consents

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|--|--|----------------------|--|
| <p>That the resource consents held by the Council will not be significantly altered, and any that are due to expire during the next 10 years will be replaced with similar consents if required.</p> | <p>That the resource consents held by the Council are significantly altered, or the rules significantly changed increasing the consent condition requirements and cost.</p> <p>That the resource consents held by the Council cannot be replaced.</p> <p>Resource Management reform, including transitional arrangements, may result in changes to the replacement of Council-held consents, however the direction of change is not certain.</p> | <p>High</p>          | <p>If consent conditions or planning rules are significantly altered, increased compliance costs are expected. The Council may need to consider changing the way it provides the consented activity, or review the fees, charges and/or rates charged in order to cover the additional costs of compliance.</p> <p>If new resource consents for an activity are not approved or are approved for a shorter term, the Council will need to consider the implications in terms of cost and level of service.</p> |

#### 4.2 Delivery of the Council’s Capital Programme

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|---|--|----------------------|---|
| <p>That capital projects will be delivered within the budgets prepared for the Long Term Plan.</p> <p>That contractors and materials will be available to undertake the work required to agreed standards, deadlines and to budget.</p> <p>The Council also appreciates that issues occur that mean that all projects will not be delivered on time. As a result, a capital lag of 10% of the following activities capital spend has been built into the plan:</p> <ul style="list-style-type: none"> <li>• Water</li> <li>• Wastewater</li> <li>• Stormwater</li> <li>• Property</li> <li>• Reserves spend funded by Reserve Financial Contributions.</li> </ul> <p>This recognises that certain projects will not be completed on time but acknowledges that Council is unsure which project or projects this will relate to.</p> | <p>The Council competes with Central Government and the private sector for the available contractor resources (materials and labour).</p> <p>For various reasons, there may be delays in the delivery of projects in the capital programme greater than the 10% lag assumed.</p> <p>Alternatively, there may be more projects in the capital programme that are delivered on time than assumed through the 10% lag.</p> <p>Co-funded projects may be delayed or cancelled if co-funding is not available or delayed.</p> | <p>Medium</p>        | <p>If contractors or materials are not available, the Council’s programme of work would have to be reduced and/or amended. This would impact the levels of service for a number of activities and the cost of providing them, as well as potentially slowing growth.</p> <p>Most Council capital expenditure is funded through borrowing. The risk of not spending the forecast level of capital is that the Council does not reach its projected net debt figure in the Financial Strategy.</p> <p>In addition, delays in delivering capital projects will result in lower than planned operational costs associated with the creation of these assets being later. These then flow on into the Profit and Loss account as a surplus because interest and operational costs are lower than planned. As a result, the Council will collect more in rates than necessary.</p> <p>If more projects are delivered on time than anticipated, Council’s debt will be higher than forecast with an associated increase in interest costs.</p> <p>\$1 million more or less in debt equates to a rating impact of plus or minus \$80,000 per annum.</p> |

4.3 Digital Innovation Programme -transition to software as a service

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|---|--|----------------------|--|
| <p>That the transition to purchasing software as a service will continue. The impact of this is a move from loan funded capital expenditure to operational expenditure.</p> | <p>If the transition is delayed, the change from requiring capital expenditure to funding as operational expenditure will be delayed.</p> <p>Loan funding of operational costs is not supported.</p> | <p>Low</p>           | <p>The capital and operational estimates may vary significantly from those in the 10-Year Plan budgets.</p> <p>The Council's debt levels and financing costs may be under- or over-stated.</p> |

WORK IN PROGRESS



4.4 Staff numbers

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|--|--|----------------------|--|
| <p>That staff numbers (Full Time Equivalents FTEs) will increase from X in Year 1 of the 10-Year Plan to Y in Year 10.</p> | <p>The assumed FTE numbers provide sufficient resourcing to meet the Council’s operational, regulatory and legislative requirements, based on the legislation assumptions noted. The Council’s staffing requirements could grow to a greater or lesser extent, grow more rapidly or slowly, as a result of significant change in these requirements, improved information technology or changes to the Council’s functions.</p> <p>Underestimating staff numbers may mean more expenditure is needed for consultants or contractors.</p> | <p>Medium</p>        | <p>If the number of staff employed increases less than anticipated, the Council may be able to reduce rates or fees and charges revenue or consider increasing discretionary levels of service.</p> <p>If the number of staff employed increases more than anticipated, the Council may need to increase rates or fees and charges revenue to fund these or consider reducing discretionary levels of service.</p> |

## 5 FINANCIAL ASSUMPTIONS

### 5.1 Inflation/price changes

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|---|---|----------------------|---|
| <p>In preparing Tasman’s 10-Year Plan 2027–2037 the Council has used the inflation factors as set out in the table below.</p> <p>The Council has generally used the inflation figures provided by BERL. The Council has used BERL’s overall average operating and capital local government cost indices, apart from salaries which it has adjusted to reflect the Council’s expected future costs. The non-rates revenue inflation factor is calculated as an average of the operating and salary adjustor, <b>except Year 1 has been set at X% and Year 2 at Y% to reflect the expected rates increases.</b></p> | <p>Inflation is higher than assumed resulting in budgets being inadequate to deliver the programme of investment in facilities and infrastructure, and to deliver the levels of service in Tasman’s 10-Year Plan 2027–2037.</p> | <p>Medium</p>        | <p>If inflation for the goods and services that the Council purchases is higher than assumed, the Council will be required to consider increasing rates and charges, reducing its programme of investment in facilities and infrastructure, increasing debt and/or reducing levels of service.</p> <p>If inflation for the goods and services that the Council purchases is lower than assumed, the Council costs will be lower and the Council will consider reducing rates and/or fees and charges or selectively increasing levels of service.</p> <p>If movements in the consumer price index (CPI) are substantially lower inflation for the goods and services that the Council purchases, then there will be increasing pressure on the Council to reduce any planned rates or fees and charges increases.</p> |



| Year ended June          | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Ten Year Average |
|--------------------------|------|------|------|------|------|------|------|------|------|------|------------------|
| Revenue                  | TBD              |
| Employee costs           | TBD              |
| Maintenance              | TBD              |
| Energy                   | TBD              |
| Other Operating Expenses | TBD              |
| Capital                  | TBD              |

## 5.2 Interest rates

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|--|--|----------------------|--|
| <p>The Council has assumed borrowing costs for each year based on forecasts from Councils Treasury adviser PwC.</p> <p>These borrowing costs include the cost of both funds already borrowed and anticipated new debt at anticipated future borrowing rates.</p> | <p>That borrowing costs are higher than assumed, resulting in the Council’s cost of borrowing being higher than anticipated.</p> | <p>Medium/High</p>   | <p>If actual interest rates are higher than the assumed rate, this cost would be met by increasing rates or adjusting down future borrowing requirements.</p> <p>A X% increase in borrowing costs increases finance costs by approximately \$Yper annum per \$Z million of borrowing.</p> <p>A degree of protection against fluctuating interest rates has been provided through the use of interest rate swaps.</p> |



| ASSUMPTION   | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|--|---------------------------|----------------------|--|
| The Council will review the interest rate assumption with our treasury advisors, PwC, while out for consultation. Interest rates are volatile at present and the Council will ensure the most up-to-date rates are used. |                           |                      | <p>The Council is also a member of the Local Government Funding Agency which provides access to borrowing at a lower rate than the Council could obtain directly from banks.</p> <p>The Council is exposed to deposit interest rates through its prefunding activities and cash reserves. These interest rates are impacted by the Government’s monetary policy settings in particular the OCR (Official Cash Rate).</p> <p>S&amp;P may decide to raise or lower our current rating. This will have a flow on positive or negative effect on the Council’s new borrowings.</p> |

| Borrowing Rate | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Ten Year Average |
|----------------|------|------|------|------|------|------|------|------|------|------|------------------|
|                | TBD              |



5.3 Waka Kotahi NZ Transport Agency funding

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|---|--|----------------------|---|
| <p>That the Government financial assistance through Waka Kotahi NZ Transport Agency Financial Assistance Rate will remain at 51% for the 2027-2037.</p> <p>That the agreed National Land Transport Plan is provided by Waka Kotahi NZ Transport Agency for 2024-2027 and that the following seven years will be funded in a similar manner.</p> | <p>A draft Government Policy Statement on Land Transport (GPS) is scheduled to be released in May 2026. The final GPS will not be released until early 2027 (post election). If there is a change of government following the election the final GPS may have different priorities that affect the National Land Transport Plan, This may affect projects which are part funded by NZTA.</p> <p>Final funding decisions by NZTA are generally not confirmed until after Council's LTP is finalised</p> <p>That Waka Kotahi NZ Transport Agency financial assistance rates are lower than assumed, and/or that Waka Kotahi NZ Transport</p> | <p>High</p>          | <p>If Waka Kotahi NZ Transport Agency financial assistance rates are lower than assumed, and/or Waka Kotahi NZ Transport Agency does not fund the full NLTF request, the Council may need to consider increasing rates and/or debt and/or reducing its programme of transport infrastructure investment. This may result in levels of service being reduced.</p> <p>The Council can choose to commit its full share of funding accepting that the total funding available will be reduced. As a consequence, the Council will need to prioritise work available within available funds and this may negatively impact the condition of the roading network.</p> |

| ASSUMPTION | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|------------|---|----------------------|---|
|            | Agency does not fund the full National Land Transport Fund (NLTF) request thereby increasing the Council's costs for transportation related activities. |                      |   |

WORK IN PROGRESS DRAFT

#### 5.4 Central government funding

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|--|---|----------------------|---|
| <p>Government funding will be received for applications where a formal funding agreement has been entered into.</p> <p>Except for Waka Kotahi NZ Transport Agency funding, the Council has only included government funding in its revenue forecasts where a formal funding agreement has been entered into. The Council negotiates project management costs to be covered by the funding received wherever possible. Any further project management and accountability costs have been provided for where a formal funding agreement has been entered into.</p> | <p>That the Council is successful in accessing further government funding for programmes and projects with specific timelines for completion.</p> | <p>Medium</p>        | <p>If the Council receives funding for specific programmes or projects, it may be necessary to change the timing of some work to access the government funding available and change when the Council’s contribution will be required. This could lead to changes in the timing of other projects to accommodate those attracting government funding.</p> <p>Receiving additional central government funding could impact operating expenditure, operating revenue, levels of service and debt levels.</p> |



5.5 Fixed Asset Revaluation

| ASSUMPTION      | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|-----------------|---------------------------|----------------------|---|
| To be developed |                           |                      |   |

5.6 Credit availability

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|---|---|----------------------|--|
| That credit can be obtained from financial markets on competitive terms and conditions. | That credit is not available on competitive terms and conditions. | Low                  | <p>If credit is not available on competitive terms and conditions, there are likely to be impacts on the cost of borrowing or in extreme circumstances the ability of the Council to borrow at all.</p> <p>The Council may have to increase rates to pay for the increased costs of borrowing. Council may have to reduce its investment in infrastructure and facilities and consider reducing levels of service.</p> |

5.7 Useful lives of significant assets

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|--|--|----------------------|---|
| <p>That the Council assets have standard useful lives, except where there is good quality information that contradicts this. In Tasman’s 10-Year Plan 2027–2037, the Council has made several assumptions about the useful life of its assets (refer Infrastructure Strategy) These assumptions affect the depreciation charges contained within the Council’s proposed budgets. The Council has an ongoing programme to obtain improved information on the age and condition of its assets.</p> | <p>That the lives of assets are materially shorter than assumed, necessitating renewal or replacement at an earlier date.</p> <p>Growth related and/or Compliance projects are an example of where early replacement may be planned to happen (also faulty pipe materials – Blue brute).</p> | <p>Low</p>           | <p>If the life of assets are materially shorter than those contained within the Plan, the Council may need to increase borrowing with a consequential impact on increasing rates.</p> |

### 5.8 Return on investments

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|---|---|----------------------|--|
| <p>That the return on investments in Council Controlled Trading Organisations and retained earnings on subsidiaries will continue in line with the relevant organisation’s Statement of Intent. This includes 50% of the dividend returns from Infrastructure Holdings Limited.</p> <p>That the return on Enterprise Activity investments will be in line with the Enterprise Activity Investment Strategy 2023.</p> <p>The long-term goal of the investments assigned to the Enterprise Activity is to <i>retain</i> and reinvest 75% of the net income generated and release 25% of net income generated to off-set rates or other Council expenditure each year.</p> | <p>That returns are lower than assumed reducing the revenue from this source.</p> | <p>Low/Medium</p>    | <p>There is increased uncertainty about the ongoing economic situation which could negatively affect the return on Council’s investments.</p> <p>If revenue from the return on investments is lower than assumed, the Council may need to consider increasing rates and/or reducing levels of service.</p> |

5.9 Insurance costs

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|--|--|----------------------|--|
| <p>That insurance cover for Council assets will be available throughout the life of Tasman’s Long Term Plan 2027 - 2037 and that premiums will be in step with the rate of inflation. The Council expects insurance base cost to rise by 5 – 7% plus the impact of the acquisition of new assets and the inflation on existing asset values in those years. Coverage may be limited.</p> | <p>Due to the physical risks to climate-exposed assets (e.g. infrastructure at risk from sea level rise), insurance premiums will substantially increase or insurance cover will not be available for assets in locations known to be vulnerable. These trends are already happening throughout New Zealand.</p> <p>That insurance cover will not be available for some or all Council assets for at least a period during the life of Tasman’s 10-Year Plan 2027–2037. This is particularly likely for coastal assets.</p> <p>There is a low risk that insurance premiums will increase beyond the anticipated level due to</p> | <p>Medium</p>        | <p>If insurance cover is either not available or premiums are above tolerable limits, the Council may have to assume more of the risks. Council must assess if the cost of the risk exceeds the value of the asset.</p> <p>This requires reserves and /or sufficient borrowing capacity to be able to replace damaged Council assets following a disaster event or similar. Maintaining this increased level of available borrowing capacity may mean the Council has to reduce other borrowing by reviewing its investment in facilities and infrastructure, reviewing its levels of service and/or revising its debt limit in the Financial Strategy.</p> <p>The Council may need to provide additional funds to cover insurance shortfalls or for uninsurable risk.</p> |

| ASSUMPTION | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|------------|--|----------------------|---|
|            | <p>increasing material damage from natural hazard and weather related events driving increasing claim levels to insurance companies.</p> <p>The Council is benefitting from a current softinsurance market however there is risk this may change. International and local weather events may drive increases in deductibles and reduction in cover limits.</p> <p>The Council may need to allow provision for self-funding if insurance cover is restricted or becomes unaffordable.</p> |                      |   |

5.10 Collection of levies via rates for central government

| ASSUMPTION | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|------------|---------------------------|----------------------|---|
|            |                           |                      |   |



|  |   |               |  |
|--|---|---------------|--|
| <p>The Council will not incur costs from collecting additional rates or levies to fund central government functions.</p> | <p>That the Council will be required to collect one or more rates or levies on behalf of central government and the costs are not fully recovered. In this scenario additional Council rates would be required to fund the outstanding costs.</p> | <p>Medium</p> | <p>If the Council is required to collect rates on central government’s behalf for one or more of these purposes, changes will be required to the Council’s rating systems and significant administration costs will be incurred on an annual basis to collect and account for this revenue.</p> <p>If the community generally considers the increase in rates to fund the central government functions are attributable to the Council, it is likely that those concerned about rates affordability will become more vocal and public pressure on rates levels could further limit Council’s scope to increase rates to pay for the services it delivers. This could lead to reduced levels of service and/or delays in the provision of infrastructure or other capital projects.</p> |
|--|---|---------------|--|

5.11 Transition to funding depreciation

| ASSUMPTION      | BRIEF DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |
|-----------------|---------------------------|----------------------|---|
| To be developed |                           |                      |   |



5.12 Major Industrial Water Users (IWU) and provision of water to some Nelson properties

| ASSUMPTION  | BRIEF DESCRIPTION OF RISK   | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES  |
|---|---|----------------------|--|
| <p>That the volume of water supplied to the residential and industrial properties in the Nelson City Council area will remain relatively static over a 10-year period. Charges will be levied in accordance with the 2021 Engineering Services Agreement between Nelson City Council and Tasman District Council, and will approximate the daily and volumetric charges levied in Richmond.</p> | <p>That the Council’s revenue from providing water to major industrial water users and/or residential properties in Nelson South is lower than assumed.</p> | <p>Low</p>           | <p>If the amount of water required decreases significantly the Council will need to reassess the water storage and conveyance needs for the urban water supply system. A large reduction in the volume provided might also affect the cost of water provided to other urban water supply users, including Tasman residential properties. The reason for this is that most of the costs of supplying water are fixed, and a change in the volume provided would also change the average cost per cubic metre. If there is a large reduction in the volume of water provided, the Council may need to consider increasing rates and/or reducing levels of service.</p> |

5.13 Community funding towards Community Facilities

| ASSUMPTION   | BRIEF DESCRIPTION OF RISK  | LEVEL OF UNCERTAINTY | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES   |
|--|--|----------------------|---|
| <p>That the investment in the following facilities will be funded by a contribution fundraised by the local community, with the balance funded by the Council.</p> <ul style="list-style-type: none"> <li>• Waimea South Community Facilities (in Wakefield and Brightwater) – 23% community-funded</li> <li>• Motueka Swimming Pool – 22% community-funded</li> <li>• Tapawera Community Hub – 33% community-funded</li> <li>• Murchison Sport, Recreation and Cultural Centre – Stage 2 – 27% community-funded.</li> </ul> | <p>That the community is unable to fundraise the level of funding required by the time the facility development is planned.</p> <p>If the required funding (by the community ) is not in place the project cannot be tendered and a contractor cannot be engaged</p> | <p>High</p>          | <p>If the community is unable to contribute the level of fundraising expected for any of these community facilities, the Council will make decisions on how to proceed. The broad options open to the Council are to delay the project to allow more fundraising to take place, explore other funding options, descope or, as a last resort, cancel the project.</p> <p>The risk will not increase the financial estimates without a specific decision by the Council to increase its share of the funding.</p> |



WORK IN PROGRESS DRAFT

**6.5 UPDATE ON THE ANNUAL PLAN 2026/2027****Information Only - No Decision Required**

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee   |
| <b>Meeting Date:</b>       | 10 March 2026  |
| <b>Report Author:</b>      | Amy Smith, Community Policy Advisor; Dwayne Fletcher, Strategic Planning & Enterprise Manager; Matthew McGlinchey, Financial Strategy & Planning Manager |
| <b>Report Authorisers:</b> | Steve Manners, Chief Operating Officer   |
| <b>Report Number:</b>      | RFNAU26-03-5   |

**1. Summary / Te Tuhinga Whakarāpotō**

- 1.1 This report updates the Committee on progress with the Annual Plan 2026/2027. The Council will shortly decide its key proposals ahead of public consultation next month.
- 1.2 Today's meeting also includes a discussion on the Committees potential role in the Long Term Plan 2027-2037 (LTP).

**2. Recommendation/s / Ngā Tūtohunga****That the Audit and Risk Committee**

1. receives the Update on the Annual Plan 2026/2027 report RFNAU26-03-5.

**3. Annual Plan 2026/2027**

- 3.1 The Annual Plan (annual budget) outlines the activities, services, capital projects, and how these will be funded, including the required rates. It also highlights any significant changes from Year 3 of Tasman's 10-Year Plan 2024 – 2034 (the LTP).
- 3.2 Several factors not anticipated in the LTP have been identified as impacting business operations in 2026/2027:
  - 3.2.1 The impacts of the 2025 weather events.
  - 3.2.2 New compliance costs arising from water supply and resource management legislation.
  - 3.2.3 Higher-than-forecast interest rates, depreciation requirements (due to updated asset valuations) and insurance costs.
  - 3.2.4 Increased maintenance costs in Three Waters, Transportation and Reserves & Facilities.
- 3.3 Forecasts for 2025/2026 indicate that the Council will have deficit greater than planned, as a result of the weather events. At this stage, the Council will be on budget for other areas of the business. The capital budget is currently underspent and further Three Waters

maintenance work is occurring. This has set a less favourable financial starting position for the 2026/2027 budget.

- 3.4 These pressures challenged the previously signalled rates increases (5.2% in the LTP or 7.2% indicated in the last Annual Plan process). We are unable to sustain our current levels of service within these rates increases; a forecast rates rise of 11.2% was identified in November last year.
- 3.5 Council staff and elected members have reviewed the work programme and costs for 2026/2027 and discussed the opportunities for limiting the impact on rates.

*Note: Formal decisions on the Annual Plan will not be made until the Council meeting on 12 March 2026.*

- 3.6 Potential/proposed changes indicated by elected members at the 18 February Annual Plan workshop include:
  - 3.6.1 Selling \$350,000 of unencumbered Emission Trading Scheme credits.
  - 3.6.2 Reducing the planned increase funding depreciation for roading by 6% (from 24% to 16% of our target of 49% by 2030).
  - 3.6.3 Introducing a targeted rate to fund \$14.6m in recovery costs from the 2025 weather events, over 5 years.
  - 3.6.4 Pausing and deferring the Tapawera Community Hub project to LTP discussions.
  - 3.6.5 Increasing most fees and charges by 7%.
  - 3.6.6 Adjusting operating budgets and the capital work programme.
- 3.7 These adjustments have enabled a proposed average rates revenue increase of 9.9% comprising:
  - 3.7.1 2.3% (\$2.8m) for 2025 weather event costs
  - 3.7.2 5.3% (\$8.0m) for Three Waters cost increases
  - 3.7.3 2.3% (\$2.8m) for cost increases to the rest of Council business
- 3.8 The proposed rates increase of 9.9% reflects the resulting cost to maintain current business operations and service levels. Net debt will be \$330m.
- 3.9 The Council has been conscious of balancing service delivery with affordability and intends to progress towards greater financial sustainability this triennium. The LTP 2027-2037 will provide an opportunity to consider more fundamental changes to services, costs, and funding approaches, with input from this Committee and from the community.

#### **4. Consultation on the Annual Plan 2026/2027**

- 4.1 Changes from the LTP for the 2026/2027 year must be detailed in the Annual Plan. The Council must consult on these changes unless they are not significant or material. Given the proposed changes from Year 3 in the LTP 2024-2034, staff consider consultation necessary prior to final decisions.
- 4.2 The Council will make in-principle decisions on the proposed Annual Plan budgets at its 12 March 2026 meeting.

- 4.3 A consultation document reflecting these decisions will be considered for approval on 26 March 2026, supporting a 35-day public consultation period. Hearings and deliberations will take place during May 2026, with adoption of the Annual Plan scheduled for 25 June 2026.

|  |
|--|
| <b>5. Attachments / Tuhinga tāpiri</b> |
|--|

Nil

## 6.6 HEALTH, SAFETY AND WELLBEING REPORT - Q2 2026

Information Only - No Decision Required

|                            |   |
|----------------------------|---|
| <b>Report To:</b>          | Audit and Risk Committee  |
| <b>Meeting Date:</b>       | 10 March 2026   |
| <b>Report Author:</b>      | Ian Abbott, Team Leader - Health and Safety; Amy Clarke, Acting Assurance & Improvement Manager |
| <b>Report Authorisers:</b> | Steve Manners, Chief Operating Officer  |
| <b>Report Number:</b>      | RFNAU26-03-6  |

### 1. Summary / Te Tuhinga Whakarāpoto

1.1 Attached to this report is the Quarterly Health, Safety and Wellbeing Report Q2 25/26.

### 2. Recommendation/s / Ngā Tūtohunga

**That the Audit and Risk Committee**

**1. receives the Health, Safety and Wellbeing Report - Q2 2026 RFNAU26-03-6.**

### 3. Health, Safety and Wellbeing

3.1 The details of the quarterly trends, lead and lag performance indicators are attached to this report.

### 4. Attachments / Tuhinga tāpiri

1.   Quarterly Health, Safety and Wellbeing Report

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# Quarterly Health, Safety and Wellbeing Report

## Q2 2026

**Contributors:** Ian Abbott, Team Leader – Health & Safety; Joanna Cranness, People & Wellbeing Manager; Kelly Holmes, Health & Safety Co-ordinator; Rhys Van de Waardt, Health & Safety Advisor.

**Date:** February 2026

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### 1.0 Summary

The wellbeing of staff—particularly following the June/July flood response, was identified by Health and Safety Representatives as a key risk at the latest Health, Safety and Wellbeing Committee meeting. In response, the People & Wellbeing Team and Wellbeing Ambassadors, supported by the ELT and the Health and Safety team, have undertaken a focused effort to promote available wellbeing support.

Aggressive or abusive behaviour towards council workers continues to pose a risk to front line workers, both in the field as well as customer facing roles. The improvement in reporting harmful interactions is assisting to focus resources to both support affected workers and implement additional controls, while being able to maintain services.

An improvement in contractors reporting events at council worksites has also resulted in proactive involvement in the investigations and subsequent opportunities for improvements, actions and learnings.

## 2.0 Governance and Leadership

### Health and Safety Leadership activities

The Executive Leadership Team (ELT) has committed to undertaking at least one site visit each quarter. Details and insights from these visits will be included in Quarterly reports.

#### *Senior Leader Health and Safety Walks*

**Observer(s):** Rob Smith-Group Manager Environmental Services/Environmental Science

**Date of Visit:** 03/02/2026

**Location:** Peach Island Stopbank Contract 1572

**Project:** Stage Two of the Motueka River Stopbank Refurbishment project. Earthworks programme for 2025/2026, building on last season's improvements to the Lower Motueka River stopbank network and Peach Island. Taylors Contracting.

#### Key Observations

- It is a very well-run site. I can see that the staff understand their broader responsibilities like environment, accidental discovery and H&S and actually live it in their daily work. Ka pai.
- The induction was good with all obvious hazards noted both on, and in, the sign in shed, verbally delivered by onsite staff, and also on the sign-in sheet. Evidenced by mobile plant operations ceasing when persons approached site.
- Lastly - to manage visitors who are unaccustomed to civil projects or additional PPE available for workers if needed, keeping a spare hard hat and vest in a few of the vehicles is probably a good idea.

#### KPIs

The following KPIs relate to Council employees.

| Lagging KPIs (outcome-focused)            | FY 24/25 |    |    | FY 25/26 |    |
|---|----------|----|----|----------|----|
|   | Q2       | Q3 | Q4 | Q1       | Q2 |
| Number of Lost Time Injuries (LTI)        | 1        | 0  | 0  | 1        | 0  |
| Number of Medical Treatment Injuries(MTI) | 4        | 0  | 1  | 1        | 1  |
| Number of Notifiable Events               | 0        | 0  | 0  | 0        | 0  |

| Leading KPIs (proactive management)                     | FY 24/25    |             |             | FY 25/26    |      |
|---|-------------|-------------|-------------|-------------|------|
|   | Q2          | Q3          | Q4          | Q1          | Q2   |
| Near Miss Reporting Rate (near miss/staff) <sup>1</sup> | 2.4%        | 3.6%        | 4.5%        | 4.3%        | 4.3% |
| Safety observations                                     | 24          | 26          | 56          | 61          | 42   |
|   | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> |      |
| Staff survey score on safety culture <sup>2</sup>       | 71%         | 79%         | 77%         | -           |      |

<sup>1</sup> Near Miss Reporting Q2 - 10 / 413, Q3 - 15 / 416, Q4 - 19 / 421, Q1 -18 incidents / 423 FTE / Q2 -18 incidents / 422 FTE

<sup>2</sup> As part of the annual 'Ask Your Team' Survey: "The health, safety, and wellbeing of staff is important in how we do things"

## Health and Safety Actions

### **Risk Assessment, Lone Worker Management and Monitoring**

Following a successful initial trial of the GetHomeSafe lone working system by the Community Compliance team, the system has now been adopted by both the Community Compliance and Health and Safety teams. Work is underway to assess suitability for wider implementation across other council teams.

GetHomeSafe is accessible via desktop and mobile devices and integrates with EROAD systems, RT devices, and other personal locator beacon (PLB) devices. The platform enables team-specific check-in and escalation processes and includes an integrated risk assessment function aligned with each team's existing procedures and operational requirements.

The team is engaging with other councils that have implemented organisation-wide lone working systems to identify lessons learned, implementation challenges, and best practice approaches to support informed decision-making for potential broader rollout.

### **Worker Induction Refresh**

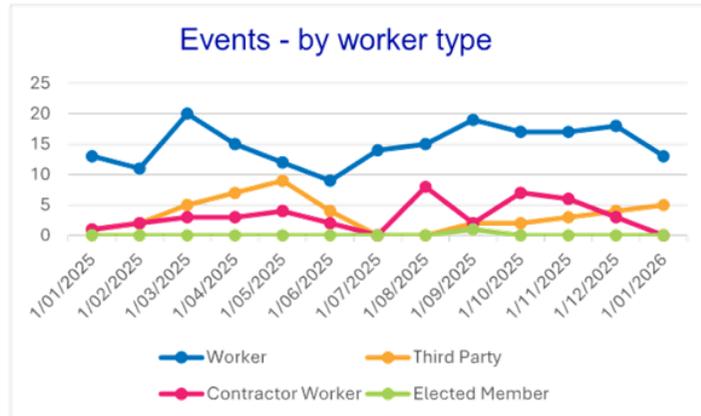
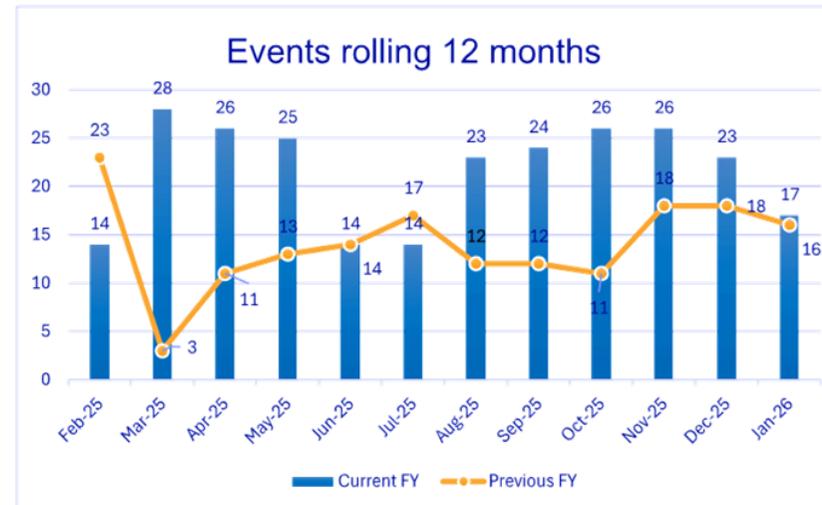
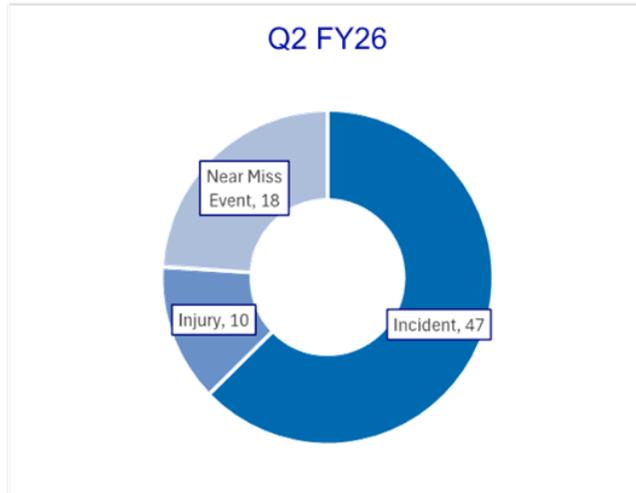
The team is working in conjunction with the People & Wellbeing team to refresh our worker inductions. This will include a staged induction process that includes online resources, a check in process, and follow up session with the worker in relation to the health and safety aspects of their role.

### 3.0 Risk Profile

| Top 5 Risks   | Description  | Controls in place   | Updates   |
|---|--|---|---|
| <b>Aggressive or Abusive Behaviour</b>                    | Workers may be exposed to aggressive or abusive behaviour from customers, clients, or the public, leading to potential harm or distress. | <ul style="list-style-type: none"> <li>De-escalation training for staff</li> <li>Reporting incidents and identifying high risk areas where additional controls may be required. (i.e. two up, police assistance)</li> <li>Worker safety alert process</li> <li>Access to support services (Telus Health EAP) for affected employees.</li> </ul>   | <ul style="list-style-type: none"> <li>The use of good drills techniques has come through in reporting, including communicating the line, buddy up and practical working knowledge of lockdown procedures.</li> <li>There has been an increase in incidents being reported this quarter.</li> <li>The Worker Safety Alert decision making process has been used in response to persons who may pose a risk to workers.</li> </ul> |
| <b>Vehicle Safety</b>                                     | Accidents or injuries involving vehicles, especially for employees driving as part of their role.  | <ul style="list-style-type: none"> <li>Use of vehicles with high safety ratings and safety features.</li> <li>Regular vehicle maintenance and safety checks.</li> <li>Driver training and adherence to road safety guidelines.</li> <li>Monitoring of driving behaviours (e.g., speed, safety compliance).</li> <li>NZTA Driver Checks</li> </ul> | <ul style="list-style-type: none"> <li>Key focus area for the team, including development of E learning Modules.</li> <li>Reviewing driver training to include internal capability to have gateway screening, training and ongoing assessment of driving to ensure more timely and targeted training.</li> <li>Fleet services providing vehicle induction and familiarity induction.</li> </ul>                                   |
| <b>Workload Impacts on Wellbeing (Psychosocial Risks)</b> | High workload or pressure can contribute to employee stress, burnout, and overall wellbeing and mental health challenges.                | <ul style="list-style-type: none"> <li>Wellbeing support programs, including Employee Assistance Programs (Telus).</li> <li>Flexible work arrangements where applicable.</li> </ul>   | <ul style="list-style-type: none"> <li>Wellbeing Tick Culture Check assessment completed, and Wellbeing Action Plan drafted.</li> <li>Psychosocial risk portal being developed.</li> <li>Prioritisation of work by people leaders, SLG and ELT.</li> </ul>  |
| <b>Working Alone</b>                                      | Employees working alone are at greater risk of accidents or incidents due to limited immediate support or assistance.                    | <ul style="list-style-type: none"> <li>Lone worker policies, including regular check-ins and emergency protocols.</li> <li>Personal protective equipment (PPE) and communication tools for remote employees.</li> </ul>   | <ul style="list-style-type: none"> <li>Trial completed with Mount Campbell and Get Home Safe system for Community Compliance and the Health and Safety team is live.</li> <li>Assurance that policies and procedures are being actively used and consistently applied is a key focus area for the HS team.</li> </ul>   |

|  |  |  |  |
|--|--|--|--|
| <p><b>Contractor Safety Management</b></p> | <p>Contractors may face safety hazards in high-risk environments or while working on Council premises, or worksites they manage.</p> | <ul style="list-style-type: none"> <li>• Pre-qualification processes for contractors.</li> <li>• Worksite assessment of risk management controls.</li> <li>• Assurance processes.</li> <li>• Collaborative investigations into causation and lessons learned.</li> </ul> | <ul style="list-style-type: none"> <li>• The benefits of having a project manager based at the Lower Queen Street Bridge site in relation to risk management and event oversight have been proven.</li> <li>• See '6.0 Contractor Management'</li> <li>• Increased focus on assessing worksite risk management practices continues.</li> </ul> |
|--|--|--|--|

### 4.0 Event Reporting and Trends



#### Top event categories

|  | FY24/25 |    |    | FY25/26 |    | Change |
|--|---------|----|----|---------|----|--------|
|  | Q2      | Q3 | Q4 | Q1      | Q2 |        |
| Abusive/aggressive/intimidating behaviour              | 7       | 2  | 15 | 9       | 14 | ↑      |
| Vehicle  | 7       | 6  | 11 | 6       | 11 | ↑      |
| Equipment malfunctions / Or incorrect use of equipment | 3       | 4  | 1  | 4       | 8  | ↑      |
| Activity/Task causing unsafe conditions                | 3       | 7  | 2  | 5       | 7  | ↑      |
| Unsafe Conditions                                      | 3       | 4  | 4  | 3       | 7  | ↑      |
| Slip, trip, fall                                       | 3       | 1  | 4  | 8       | 2  | ↓      |

## Commentary

**Abusive, aggressive and intimidating behaviour** continues to trend as one of the top health and safety risks to workers. Recent incident reporting indicates a potential escalation of harmful interactions towards compliance workers and customer service workers.

Of the 14 potentially harmful interactions reported in the period, 9 occurred within Community Compliance, this represents a significant majority of reported incidents and highlights the risk to all council workers who undertake compliance duties. The remaining 4 incidents were distributed across Library Services, Customer Support Council Operations and Strategy & Finance indicating that while the risk is present across council.

A majority of the interactions have involved people who have had previous interactions with a compliance officer for the same or similar issue.

There is work in progress on additional options to manage the risk where there are repeated interaction with persons who may pose a risk to officers, as well as continuing to review all potentially harmful interactions to continuously improve. This includes continuing discussions with police and other councils regulatory teams to discuss emerging risks, controls and initiatives.

At the time of writing this report there are an additional 8 events reported relating to harmful interactions in this quarter (i.e. since 1 January).

### Fire risk at Resource Recovery Centres

There have been three fires involving the Council's Resource Recovery Centres, including a private waste collection company. The likely cause in all three instances has been attributed to lithium batteries. There has been a nationwide increase of fires attributed to lithium-ion batteries.

A MOU between Smart environmental, Tasman District Council and FENZ has been adopted which includes agreements in relation to response times and approved response plans for fires in both mobile waste management trucks, and onsite operations fires this including emergency set down areas should a truck arrive on fire. Lithium-ion batteries fires are extremely hard to suppress so managing the flammable material surrounding the battery fire is key to an effective response.

The waste team is actively working with the Council Communication team to provide information to the public on the risks from battery fires and safe disposal options available.

Council and our contractors are reviewing what emerging technology is available to spot fires sooner and fire suppression systems that could be installed at the resource recovery centres.

### Driving For Work

Vehicles remain another critical health and safety risk for Council. During the reporting period, a more detailed review of vehicle-related incidents was undertaken, and reporting categories were refined to enable clearer trend analysis and improved insight into the types of incidents occurring.

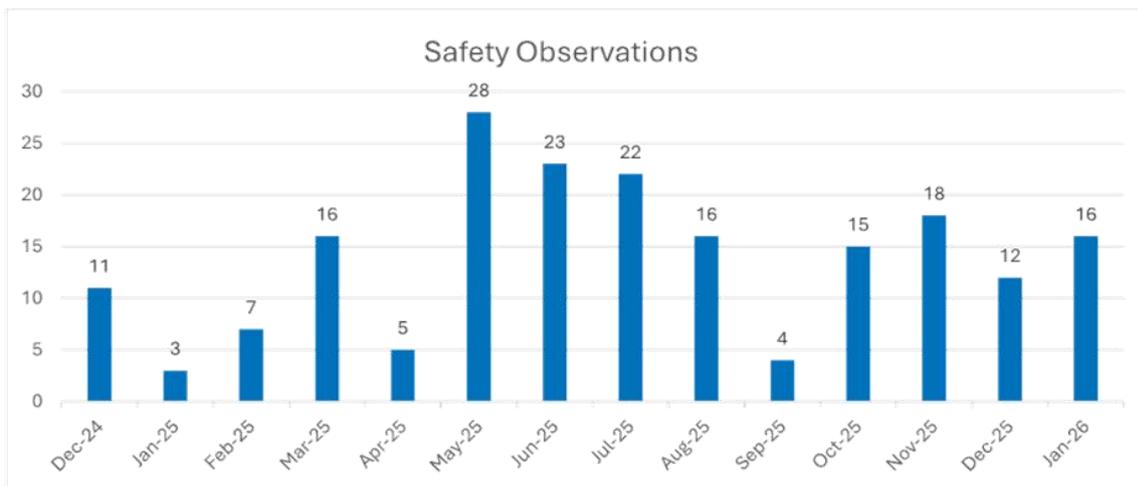
For Q2, a total of 11 vehicle-related incidents were reported, representing an increase compared to previous quarters. This rise appears to reflect improved reporting and categorisation, rather than a single significant event or pattern of serious harm.

Of the 11 incidents, the most common were minor vehicle collisions with no injuries (4 incidents). This was followed by unsafe driving behaviour by third parties (2 incidents) and unsafe driving behaviour involving Council vehicles (2 incidents). The remaining incidents included one vehicle incident that had the potential to cause harm, one incident involving damage to property caused by a vehicle, and one other vehicle-related incident.

The revised categorisation is enabling clearer visibility of incident types and will support more effective trend monitoring, targeted controls, and future prevention initiatives. This will be continued to be adjusted as needed. To support risk reduction, driver training was delivered in November, focusing on improving driver awareness and reinforcing safe driving skills. Further advanced driver, towing trailer, 4WD training is scheduled in the upcoming quarter.

## 5.0 Compliance and Assurance

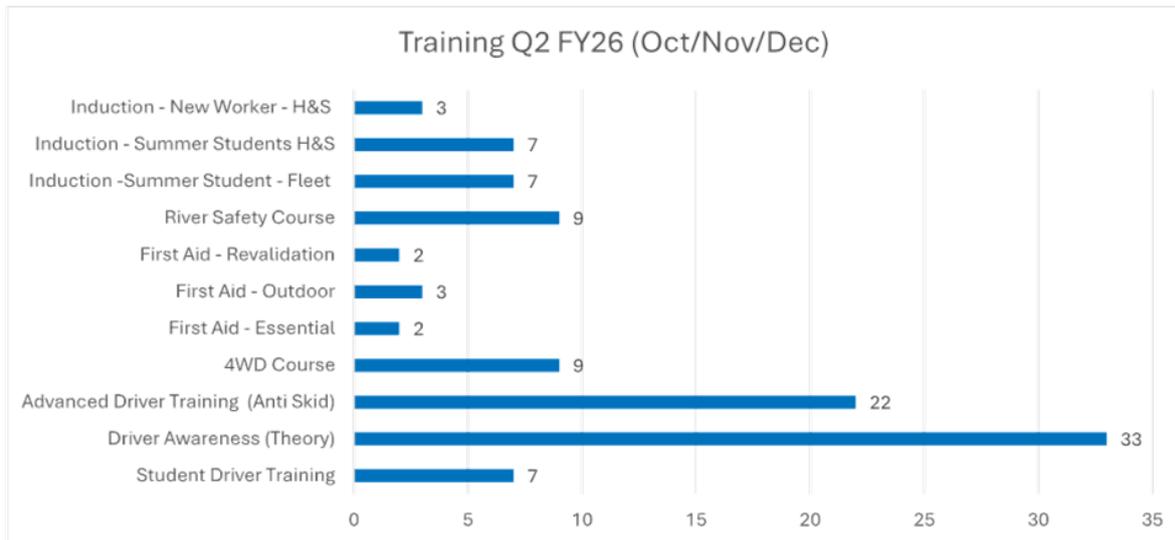
### Safety Observations



#### Safety Observations – Overview

Observation numbers have begun to even out over the reporting period. A review of the Damstra Check application has identified reliability issues, and user interaction difficulties. Initial discussions with the system provider Ideagen have started to explore potential upgrades to the systems.

**Health and safety training**



**Upcoming training Q3 FY26**

- First Aid Outdoor
- First Aid Revalidation
- First Aid – Essential
- Low Impact Low Risk Temporary Traffic Management

**WorkSafe Interactions**

WorkSafe has contacted the Council in relation to the operation of Scarlet Waste compactors and has scheduled a workplace assessment at the Richmond Resource Recovery Centre. The assessment will focus on the compactors safe operation and guarding and risk management systems.

We operate three Scarlett 350-3 compactors at the following locations:

- Richmond Resource Recovery Centre – 14 Fittal Street, Richmond
- Māiri Resource Recovery Centre – 93 Robinson Road, Lower Moutere
- Tākaka Resource Recovery Centre – 45 Scott Road, Tākaka

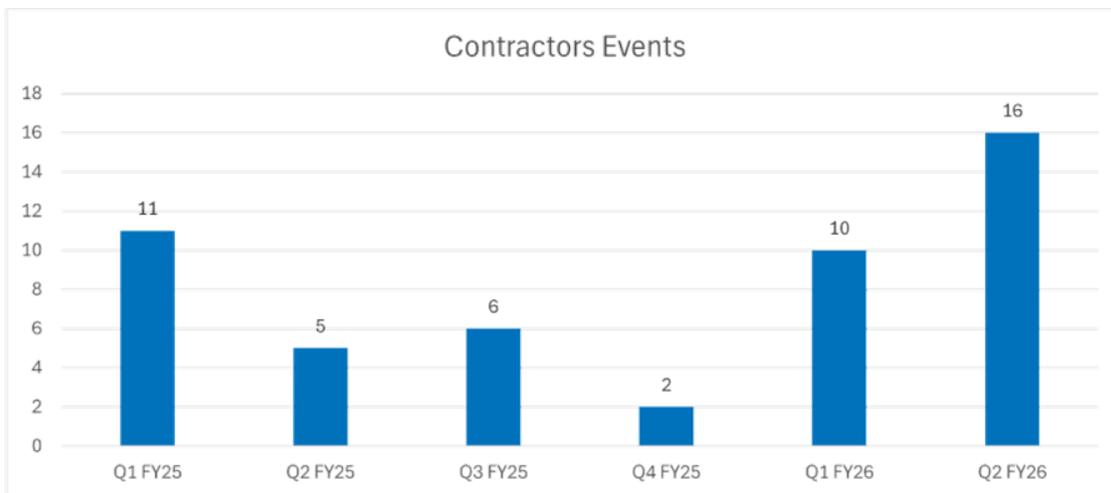
While the assessment will focus on the compactor located at Richmond, learnings from the assessment may apply to the other sites. The assessment was initially scheduled for 13 February but was postponed by WorkSafe with a new date to be confirmed at the time of writing this report.

## 6.0 Contractor Management

### Pre-Qualification Focus

Eight contractors were successfully pre-qualified this quarter, with ongoing coaching provided to support smaller contractors to strengthen their risk management systems. A small number of historically engaged contractors have required significant support to meet minimum health and safety standards, highlighting the value of independent prequalification (e.g., SiteWise) as an entry requirement. Minimum prequalification standards have been clearly defined and are scalable to the level of work, with contractors required to demonstrate current and effective risk management systems to maintain approval status.

### Incident & Event Reporting



Contractors are expected to report health and safety incidents to Council, as well as conducting their own internal investigations and actions. The increase in events reported is likely a result of increased reporting, rather than an actual increase in events.

Engagement with contractors has been ongoing to ensure that any significant events are reported to the Council promptly. Contractors are expected to provide detailed information about the event, including investigation findings, corrective actions, and causation. This approach enables the Council to support incident management and support workers, while also identifying and mitigating any ongoing risks to people, plant, and property.

## 7.0 Worker Engagement and Participation

### Health, Safety and Wellbeing Committee and Representatives

Worker engagement and participation are supported through the Health, Safety and Wellbeing Committee, which operates under a formal Terms of Reference to ensure clear governance, accountability, and effective oversight. The Committee is chaired by the Chief Operating Officer and includes representation from the Senior Leadership Group (SLG), Health and Safety Team, People and Wellbeing Manager, along with appointed Health and Safety Representatives and Wellbeing Ambassadors.

This governance structure enables a collaborative and informed approach to managing workplace health, safety, and wellbeing risks, supporting effective consultation and continuous improvement across Council.

### Meetings

- **Health & Safety Representatives Meetings:**  
Held on Tuesday 2 December 2025 and Thursday 12 February 2026 to identify key safety concerns, share insights from operational areas, and agree on initiatives for escalation to the Committee.
- **Health, Safety & Wellbeing Committee Meeting:**  
Convened on Monday 15 December 2025, bringing together all Committee members, Health and Safety Representatives, and Wellbeing Ambassadors for a combined forum to strengthen engagement and alignment.
- **Health, Safety & Wellbeing Committee Meeting:**  
Held on Tuesday 24 February 2026, with a focus on current safety performance, wellbeing programs, and progress against strategic health and safety objectives.

### Key Focus Areas

- Strengthening engagement between operational teams and wellbeing initiatives.
- Maintaining a proactive approach to risk identification and mitigation.
- Celebrating health and safety milestones to support cultural maturity and workforce recognition.

### Initiatives and Campaigns

As part of Council's occupational health monitoring program, a skin cancer prevention initiative was implemented for staff during the summer period in response to increased UV exposure risks. Council has partnered with the Skin Institute to secure a corporate rate, enabling staff to access a Full Body Skin Check at a reduced cost, supporting early detection and preventative health outcomes.

## 8.0 Employee Wellbeing

### Wellbeing Ambassadors

The Wellbeing Ambassadors have already met twice this year to identify and agree on the four wellbeing initiatives they intend to promote across this calendar year.

### Wellbeing Action Plan

The Wellbeing Action Plan is progressing with a number of actions already completed, while others (e.g. improving our psychosocial risk categories in Damstra) will take longer to implement.

### Wellbeing Plan

One of the activities in the Wellbeing Action Plan was to develop a high-level Wellbeing Plan. An annual plan has now been developed and will be reviewed and updated at the end of each calendar year. The Plan includes a calendar of the Telus Health free monthly webinars and a range of wellbeing initiatives that will be promoted alongside the four initiatives the Wellbeing Ambassadors will be promoting. Wellbeing initiatives include Sign Language Week in May and Mental Health Awareness Week in September.

## 9. Priorities for Next Quarter

### **Consistent Risk Management Processes Across Work Groups**

Refining risk management processes across Council work groups to achieve greater consistency remains a key focus. Alongside work to establish a unified approach to managing lone-worker risks, developing a consistent risk-assessment process (JSA) across all groups will be a priority over the coming quarters.

### **Improving Access to Workforce Safety (Damstra) for People Leaders**

The team has identified an opportunity to enhance peoples access to Workforce Safety (Damstra) to ensure they can more effectively view and manage health and safety events relating to their teams.

Discussions have commenced to explore potential upgrades to the existing system, with a planned rollout of training on reporting and investigating events a key focus for the team.

Continuing improvements in reporting events and near misses will allow the council continuous improvement in risk management and a clearer picture of where additional focus or resourcing may be needed.

## 6.7 QUARTERLY RISK REPORT

Information Only - No Decision Required

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee                           |
| <b>Meeting Date:</b>       | 10 March 2026                                      |
| <b>Report Author:</b>      | Amy Clarke, Acting Assurance & Improvement Manager |
| <b>Report Authorisers:</b> | Steve Manners, Chief Operating Officer             |
| <b>Report Number:</b>      | RFNAU26-03-7                                       |

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 The quarterly risk report is attached, it provides information on strategic risk and an overview of operational risk.

### 2. Recommendation/s / Ngā Tūtohunga

**That the Audit and Risk Committee**

1. receives the Quarterly Risk Report 0.0.

### 3. Quarterly Risk Report

- 3.1 The quarterly risk report is attached, it provides information on strategic risk and an overview of operational risk.

### 4. Attachments / Tuhinga tāpiri

1.   Quarterly Risk Report

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# Quarterly Risk Report

**Author:** Amy Clarke, Acting Assurance & Improvement Manager / Risk and Assurance Advisor

**Date:** 19 Feb 2026

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## 1.0 Summary

Council’s risk profile continues to be shaped largely by external factors, including legislative reform, climate and weather-related events, cost-of-living pressures, and ongoing technology change. These drivers increase uncertainty and reduce the organisation’s ability to plan with confidence over the longer term. In this context, the focus needs to remain on building organisational resilience and maintaining the flexibility to respond as the environment evolves.

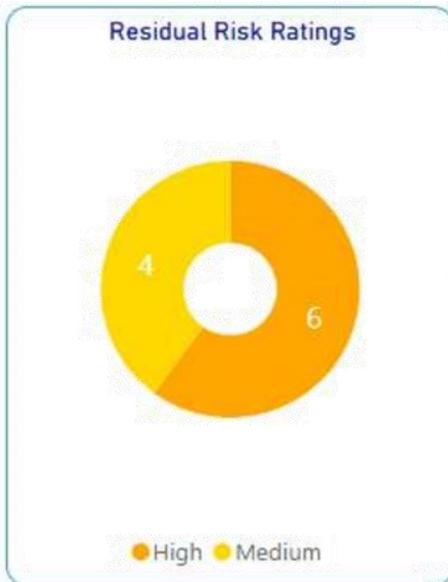
While the potential for operating deficits above budget continuing to sit as the highest operational risk, the strategic financial risk has been revised to a Medium risk, while still a priority for Council, this better reflects the existing management controls, active management and forward management. Financial risk exposure for Council reflects the ongoing tension between affordability pressures and the investment required to maintain services, renew infrastructure, and improve organisational capability. Strong financial information, clear prioritisation, and disciplined decision-making remain critical.

Legislative change continues to drive a significant portion of Council’s uncertainty. While this creates challenges for planning, forecasting, and resource allocation, it also provides opportunities to improve systems and ways of working. Realising those opportunities will depend on clarity of direction, realistic timeframes, and sufficient resourcing.

The pace of change is unlikely to slow, as much of it sits outside Council’s control. Strengthening core systems, data quality, and organisational capability will be important to maintaining adaptability; however, these improvements themselves require change and ongoing investment.

Overall, the residual risk profile remains concentrated in several High and Very High risks, particularly in relation to financial sustainability, infrastructure resilience, digital and information management, natural hazards, and staff safety. These risks are interconnected and continue to shape Council’s strategic priorities and decision-making environment.

## 2.0 Strategic Risks



Residual Risks Heatmap

| Risk Matrix      | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Extreme |
|------------------|-----------------|---------|------------|---------|-----------|
| 5 Almost Certain |                 |         |            |         |           |
| 4 Likely         |                 | 1       | 2          | 4       |           |
| 3 Possible       |                 |         | 3          |         |           |
| 2 Unlikely       |                 |         |            |         |           |
| 1 Rare           |                 |         |            |         |           |

## 2.1 Residual Risk Rating Changes

| ID | Risk Name                 | Risk Description  | Residual Risk Rating | Previous Rating | Change         | Reporting Commentary  |
|----|---------------------------|---|----------------------|-----------------|----------------|---|
| 9  | Data and Systems          | Impact or loss suffered due to a failure in data quality, integrity or system inefficiency or integration.                                      | High                 | 16 High         | 16 — Unchanged | Risk remains High. Completion of Digital Innovation Programme projects over the coming years is expected to lower the risk level. Completion of our movement to Cloud and the relocation of physical records have improved the situation, however critical data stores such as finance modelling and property information make it imprudent to lower the risk status at this time. DIP projects are targeting further risk reduction.   |
| 8  | Disaster Event            | Impact or loss suffered due to Council being unprepared or unable to respond to or recover from major natural or human-induced disaster events. | High                 | 16 High         | 16 — Unchanged | This risk has been reframed around Council's readiness for disaster events, allowing a stronger focus on preparedness and continuous improvement. Recent flood events have provided a real-world test of our readiness and response capability. While important lessons have been identified, the overall response was effective. Funding to build resilience for Motueka, Brooklyn, Peach Island. But no funding allowed for future recovery events. There have been a number of weather events in recent months, which emphasis the need for preparedness and building resilience. We have appointed a fixed term Recover Manager whose role will include BCP.  |
| 7  | Government and Regulatory | Impact or loss suffered due failure to adhere to laws or regulations.   | High                 | 16 High         | 16 — Unchanged | Risk remains High. Central government reforms and ongoing legislative change continue to create uncertainty and require significant organisational focus, with the scale, pace, and interdependency of changes increasing residual risk. The proposed replacement of the RMA and associated reform programme is expected to require substantial organisational effort over the next two years; however, Council's ability to undertake detailed planning, prioritisation, and resource allocation is currently constrained until legislation and implementation requirements are confirmed, creating a risk of compressed delivery timeframes, competing priorities, and potential cost and capacity pressures. |
| 10 | Health and Safety         | Impact or loss suffered due to a failure to meet our health and safety obligations.   | High                 | 16 High         | 16 — Unchanged | Risk remains High. A health and safety improvement plan is being progressed, with focus on critical risks and contractor management. The nature of Council's activities means this risk is likely to remain high.   |

| ID | Risk Name                 | Risk Description   | Residual Risk Rating | Previous Rating | Change         | Reporting Commentary   |
|----|---------------------------|--|----------------------|-----------------|----------------|--|
| 2  | Iwi Relationships         | Impact or loss suffered from an inability to establish and maintain successful relationships with iwi. | High                 | 12 Medium       | 9 ▲ Increased  | The risk rating has increased to High due to a combination of governance and legislative factors that are creating greater uncertainty for iwi relationships. Recent Council decisions and associated governance level discussions have highlighted a lack of consistent understanding and alignment across Council on the approach to building and sustaining iwi partnerships. The implications of Resource Management Act reform and wider legislative change, and the potential to change the focus of Council's work with iwi are impacting on this risk. While recent decisions, such as appointing iwi representatives to Council and its committees, represent positive progress, the absence of a shared and consistent direction increases the risk of inconsistent engagement, uncertainty for iwi partners, and potential impacts on trust and delivery over time. |
| 5  | People and Capability     | Impact or loss suffered due to inability to fund, recruit, or retain skilled competent staff.          | High                 | 12 High         | 12 — Unchanged | Risk remains High. Many roles within Council are held by a single staff member. While not always specialist, these positions often carry critical knowledge of processes, systems, and organisational history. This creates vulnerability if staff are unavailable or leave. Workforce planning, succession planning, and improved knowledge management are being progressed where possible to reduce this risk.   |
| 6  | Contracts and Procurement | Impact or loss suffered due to a failure in procurement or contracting.                                | Medium               | 9 Medium        | 9 — Unchanged  | Risk remains Medium. Implementation of the new Procurement Policy and Procurement Panel provides stronger governance and transparency. Risks remain around contract management maturity, but improvements are expected as processes embed.   |

| ID | Risk Name               | Risk Description  | Residual Risk Rating | Previous Rating | Change        | Reporting Commentary  |
|----|-------------------------|---|----------------------|-----------------|---------------|---|
| 3  | Financial               | Council is unable to maintain financial sustainability, compromising service levels, asset quality, and intergenerational equity. | Medium               | 9 Very High     | 20 ▼ Reduced  | Council has established and is operating effective financial management controls, including prudent budget management, strategic prioritisation of expenditure, and adherence to the Financial Strategy. These controls are supported by regular monitoring and reporting through established governance processes. A Financial Roadmap, led by the Strategy and Finance Rōpū (group), is being implemented to strengthen long term financial sustainability. The Long Term Plan project supports improved financial planning, alignment between strategy and funding decisions, and clearer assessment of financial trade offs. While external fiscal constraints remain, the likelihood of Council reaching financial unsustainability has been reduced through active management and forward planning. Ongoing monitoring will continue through continuation of improvements in financial reporting, roadmap delivery oversight, and the Long Term Plan governance framework. Following reassessment against existing and new controls, the financial strategic risk rating has been revised. The earlier Very High rating reflected the level of focus placed on the risk; while financial sustainability remains a priority, a Medium rating now provides a more accurate reflection of the current control environment. |
| 4  | Projects and Programmes | Impact or loss suffered as a result of the failure to deliver projects and programmes.  | Medium               | 9 Medium        | 9 — Unchanged | Risk remains Medium. Council is successfully delivering a capital works programme, supported by strengthened governance and reporting. Ongoing focus on programme oversight will help manage risks around scope, cost escalation, and capacity.   |
| 1  | Community Support       | Impact or loss suffered due to a loss or decline in community support.  | Medium               | 8 Medium        | 8 — Unchanged | The Customer Promise is being rolled out. Staff are meeting with some of our major partners to share our vision and how they can help us deliver to it.   |

## 2.2 Strategic Risk Refresh

### **Strategic vs Operational risks**

Strategic risks relate to Council's long-term direction, sustainability, and key objectives. They cut across portfolios and require executive and governance oversight. Operational risks sit within day-to-day activities and are managed at a business level to support service delivery. Maintaining this distinction supports appropriate oversight and decision-making.

### **Strategic Risks Review**

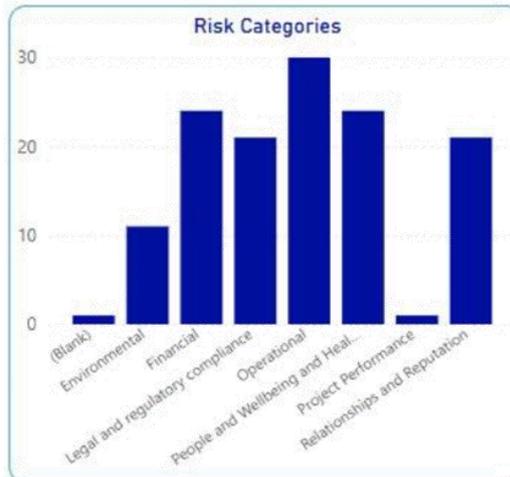
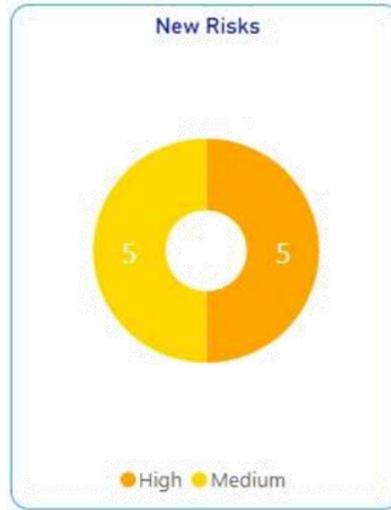
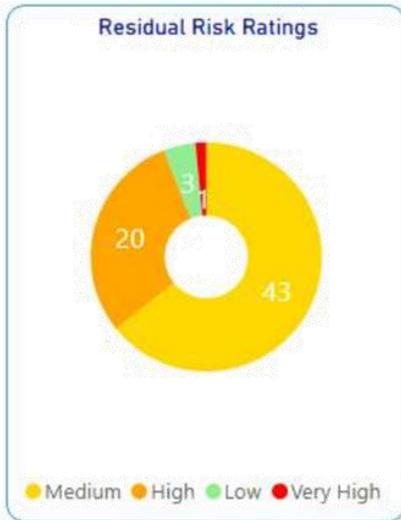
This is the first quarterly strategic risk report to the Audit and Risk Committee and provides reporting against Council's current strategic risk set. Since these risks were established around two years ago, Council's operating environment has evolved significantly, including organisational change and external pressures.

The current strategic risks have provided a useful foundation. A structured review will now be undertaken with ELT, and subsequently with Council, to refresh the risk set so it better reflects current priorities, strengthens ownership, and supports clearer oversight of cross-organisational risks. Key themes are expected to include financial sustainability, legislative reform, Three Waters delivery, capital programme delivery, climate resilience, and technology and AI-enabled change.

Reporting on the existing strategic risks will continue in the interim to maintain continuity of oversight.

### 3.0 Operational Risks

This section provides information on operational risks.



Residual Risks Heatmap

| Risk Matrix      | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Extreme |
|------------------|-----------------|---------|------------|---------|-----------|
| 5 Almost Certain | 0               | 0       | 1          | 1       | 1         |
| 4 Likely         | 0               | 4       | 11         | 1       | 1         |
| 3 Possible       | 0               | 5       | 25         | 6       | 1         |
| 2 Unlikely       | 0               | 2       | 4          | 5       | 0         |
| 1 Rare           | 0               | 0       | 0          | 1       | 0         |

### 3.1 Operational Risk Commentary

Overall, the residual risk profile is dominated by several high and very high risks that relate to financial sustainability, critical infrastructure resilience, digital and information management, natural hazards, and staff safety. While most risks are being actively managed, controls are often only partially effective, meaning exposure remains elevated and, in several cases, requires governance attention rather than further operational treatment alone.

The most significant risk is the Very High residual risk associated with the forecast operating deficit. This reflects acute financial pressure following recent events and the ongoing challenge of aligning service delivery with available funding. This risk has organisation-wide implications for service levels, future budgets, and public confidence, and will continue to require close ELT and ARC oversight until the financial position stabilises.

A number of High residual risks relate to critical infrastructure and technology, particularly in the waters and digital domains. These include vulnerabilities in water and wastewater infrastructure and crossings, aging assets, operational and corporate IT, information management, and privacy. Many of these risks are well understood, but mitigation options are either costly, long-term, or dependent on major programmes (e.g. LTP decisions, digital transformation), meaning Council is carrying the risk exposure in the interim.

There is also a cluster of High people and hazard-related risks, including aggressive or abusive behaviour towards staff, sovereign citizen-related safety risks, and flood isolation challenges. Some of these risks have been accepted, reflecting external drivers and limited ability to reduce likelihood, but they remain significant due to their potential impact on staff wellbeing, public safety, and Council's reputation. Medium and lower-rated risks generally reflect capability, capacity, or process maturity issues, which could escalate if financial or resourcing pressures increase.

**Appendix A contains a list of High and Very High rated operational risks.**

## 4.0 Horizon Scan: Risks and Trends

*This section provides information on a recently published report or topical issue.*

### Building New Zealand's Long-term Resilience to Hazards: Long-term Insights Briefing 2025

→ [Building Resilience to Hazards Long-term Insights Briefing | Department of the Prime Minister and Cabinet \(DPMC\)](#) or [Summary \(1 page\)](#)

***To build resilience we must be proactive, make hard choices, and work together.***

The briefing by the Department of the Prime Minister and Cabinet, considers resilience from six hazards which have been identified as having potentially catastrophic or cumulative impacts: pandemic, earthquake, volcanic activity, severe weather and flooding, tsunami, space weather.

The discussion on understanding the trade-offs resulting from decisions on building resilience, provides useful context for future Council decisions on building resilience. It highlights key trade-offs, factors influencing decision making, and considerations for sharing costs across communities and generations.

The paper also highlights opportunities to build resilience including community solutions, the use of science, data and modelling, designing for resilience, funding considerations and leveraging technology.

## 5.0 Risk Management Maturity Progress

The transition of risks into the new SharePoint-based register is now complete. Work is continuing to refine the system, including resolving Power BI issues and improving the usability of the register. Roll-out to staff is progressing gradually, with the Risk & Assurance Advisor leading adoption and supporting teams as they become familiar with the new tools.

Next steps include refreshing the strategic risks, updating the risk appetite statement, and aligning both with the current risk profile. Once this is complete, the focus will shift to strengthening the documentation of key lower-rated risks to support a more consistent and mature approach across the organisation.

## 6.8 ASSURANCE REPORT

Information Only - No Decision Required

|                            |  |
|----------------------------|--|
| <b>Report To:</b>          | Audit and Risk Committee                           |
| <b>Meeting Date:</b>       | 10 March 2026                                      |
| <b>Report Author:</b>      | Amy Clarke, Acting Assurance & Improvement Manager |
| <b>Report Authorisers:</b> | Steve Manners, Chief Operating Officer             |
| <b>Report Number:</b>      | RFNAU26-03-8                                       |

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 The attached Quarterly Assurance Report includes recently completed audits and reviews, as well as tracking progress of recommendations from previous reviews.
- 1.2 The internal audit charter and plan are expected to be tabled at the next Audit and Risk Committee (ARC) meeting on 30 June 2026.

### 2. Recommendation/s / Ngā Tūtohunga

**That the Audit and Risk Committee**

1. **receives the Assurance Report RFNAU26-03-8.**

### 3. Audits and reviews

- 3.1 The attached quarterly Assurance report includes the following completed audits and reviews:
  - 3.1.1 NZTA Technical Audit (attached)
  - 3.1.2 IANZ Building Consent Authority assessment (attached)
  - 3.1.3 Office of the Auditor-General Flood Protection Review (available online: [How Tasman District Council and Waikato Regional Council mitigate flood risk — Office of the Auditor-General New Zealand](#))
  - 3.1.4 Wellbeing Tick Culture Check assessment (attached in confidential)

### 4. Recommendation progress / Improvement plan

- 4.1 The attached quarterly Assurance report provides information on the progress of recommendations from previous reviews and audits. In particular:
  - 4.1.1 The recommendations from several audits/reviews are now completed or no longer require active monitoring.
  - 4.1.2 There is positive progress against most audit recommendations, however the aerodrome review recommendations are off track and the team is reviewing to determine the appropriate next steps.

**5. Internal Audit Charter and Plan**

5.1 The Internal Audit Charter and updated Internal Audit Plan are expected to be tabled at the next ARC meeting on 30 June 2026.

**6. Attachments / Tuhinga tāpiri**

|  |   |     |
|--|---|-----|
| 1. <a href="#"></a>  | Quarterly Assurance Report                      | 179 |
| 2. <a href="#"></a>  | NZTA Technical Audit                            | 185 |
| 3. <a href="#"></a>  | IANZ Building Consent Authority Assessment 2026 | 202 |

# Quarterly Assurance Report

**Author:** Amy Clarke, Risk and Assurance Advisor

**Date:** 18 February 2026

## Contents

|   |   |
|---|---|
| 1.0 Recently completed Audits and Reviews ..... | 1 |
| 2.0 In progress Audits and Reviews .....        | 2 |
| 3.0 Improvement Programme .....                 | 3 |

The purpose of this quarterly report is to provide a view of assurance activity. It covers completed, in-progress, and planned audits and reviews, and tracks how recommendations are being put into practice to support ongoing improvements across Council.

## 1.0 Recently completed Audits and Reviews

### 1.1 NZTA Technical Audit (completed Sept 2025)

NZTA undertook a scheduled audit of Tasman District Council's road network which found that, while the network is generally in good condition and positive progress has been made since the 2018 audit, a reprioritisation of the work programme is needed to place greater emphasis on drainage and environmental maintenance. Key improvement opportunities were identified in the validation of the sealed roads forward works programme, surfacing treatment selection, drainage asset management, and the monitoring of high-risk structures such as bridges and retaining walls. The audit also highlighted the need to strengthen data quality, safe system audit processes, and rural road delineation to support effective decision-making, long-term performance, and funding assurance. The audit report is [attached](#).

### 1.4 Building Consent Authority – IANZ (completed Oct 2025)

The Building Consent Authority (BCA) underwent its routine IANZ assessment from 7–10 October, undertaken with the Building Assurance Team. The assessment was led by Lesley Chen, with John Tait appointed as the Technical Expert. A total of ten General Non-Compliances (GNCs) were issued, four of which were resolved during the assessment. The remaining six were low-risk and have now been addressed with final clearance provided by IANZ on 3 February 2026.

Staff were congratulated by the accreditation team 'all the hard work and being positive and collaborative'.

Tasman District Council has retained our status as a low-risk BCA, and accreditation will continue. The next routine assessment is scheduled for October 2027.

The assessment document is [attached](#).

**1.5 OAG Flood Protection Review (Nov 2025)**

The Office of the Auditor General (OAG) approached the Council to participate in a Flood Protection Review, along with Waikato Regional Council in 2024. While the review was undertaken in November 2024 the report was delayed due to OAG resourcing. Tasman district experienced significant weather events in June and July 2025. The report was then finalised in November 2025. A confidential briefing was given to Council on 13 November, and the report was tabled at Parliament on 11 December. The report provided four recommendations on asset management processes, prioritisation of maintenance and capital work, improving understanding of flood risk, and community engagement/communications.

Published report: [How Tasman District Council and Waikato Regional Council mitigate flood risk — Office of the Auditor-General New Zealand](#)

**1.6 Wellbeing Tick Culture Check – Level One Assessment (Sept 2025)**

The Wellbeing Tick is an accreditation programme for workplaces committed to improving employee wellbeing through systemic change. The People & Wellbeing team undertook an assessment with Wellbeing First in September 2025. Council was assessed as Developing and praised for the Wellbeing Ambassador Group and comprehensive wellbeing benefits and leave provisions. Opportunities were identified including to strengthen wellbeing data and reporting and to provide psychosocial risk awareness education and training. An action plan has been developed to progress the Council on its workplace wellbeing journey. Progress will be reported in the Health, Safety and Wellbeing Quarterly report.

The assessment report is confidential due to proprietary information - copies of the report and the action plan are provided in the confidential agenda of this meeting: [Culture Check Assessment 2025](#) and [Workplace Wellbeing Action Plan](#)

**2.0 In progress Audits and Reviews**

| Ref | Name                        | Auditor  | Report Due | Update                     |
|-----|-----------------------------|----------|------------|----------------------------|
| 1   | Insurance Review            | Internal | March 2026 | Draft received for comment |
| 2   | Asset Management Evaluation | Internal | April 2026 |                            |

An updated internal audit plan is expected to be presented at the second Audit and Risk Committee.

### 3.0 Improvement Programme

These are completed audits and reviews with open recommendations or actions to improve our systems and processes.

|                          | Name   | Lead Team                  | Audit Completed | RAG Status                 |
|--------------------------|--|----------------------------|-----------------|----------------------------|
| 1                        | LIM Review                                   | LIM & Property Information | May 2023        | Completed                  |
| 2                        | Motueka Aerodrome Assessment Audit           | Enterprise                 | Feb 2024        | Off track                  |
| 3                        | Takaka Aerodrome Assessment Audit            | Enterprise                 | Feb 2024        | Off track                  |
| 4                        | Procure to Pay Audit                         | Assurance & Improvement    | Feb 2022        | On track                   |
| 5                        | Harakeke CRM Project Review                  | Information Services       | May 2025        | Completed                  |
| 6                        | NZTA Technical Audit                         | Transportation             | Sept 2025       | On track                   |
| 7                        | Building Consent Authority Assessment - IANZ | Building Assurance         | Oct 2025        | Completed                  |
| 8                        | OAG Flood Protection Review                  | Rivers and Natural Hazards | Nov 2025        | On track                   |
| <b>Tracked elsewhere</b> |  |                            |                 |                            |
| 9                        | Wellbeing Tick Culture Check                 | People & Wellbeing         | Sep 2025        | See: Quarterly HS&W Report |
| 10                       | Reimagining Health and Safety                | Health & Safety            | Oct 2024        | See: Quarterly HS&W Report |

**RAG Status:** **On track** – work is progressing as expected, **Progressing** – work is underway but delays or uncertainty are currently affecting the progress, **Off track** – work has stalled or there are significant issues affecting progress, **Not started** – work has not yet begun.

LIM Review

Status: **Completed**

| Recommendations   | Completed | 22 (17) | In Progress | 0 (1) | Not Started | 3 (7) |
|---|-----------|---------|-------------|-------|-------------|-------|
| <p><b>Summary</b></p> <p>The Team Leader – LIM &amp; Property Information role has been in place for over 6 months and during that time a thorough review of the function including addressing the outstanding recommendations has been undertaken. Processes are now in place to consider risks and address any improvements required.</p> <p>There are 3 ‘Low’ rated recommendations remaining; however, all relate to automation and system changes which are longer term and require additional funding. These will be considered through the Data and Insights programme, and improvement initiatives led by the team. <b>Tracking of the three remaining recommendations is not considered necessary.</b></p> |           |         |             |       |             |       |

Motueka Aerodrome Assessment Audit

Status: **Off track**

| Recommendations  | Completed | 0 (0) | In Progress   | 4 (4) | Not Started | 1 (1) |
|--|-----------|-------|---|-------|-------------|-------|
| <p><b>What has been achieved since last update</b></p> <ul style="list-style-type: none"> <li>NA</li> </ul>  |           |       | <p><b>What is planned for next quarter</b></p> <ul style="list-style-type: none"> <li>NA</li> </ul> |       |             |       |
| <p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>No further recommendations are able to be progressed at present due to resource constraints. The team is reviewing to determine exposure and appropriate next steps.</li> </ul> |           |       |   |       |             |       |

Takaka Aerodrome Assessment Audit

Status: **Off track**

| Recommendations  | Completed | 1 (1) | In Progress   | 9 (9) | Not Started | 0 (0) |
|--|-----------|-------|---|-------|-------------|-------|
| <p><b>What has been achieved since last update</b></p> <ul style="list-style-type: none"> <li>NA</li> </ul>  |           |       | <p><b>What is planned for next quarter</b></p> <ul style="list-style-type: none"> <li>NA</li> </ul> |       |             |       |
| <p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>No further recommendations are able to be progressed at present due to resource constraints. The team is reviewing to determine exposure and appropriate next steps.</li> </ul> |           |       |   |       |             |       |

Procure to Pay Review

Status: **On track**

| Recommendations  | Completed | 20 (17) | In Progress  | 2 (4) | Not Started | 1 (2) |
|--|-----------|---------|--|-------|-------------|-------|
| <b>What has been achieved since last update</b> <ul style="list-style-type: none"> <li>Education and training is built into the procurement processes and delivered to People Leaders as part of the induction.</li> </ul> |           |         | <b>What is planned for next quarter</b> <ul style="list-style-type: none"> <li>The outstanding recommendations are related to 'preferred suppliers', work in this space will follow work to improve contact data.</li> </ul> |       |             |       |
| <b>Challenges:</b> <ul style="list-style-type: none"> <li>NA</li> </ul>  |           |         |  |       |             |       |

Harakeke CRM Project Review

Status: **Completed**

| Recommendations  | Completed | 10 (6) | In Progress | 0 (4) | Not Started | 0 (0) |
|--|-----------|--------|-------------|-------|-------------|-------|
| <b>Summary</b><br>The recommendations from the review are considered complete as the Digital Innovation Programme has embedded the lessons learned into its core governance processes, templates, and decision-making practices. These changes are now being applied across relevant initiatives, with clear evidence that the lessons are actively informing project scoping, planning, and assurance activities. The application of these lessons has influenced recent decisions to adjust project scope and approach, demonstrating that the intent of the review has been met and that the risk of recurrence has been appropriately mitigated. |           |        |             |       |             |       |

NZTA Technical Audit

Status: **On track**

| Recommendations*   | Completed | 5(NA) | In Progress   | 4(NA) | Not Started | 1(NA) |
|--|-----------|-------|---|-------|-------------|-------|
| <b>What has been achieved since last update</b> <ul style="list-style-type: none"> <li>Review of our forward work programme and associated processes</li> <li>Safe System Audit register revised</li> </ul>  |           |       | <b>What is planned for next quarter</b> <ul style="list-style-type: none"> <li>Recruited in-house asset manager will enhance activities including asset condition inspections, and drainage improvements programme</li> </ul> |       |             |       |
| <b>Challenges:</b> <ul style="list-style-type: none"> <li>Some improvements will put further pressure on budgets and will need to be considered through the next AMP and LTP. In particular, additional funding would be needed for drainage maintenance and environmental maintenance.</li> </ul> |           |       |   |       |             |       |

\* there were also 5 "Suggestions" and 1 of these has been completed.

OAG Flood Protection Review

Status: **On track**

| Recommendations   | Completed | 0   | In Progress | 4 | Not Started | 0 |
|---|-----------|---|-------------|---|-------------|---|
| <b>What has been achieved since last update</b> <ul style="list-style-type: none"> <li>• Work is underway, in conjunction with the recovery activity related to the June/July flood event, across all four recommendations.</li> <li>• Opportunities have been taken to consolidate asset information as assessments and rebuild activity is undertaken as part of the flood recovery programme.</li> </ul> |           | <b>What is planned for next quarter</b> <ul style="list-style-type: none"> <li>• Continued work to address the recommendations, including taking advantages of opportunities presented by recovery work.</li> </ul> |             |   |             |   |
| <b>Challenges:</b> <ul style="list-style-type: none"> <li>• NA</li> </ul>   |           |   |             |   |             |   |



# INVESTMENT AUDIT REPORT

## Technical Audit of Tasman District Council

### Monitoring Investment Performance

Report of the investment audit carried out under Section 95(1)(j)(ii) and (iii) of the Land Transport Management Act 2003.

Sol Hessell

12 September 2025

FINAL

|   |  |
|---|--|
| <b>Approved Organisation (AO):</b>                                    | Tasman District Council  |
| <b>NZ Transport Agency Waka Kotahi Investment (2021 – 2024 NLTP):</b> | \$31,443,655 (budgeted programme value)  |
| <b>Date of Investment Audit:</b>                                      | April 8 <sup>th</sup> - 10 <sup>th</sup> , 2025  |
| <b>Audit Team:</b>  | Sol Hessell – Principal Investment Auditor<br>Marc Love – Senior Investment Auditor<br>Jason Morgan - Principal Investment Advisor<br>Kris Butterworth – Strategic Activity Planning Advisor, New Plymouth DC (Peer Auditor) |
| <b>Report No:</b>   | RASWHT-2477  |

**AUTHORITY SIGNATURES**

**Prepared by:**   
 \_\_\_\_\_  
 Sol Hessell, Principal Investment Auditor

**Approved by:**   
 \_\_\_\_\_  
 Vanessa Deleat, Manager Audit & Assurance

12/09/2025  
 \_\_\_\_\_  
 Date

**DISCLAIMER**

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

## EXECUTIVE SUMMARY

The Tasman District Council road network was generally in a good condition, but a reprioritisation of the programme is required to provide an increased focus on drainage and environmental maintenance. This should ensure that an appropriate level of service is able to be maintained with the available level of funding.

Many positives were identified during the audit with respect to the condition and management of the network and Council has made progress in implementing most of the recommendations from the previous audit in 2018, either fully or in part, but there is still more to be done as some similar, related issues were observed.

Opportunities for improvement have been identified in several areas, particularly regarding the prioritisation and validation of the sealed roads renewal forward works programme (FWP), which requires a review as many of the proposed rehabilitation sites were assessed as being marginal in their need of treatment. Despite the better performance of single coat seals on the network, Council's annual reseal programmes have historically been dominated by two-coat seals, likely contributing to the seal instability and flushing issues observed around the network. While Council has started moving away from the predominant two-coat treatment selection, the development and formalisation of an appropriate surfacing treatment selection guideline is recommended to assist in ensuring appropriate surface treatment options are applied.

Drainage was a significant concern to the audit team and needs a considerable amount of attention, especially given the growing frequency and intensity of rainfall events, as acknowledged in the Transport Activity Management Plan (TAMP). A number of the culverts inspected during the audit required cleaning, 15% culverts did not have a condition rating in 2023/24 and the 2024-54 TAMP identified that at the time of writing there were 933 blocked culverts and 620 broken culverts across the network. A substantial amount of high shoulder was observed across the sealed road network and many areas were observed to have inadequate side drainage.

There were also some concerns around the monitoring and assessment of bridges and retaining walls. Structures are some of Council's highest risk assets and need to be monitored appropriately, especially towards the end of life.

Council's data quality is continuing to improve, and data is being used well as an evidence base in numerous areas. AWM (Asset & Work Manager, formerly RAMM) requires attention though and it is imperative that all AWM data is up to date and accurate as this impacts on programme development and prioritisation and support for funding. There were some significant variations in achieved quantities and rates compared with the forecasts in the TIO annual achievement reporting, so Council needs to ensure that forecast quantities and expenditure are up to date and accurate.

Issues were observed with Council's Safe System Audit (SSA) processes. Of most concern, the majority of the SSA's that were provided for review were incomplete and missing significant components. To mitigate the risk to Council and to road users, Council needs to review systems and processes to ensure that an SSA or exemption declaration is completed for all improvement and renewal projects proposed for funding assistance from the National Land Transport Programme, and that all SSA's are completed in full. A review of rural road network delineation is also required to ensure that it is consistent across the network and in line with the requirements of the Traffic Control Devices (TCD) manual.

## AUDIT RATING ASSESSMENT

| Subject Areas         |                                  | Rating Assessment*             |
|-----------------------|----------------------------------|--------------------------------|
| 1                     | Previous Audit Issues            | N/A                            |
| 2                     | Network Condition and Management | Some Improvement Needed        |
| 3                     | Activity Management Planning     | Some Improvement Needed        |
| 4                     | Data quality                     | Some Improvement Needed        |
| 5                     | Road Safety                      | Some Improvement Needed        |
| <b>Overall Rating</b> |                                  | <b>Some Improvement Needed</b> |

\* Please see Introduction for Rating Assessment Classification Definitions

## RECOMMENDATIONS

The table below captures the audit recommendations. The target implementation dates for the recommendations are as provided by Tasman District Council.

| We recommend that Tasman District Council: |  | Target Implementation Date   |
|--|--|--|
| R2.1                                       | Undertake a detailed review of the renewal forward work programme.   | Complete   |
| R2.2                                       | Review the prioritisation and validation processes associated with proposed pavement rehabilitations and build amendments into the FWP process.  | Complete   |
| R2.3                                       | Develop a Resurfacing Treatment Selection Policy/Guideline.  | June 2026 (AMP improvement item)                                       |
| R2.4                                       | Complete Net Present Value (NPV) economic evaluations in SP1 format for all pavement rehabilitation projects and ensure that they are reviewed and approved by NZTA.   | 30 September 2025  |
| R2.5                                       | Develop work programmes for culvert renewals, culvert cleaning, high shoulder removal and water tabling.   | Annually based on budget.<br>2027-57 AMP will review investment needs. |
| R2.6                                       | Review inspection frequency for bridges and retaining walls and adopt NZTA's S6 policy for the inspection of bridges and other significant structures until such time as Council has developed its own equivalent, or better, processes. | June 2026 (AMP improvement item)                                       |
| R3.1                                       | Updates quantities and expenditure (forecasted and actuals) in TIO annually.   | 31 August each year  |
| R4.1                                       | Develop a plan to ensure that keeping all AWM data up to date and accurate is an ongoing priority, including but not limited to maintenance cost transaction information and condition rating data for drainage assets.                  | Complete   |

| <b>We recommend that Tasman District Council:</b> |   | <b>Target Implementation Date</b> |
|---|---|-----------------------------------|
| R5.1  | Review systems and processes to ensure that Safe System Audits (or exemption declarations) are completed in full and in accordance with the Safe System audit guidelines for all improvement and renewal projects and within appropriate timeframes, particularly for pre-opening/post-construction stage audits. | Complete                          |
| R5.2  | Review the rural road network and upgrade delineation and signage to ensure that it is consistent across the network and in line with the requirements of the Traffic Control Devices (TCD) manual.   | In progress, ongoing              |

## SUGGESTIONS

The table below captures the audit suggestions.

| <b>We suggest that Target Implementation Date:</b> |  |
|--|--|
| S2.1   | Continues to field-validate all components of the FWP and that this is done with an independent peer.  |
| S2.2   | Consider developing a policy on decaying the network and establishing criteria to consider permanent road closures as the lowest whole of life option where there is a reduced VKT.  |
| S4.1   | Review the Road Efficiency Group (REG) Asset Management Data Quality Report and prioritise focus areas as required.  |
| S5.1   | Prioritise the installation of W14-7/W14-7.3 sign combinations across the network to alert drivers that a road is transitioning from a sealed to an unsealed (gravel) surface.   |
| S5.2   | Review the policy of sealing back driveways where there is the potential for loose metal to migrate onto the sealed network. All unsealed rural side roads where they intersect with sealed roads should also be sealed back which will allow for the applicable TCD pavement markings to be installed if necessary. |

## 1. INTRODUCTION

### 1.1. Audit Objective

The objective of this audit is to provide assurance that the Waka Kotahi NZ Transport Agency’s (hereafter Waka Kotahi) investment in Council’s land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with Waka Kotahi investment. We recommend improvements where appropriate.

### 1.2. Assessment Ratings Definitions

|                               | Effective  | Some Improvement Needed  | Significant Improvement Needed  | Unsatisfactory  |
|-------------------------------|--|--|---|---|
| <b>Investment management</b>  | Effective systems, processes and management practices used.        | Acceptable systems, processes and management practices but opportunities for improvement.    | Systems, processes and management practices require improvement.                          | Inadequate systems, processes and management practices.   |
| <b>Compliance</b>             | Waka Kotahi and legislative requirements met.                      | Some omissions with Waka Kotahi requirements. No known breaches of legislative requirements. | Significant breaches of Waka Kotahi and/or legislative requirements.                      | Multiple and/or serious breaches of Waka Kotahi or legislative requirements.                                |
| <b>Findings/ deficiencies</b> | Opportunities for improvement may be identified for consideration. | Error and omission issues identified which need to be addressed.                             | Issues and/or breaches must be addressed, or on-going Waka Kotahi funding may be at risk. | Systemic and/or serious issues must be urgently addressed, or on-going Waka Kotahi funding will be at risk. |

### 1.3. Council Comments

Prior to this report being approved, Council was invited to comment on the auditors’ findings, recommendations and suggestions. Some minor changes were made to the body of the report in response to Council’s comments, but no changes were made to the recommendations or suggestions. Auditor responses have been provided for some aspects of the Council feedback. Where an auditor response has not been provided, it should be interpreted that the view of the audit team remained unchanged.

## 2. ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

| 1. Previous Audit Issues   |  |
|--|--|
| <p>The previous technical audit was undertaken in September 2018 and contained eight recommendations. The recommendations were that Tasman District Council:</p> <ul style="list-style-type: none"> <li>• Ensure compliance with the transport Agency funding rules that require Net Present Value analysis for Pavement rehabilitation projects.</li> <li>• Extend the coverage of High-Speed Data and Falling Weight surveys.</li> <li>• Review the audit process for drainage assets.</li> <li>• Implement the actions identified in the 2018 AM Improvement Plan.</li> <li>• Review the improvement actions identified in the Pavement Performance Modelling report and seek to implement these improvements within current contracts.</li> <li>• Ensure compliance with the transport Agency funding rules that require Road Safety Audits for all renewal and improvement projects.</li> <li>• Investigate rural road crashes and identify where appropriate, cost-effective engineering solutions.</li> <li>• Ensure that all traffic signs and markings are well maintained and comply with the Manual of Traffic Signs and Markings and/or Traffic Control Devices manual.</li> </ul> <p>Council has made progress in implementing most of these recommendations, either fully or in part, but there is still more to be done as the audit team observed some similar, related issues. This is also acknowledged in Council's 2024-2054 Transport Activity Management Plan (TAMP) which in relation to the 2018 technical audit states "not all actions of the 2018 improvement plan have been completed as at May 2024."</p> |  |
| Recommendations  | There are no recommendations with respect to 'Previous Audit Issues' as there are new, related recommendations and suggestions where necessary and appropriate that supersede those from the previous audit. |

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| 2. Network Condition and Management   | Some Improvement Needed |
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| <p>Overall, the road network was in a good condition and condition indicators for smooth travel (STE) and pavement integrity (PI) have remained relatively stable in recent years. There was however a reasonably significant drop in the condition index (CI) in 2023/24, and peak roughness is trending upward on most areas of the network.</p> <p>Many positives were observed by the audit team with respect to the condition and management of the network but there is scope for improvement in several areas, as detailed below:</p> <p><b>Pavement Renewal</b></p> <p>The pavement renewal forward work programme (FWP), and the approach to the development, prioritisation and validation of this FWP, requires a review. Council has in recent years delivered very</p> |                         |

low levels of pavement rehabilitation and, with the exception of 2021/22, has failed to deliver the forecast pavement rehabilitation quantities over the last five years. It was however found during the audit that most of the proposed rehabilitation sites in the current programme were marginal in their need of such treatment, with a lack of significant pavement deformation, pavement related failures or maintenance activity being observed at those sites. It is recommended that those marginal rehabilitations be deferred and reassessed in a years' time. The prioritisation and validation processes associated with proposed pavement rehabilitations need to be reviewed and amendments built into the FWP process. As part of that process Council needs to continue to field-validate all components of the FWP and we encourage Council to do this with an independent peer, to help ensure the appropriateness of the proposed renewals programme. This will help to achieve a renewals programme that is robust and adequately tensioned.

Drainage is discussed in more detail later in the report but with respect to the proposed rehabilitation programme, drainage improvements (including the removal of high shoulder) need to be considered before high-cost rehabilitation treatments. The decision to construct an unsealed path on the eastern side of Queen Victoria Street in Motueka has negatively impacted drainage options but this site is a good example of a proposed rehabilitation that needs improved drainage to be considered before anything else is progressed. Similarly, drainage improvements need to be considered before progressing with high-cost maintenance activities.

A requirement for funding under work category 214 'Sealed Road Pavement Rehabilitation' is to determine the long-term least-cost option by undertaking a Net Present Value (NPV) economic evaluation. Only two NPV evaluations were able to be viewed and reviewed as part of the audit (Wensley Road and Church Road) and both required more detail around the mode of failure, i.e. what is causing the pavement deterioration and loss of shape, as this informs the treatment selection. Council needs to ensure that NPV economic evaluations are provided to NZTA for review and approval for every proposed pavement rehabilitation. For clarity, consistency and comparability, NPV's should be provided in the SP1 format.

#### **Resurfacing Treatment Policy**

Despite the better performance of single coat seals on the network, Council's annual reseal programmes have historically been dominated by two-coat seals which make up approximately 49% of all sealed surfaces. Flushed seals were observed across the network with some sites showing early signs of reflective flushing post treatment, including Motueka Valley Road (2023 reseal), Riwaka-Kaiteriteri Road (2019 reseal) and also Church Valley Road which was a recent rehabilitation. The preference for two-coat seals as the top surface is likely contributing to the seal instability and flushing issues so an investigation should be undertaken to better understand why these premature failures are occurring. While there were discussions during the audit about a recent change in approach from Council whereby consideration is now being given to alternative reseal options, moving away from the predominant two-coat treatment selection (including the use of a lot more single coat seals in the last 2-3 years), the development and formalisation of an appropriate surfacing treatment selection guideline is recommended to assist in ensuring appropriate surface treatment options are applied. A key consideration would be to undertake a single coat seal option on newly constructed pavement rehabilitation sites, as this provides the greatest opportunity for success of this type of surface treatment. Discussions around transfer of risk should be continued with the outcomes aligned with the treatment selection guideline.

#### **Drainage and Environmental Maintenance**

Council advised during the audit that the highest risk areas of the network with respect to drainage are prioritised, but it is the view of the audit team that a significant increase in focus on drainage is required across the network.

A number of the culverts inspected during the audit required cleaning as they were observed to have restricted capacity, reducing their effectiveness. Fifteen percent of culverts did not have a condition

rating in 2023/24 and the 2024-54 TAMP identified that at the time of writing there were 933 blocked culverts and 620 broken culverts across the network, which is concerning, especially given the growing frequency and intensity of rainfall events, as also acknowledged in the TAMP. In the three financial years preceding the audit, culvert renewals were 54% below forecast. The 2023/24 Road Efficiency Group (REG) Asset Management Data Quality Report also rates the accuracy of 'Culvert data valid' as a major issue.

A substantial amount of high shoulder was observed across the sealed road network which is negatively impacting drainage and will likely lead to premature pavement failures if not addressed. In addition to the high shoulder, many areas were observed to have inadequate side drainage in the form of water tables, or no water tables at all. This was particularly evident in low lying areas. Best practice for sealed road asset management includes for adequate drainage and water flow into the water tables so this is an area that needs improvement, and the audit team recommend that high shoulder and water tabling programmes be developed, excluding land drains. The work that has been undertaken on Kerr Hill Road is a good example of the effectiveness or pro-active water tabling.

**Structures**

The number of bridges on the network is unclear, with various sources showing figures of anywhere between 467 and 557. This is potentially related to varying interpretations of bridge definitions but needs to be addressed in order that the precise number can be determined. Thirty-six bridges had an unknown condition (6.5%), 30 had a condition date older than 6 years (5.4%) and one was deemed to be in a poor condition. Similarly, ten retaining walls showing in AWM as owned by Council were deemed to be in poor or very poor condition, nine of which did not have any multimedia attached against the asset in AWM. Nine out of the ten retaining walls in a poor or very poor condition had also not been inspected in the last six years.

Structures are some of Council's highest risk assets and need to be monitored appropriately, especially towards the end of life. It is recommended that NZTA's S6 policy for the inspection of bridges and other significant structures is adopted until such time as Council has developed its own equivalent, or better, processes.

**Other comments**

It was great to see the use of culvert marker pegs across the network and signs, sight rails and most bridge railings were in a good condition. Similarly, pavement markings were mostly in a good condition, with some exceptions. The unsealed network was in an appropriate condition, trench reinstatements (including bandaging) are being done well, and the use of willow walls has been effective. The use of asphaltic concrete (AC) bunds and the installation of water channels in high-risk areas also appears to have been effective.

The approach to the management of Stafford Drive with respect to the over slips and the reduction of through traffic to one lane is pragmatic, although drainage work does appear to have almost completely been abandoned which could increase the likelihood of additional slips. Council could use this as an opportunity to develop a policy on decaying the network and establishing criteria to consider permanent road closures as the lowest whole of life option where there is reduced VKT.

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| Recommendations | <p>We recommend that Council:</p> <p>R2.1 Undertake a detailed review of the renewal forward work programme.</p> <p>R2.2 Review the prioritisation and validation processes associated with proposed pavement rehabilitations and build amendments into the FWP process.</p> <p>R2.3 Develop a Resurfacing Treatment Selection Policy/Guideline.</p> |
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|  | <p>R2.4 Complete Net Present Value (NPV) economic evaluations in SP1 format for all pavement rehabilitation projects and ensure that they are reviewed and approved by NZTA.</p> <p>R2.5 Develop work programmes for culvert renewals, culvert cleaning, high shoulder removal and water tabling.</p> <p>R2.6 Review inspection frequency for bridges and retaining walls and adopt NZTA's S6 policy for the inspection of bridges and other significant structures until such time as Council has developed its own equivalent, or better, processes.</p>   |
| <p>Suggestions</p>                       | <p>We suggest that Council:</p> <p>S2.1 Continues to field-validate all components of the FWP and that this is done with an independent peer.</p> <p>S2.2 Consider developing a policy on decaying the network and establishing criteria to consider permanent road closures as the lowest whole of life option where there is a reduced VKT.</p>  |
| <p>Tasman District Council's comment</p> | <p><b>Pavement Renewal</b></p> <p>Our forward works programme is reviewed each year, and pavement renewals are considered based on standard NPV criteria. As noted, very few roads have sites that gain a positive NPV hence we have completed relatively few pavement renewals in the last five years. We have completed many more what we would describe as 'heavy maintenance plus resurfacing' sites, which is why our sealed pavement maintenance budget has been exceeded significantly in 2021-24 NLTP. Standard SP1 formats will be used for NPVs.</p> <p>The auditors state "many of the proposed rehabilitation sites were assessed as being marginal in their need of treatment". We note that the auditors have not viewed NPV calculations although these are now available and all show positive NPVs. Current proposed sites have &gt;30% by area of pavement repairs and a history of maintenance.</p> <p><i>Auditors' response: As stated by Council, NPV's for those sites had not been provided for review at the time of the audit. The comments in the report therefore reflect the on-site view of the audit team during the network inspections. Council needs to ensure that the new NPV's are reviewed and approved by NZTA before progressing.</i></p> <p>Information about failure mode was included in the "Rehabilitation Justification" attachment provided prior to the audit.</p> <p><b>Resurfacing</b></p> <p>Treatment selection and surfacing design is based on NZ good practice and we take a 'best for network' decision-making approach. Under our alliance delivery model, there is no commercial advantage for our supplier to push for risk-averse or self-serving designs and we are satisfied that we are using good practice. We will look at embedding this through development of a policy within our Maintenance Management Plan and Activity Management Plan.</p> <p><b>Drainage</b></p> <p>Drainage improvements will be an ongoing focus and we already have a substantial programme of works identified. We will need to carefully prioritise to</p> |

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|  | <p>remain within total MOR allocations and we see significant affordability challenges. Work programmes have been focussed on pre-reseal repairs and meeting total budget allocation.</p> <p>As discussed on the audit, culverts that are blocked and were unable to be inspected have not been assigned a condition, however we are open to assigning these a condition of 'poor' in order to satisfy reporting.</p> <p><i>Auditors' response: Culverts that are known to be blocked should be unblocked. This would not only make them functional but would also allow for their condition to be assessed.</i></p> <p>We will continue to track the number of blocked culverts over time and use this data to inform future MOR programme requests, but indications are that we will not be able to reduce the number of blocked or broken culverts without additional investment. While there was discussion about re-prioritising pavement renewal funding towards drainage, this may not make much headway as we have minimal pavement renewal budget. But we will investigate this further.</p> <p>Stafford Drive is a very active slip site and is regularly cleared. The audit team should rest assured that the drainage channels have not been abandoned.</p> <p><b>Structures</b></p> <p>The Council has a robust inspection regime for bridge structures which effectively manages risks.</p> <p>In the past few years we have added a large number of cycleway/shared path bridge structures into RAMM. Reports from RAMM may give different bridge numbers depending on what filter parameters are used.</p> <p>We have also identified some data issues associated with the migration of our data into the new AMDS structure earlier in 2025. These issues are being worked through at present.</p> <p>We need clarification on which retaining walls the auditors noted as not having been inspected in the last six years. This is because our records show that all retaining walls in the Tasman Alliance area have been inspected in the last 3 years.</p> <p><i>Auditors' response: Details for these retaining walls provided via email on 01/09/2025.</i></p> |
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| <b>3. Activity Management Planning</b>  | <b>Some Improvement Needed</b> |
| <p>The Road Efficiency Group (REG) Activity Management Plan (AMP) review completed for the 21-24 AMP noted a 'good' AMP, with a slightly improved score from the previous review. The REG review for the 24-27 AMP was completed after the audit and the draft findings show further improvement. The 21-24 AMP was given a 'fit for purpose' rating by NZTA Investment Advisors.</p> <p>The 24-27 AMP refers to the accelerating deterioration of the network and an increasing number of severe faults that are requiring reactive maintenance and diverting funding and resources away from preventive maintenance activities. Further to the discussion in the previous section, an increased focus on drainage related activities, including culvert renewals, culvert cleaning, high shoulder removal and</p> |                                |

water tabling, is required and needs to be a priority for Council. With the new maintenance contract to be tendered in 2026 it is an opportune time for Council to refocus the programme in this way which should reduce the need for so much reactive maintenance and facilitate a move towards a more proactive approach to maintenance generally. It will also reduce the need for significant increases in funding, noting that the audit team did not see evidence to support the level of investment originally requested in the 24-27 NLTP.

The audit team had some concerns with the TIO annual achievement reporting, noting some significant variations in achieved quantities and rates compared with the forecasts. Council needs to ensure that forecast and actual quantities and expenditure are up to date and accurate in TIO. By updating the TIO renewal forecasts and actuals annually for Maintenance, Operations and Renewals (MOR), the forecast comparison with actual achievement will be more representative of the delivery performance for the network. This will also enable better decision-making by both Council and NZTA, should funds need to be reallocated due to changing needs of a higher priority.

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| <p>Recommendations</p>                   | <p>We recommend that Council:</p> <p>R3.1 Updates quantities and expenditure (forecasted and actuals) in TIO annually.</p>  |
| <p>Tasman District Council's comment</p> | <p>This action is underway from the 2025/26 year, noting that initial forecasts in TIO were based on requested funding levels, and staff overlooked the need to update this forecast based on approved funding.</p> <p>It will take time to address the backlog in reactive maintenance such as pavement and surfacing defects and blocked culverts, and this will be an ongoing focus. Our 2027 AMP will provide updated forecasts and scenarios on effects of different investment levels. We do find it difficult to reconcile that although the auditors correctly identify we need to increase the amount of drainage works completed on the network (as described in our 2024-54 AMP), they also state that we do not need more investment to achieve this. The inference being that we could achieve it by discontinuing or reducing pavement rehabilitation, which we believe would be a more costly and sub-optimal strategy in the long term. The reality is we have to do <i>both</i>, and require investment to do so.</p> <p><i>Auditors' response: An increased focus on pro-actively addressing drainage issues on the network, including related environmental maintenance activities, will likely reduce the rate of network deterioration due to water ingress and pavement saturation, and the subsequent need for rehabilitation and drainage related maintenance activities.</i></p> <p>Procurement actions with regards to maintenance and renewals are not likely to impact the overall balance of reactive vs proactive maintenance – this is a function of investment levels and prioritisation.</p> |

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| 4. Data Quality   | Some Improvement Needed   |
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| <p>The Road Efficiency Group (REG) overall score for data quality in the 2023/24 year was 88 out of 100, an improvement from the previous year's score and a continuation of the upward trajectory in data quality over recent years which was great to see. The report does though highlight some issues that require attention and should be a focus for Council.</p> <p>Quality data is important for good asset management and many elements of Council's data and data management were observed to be good, including footpath condition data and a robust traffic count programme. Data is being used well as an evidence base in numerous areas and Council understands the need for ongoing improvement in the data space.</p> <p>The audit team did however identify some areas for improvement, primarily associated with AWM (RAMM) data.</p> <p>Of most concern is that maintenance cost transaction information for the last ten years was not visible to the audit team in AWM. Several other anomalies were also found in the AWM data, including incorrect road classification (a rural carriageway was classified as urban), sections of the network without any classification, missing pavement data, traffic estimates that are significantly lower than previous counts and missing as-built data. It is imperative that all AWM data is up to date and accurate as this impacts on programme development and prioritisation and support for funding (including the accuracy of NPV's). A plan needs to be developed to ensure that keeping AWM up to date and accurate is an ongoing priority. It is also imperative that appropriate access to AWM (RAMM) is maintained at all times for the NZTA Maintenance &amp; Operations Investment Advisor, including but not limited to the finance and dispatch modules.</p> <p>During the network inspections the Great Taste Trail (TGTT) data was consistently overriding the road data in Mobile Roads, an issue that needs to be resolved.</p> |   |
| Recommendations   | <p>We recommend that Council:</p> <p>R4.1 Develop a plan to ensure that keeping all AWM data up to date and accurate is an ongoing priority, including but not limited to maintenance cost transaction information and condition rating data for drainage assets.</p>   |
| Suggestions   | <p>We suggest that Council:</p> <p>S4.1 Review the Road Efficiency Group (REG) Asset Management Data Quality Report and prioritise focus areas as required.</p>   |
| Tasman District Council's comment   | <p>It is still unclear to us why NZTA Audit team were unable to view our maintenance cost transaction history. We request that the team add commentary noting that they have since verified that the data exists.</p> <p><i>Auditors' response: Confirmation provided via email on 01/09/2025 that Maintenance Cost Transaction data is now visible to the audit team. Council needs to ensure that access to this data is maintained at all times for the NZTA Maintenance &amp; Operations Investment Advisor.</i></p> <p>We have been continually improving our AWM data as evidenced by REG data quality scores over the last few years. This will continue to be a focus, and now that we have migrated to AMDS we will use the tools available to improve and maintain data quality. This will include a section in our AMP describing our gaps and priorities.</p> |

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|  | As discussed on the audit, culverts that are blocked and were unable to be inspected have not been assigned a condition, however we are open to assigning these a condition of 'poor' in order to satisfy reporting. |
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| 5. Road Safety  | Some Improvement Needed |
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| <p>Crash and casualty numbers on the Tasman DC network have been trending upward over the last five years, with a total of 82 crashes involving death or serious injury in the five-year period from 2020-2024, including 21 crashes involving death or serious injury in 2024, the highest number over those five years. A review of reported crashes in the Crash Analysis System (CAS) highlighted several areas of concern, including the number of crashes that are occurring on bends, the number of crashes involving 'Road Factors' as a causal factor and the prevalence of crashes involving motorcyclists who account for approximately a third of deaths and serious injuries on the network.</p> <p>So, while Council has made progress in addressing some safety issues on the network, including the introduction of a significant number of raised pedestrian crossings and the progression of an ambitious and commendable speed management programme to reduce speed limits where possible, a focus on continuing to improve road safety outcomes still needs to be retained.</p> <p>Some issues and concerns that were observed during the audit and require attention include:</p> <p><b>Safe System Audits (SSA's)</b></p> <p>It was good to see that SSA's are being undertaken and great that the safe system <i>assessment</i> aspect of the SSA's had been completed for some projects at the design stage as doing the assessment helps ensure that a project is well aligned with a safe system. It was also good to see that exemption declaration forms are being completed when an SSA is not deemed to be necessary, including for rehabilitation projects and renewals. Council needs to ensure though that exemption declarations are endorsed at the appropriate level and not by the same person who prepared the report.</p> <p>Some issues were however observed with Council's SSA processes. Of most concern, the majority of the SSA's that were provided by Council for review, including the two post-construction SSA's, were incomplete and missing significant components, including the Audit Statements. To mitigate the risk to Council and to road users, Council needs to review systems and processes to ensure that an SSA or exemption declaration form is completed for all improvement and renewal projects proposed for funding assistance from the National Land Transport Programme, and that all SSA's are completed in full. A single SSA report can cover several projects or activities. If a post construction/pre-opening SSA is deemed to be necessary it is important that it is done as soon as possible after the physical works have been completed, and that the actions are implemented accordingly.</p> <p><b>Traffic Signs and Delineation</b></p> <p>Rural road delineation was generally fit for purpose and appropriate however some roads had inconsistent delineation along the route, e.g. one out of context curve along a route being treated but not others. There were also some inconsistencies in the use of edge marker posts (EMP's), with some low volume roads with 200-400 vpd having EMP's (e.g. Korere Tophouse Road) and roads with 1000-1500 vpd without them (e.g. Paton Road). Inconsistencies such as these potentially set drivers up to fail due to the expectations that have been set so a review of rural road delineation should be undertaken to ensure that it is consistent across the network and particularly down the entirety of a route. A considerable number of chevron treatments were also observed to have been incorrectly installed, either by location or mounting height, meaning that they will not likely be effective. With over 40% of all reported crashes</p> |                         |

involving loss of control on bends it is important that issues such as these are addressed as soon as possible.

Advance warning signage to alert drivers that a road is transitioning from a sealed to an unsealed (gravel) surface was observed to be missing at most locations. Council needs to prioritise the installation of the required signage at these locations in accordance with the part 5 of the TCD manual.

Signs and pavement markings were mostly in a good condition across the network.

**Road Factors**

Road factors are being reported as a causal factor in a significant number of crashes. Gravel migration was observed from driveways across the network which is potentially contributing to the high proportion of motorcycle crashes in the district. Council should consider adopting a more pro-active approach to sealing back driveways when reseals or improvement works are being undertaken in an area and with a view to potentially getting property owner contributions if necessary. If they aren't already, all unsealed rural sideroads where they intersect with sealed roads should also be sealed back which will allow for the applicable TCD pavement markings to be installed if necessary.

**Other comments**

The single lane Riwaka Forks Bridge (bridge number 360201) had no priority controls in either direction.

Non-compliant ramp markings were observed on vertical displacement devices at numerous locations around the network.

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| <p>Recommendations</p>                   | <p>We recommend that Council:</p> <p>R5.1 Review systems and processes to ensure that Safe System Audits (or exemption declarations) are completed in full and in accordance with the Safe System audit guidelines for all improvement and renewal projects and within appropriate timeframes, particularly for pre-opening/post-construction stage audits.</p> <p>R5.2 Review the rural road network and upgrade delineation and signage to ensure that it is consistent across the network and in line with the requirements of the Traffic Control Devices (TCD) manual.</p> |
| <p>Suggestions</p>                       | <p>We suggest that Council:</p> <p>S5.1 Prioritise the installation of W14-7/W14-7.3 sign combinations across the network to alert drivers that a road is transitioning from a sealed to an unsealed (gravel) surface.</p> <p>S5.2 Review the policy of sealing back driveways where there is the potential for loose metal to migrate onto the sealed network. All unsealed rural side roads where they intersect with sealed roads should also be sealed back which will allow for the applicable TCD pavement markings to be installed if necessary.</p>                     |
| <p>Tasman District Council's comment</p> | <p><b>Safe System Audits</b></p> <p>We have established a new tracking system for our audits to ensure these are tracked and completed.</p> <p><b>Delineation</b></p> <p>All new installations of signs and delineation are carried out in accordance with TCD.</p>   |

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|  | <p>We note that funding is limited and it will not be possible to upgrade all existing or possible delineation within available funding. We do prioritise available funding based on safety risks. We also note that the speed humps in Edward Street comply with the TCD Rule 7.9(3) as they are illuminated and with reflective signs, although the markings (old style stripes rather than newer standard triangle) do not meet the suggested guideline</p> <p>We have a programme of delineation reviews which continues each year, including night-time inspections. We would appreciate receiving details of which sites the auditors found incorrect/ineffective chevrons, noting that the audits were carried out in daylight.</p> <p><i>Auditors' response: While the retro-reflectivity of chevrons cannot be accurately assessed during the day, their likely effectiveness or otherwise due to installation height, alignment and positioning can be. Examples provided via email on 01/09/2025.</i></p> <p>Paton Road is a straight road with the majority of its length having a speed limit of 60km/h, so EMPs are not warranted.</p> <p>During August 2025 we have reduced speed limits on many high-risk rural roads from 100km/h to 80km/h as part of implementing our Speed Management Plan. This is the most cost-effective safety improvement we can make.</p> <p>Riwaka Forks bridge (constructed ~1935) is very low volume (&lt;60vpd), low speed, and the bridge is the same width (4m) as the adjacent gravel carriageway. We consider adding signs here would provide no safety benefit and may attract negative feedback from users with regards to wastage of funds.</p> <p><i>Auditors' response: See TCD manual Part 5 regarding 'One-lane bridges and other roadways.'</i></p> |
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### 3. APPENDICES

#### APPENDIX A

## Council Feedback



The NZ mark of competence  
Tohu Matatau Aotearoa

## BUILDING CONSENT AUTHORITY ACCREDITATION ASSESSMENT FINAL REPORT

### TASMAN DISTRICT COUNCIL

|                                    |                 |
|------------------------------------|-----------------|
| <b>IANZ<br/>CONDITIONS CLEARED</b> |                 |
| <b>INITIALS:</b>                   | LC              |
| <b>DATE:</b>                       | 3 February 2026 |

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**BCA AND ASSESSMENT DETAILS**

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|---|------------------------------|--|---|----------------------------|--|-------------------------------------|-----|-----------|-----|-----------|-----|
| <b>Organisation:</b>  |                              | Tasman District Council  |   |                            |  |                                     |     |           |     |           |     |
| <b>Address for service:</b>                                 |                              | 189 Queen Street, Richmond, Nelson 7020                                    |   |                            |  |                                     |     |           |     |           |     |
| <b>Client Number:</b>                                       | 7417                         | <b>Accreditation Number:</b>   |   | 50                         |  |                                     |     |           |     |           |     |
| <b>Chief Executive:</b>                                     |                              | Leonie Rae   |   |                            |  |                                     |     |           |     |           |     |
| <b>Chief Executive Contact Details:</b>                     |                              | <a href="mailto:Leonie.Rae@tasman.govt.nz">Leonie.Rae@tasman.govt.nz</a>   |   |                            |  |                                     |     |           |     |           |     |
| <b>Responsible Manager:</b>                                 |                              | Matt Feely   |   |                            |  |                                     |     |           |     |           |     |
| <b>Responsible Manager Contact Details:</b>                 |                              | <a href="mailto:Matt.Feely@tasman.govt.nz">Matt.Feely@tasman.govt.nz</a>   |   |                            |  |                                     |     |           |     |           |     |
| <b>Authorised Representative:</b>                           |                              | Sally Blain  |   |                            |  |                                     |     |           |     |           |     |
| <b>Authorised Representative Contact Details:</b>           |                              | <a href="mailto:Sally.Blain@tasman.govt.nz">Sally.Blain@tasman.govt.nz</a> |   |                            |  |                                     |     |           |     |           |     |
| <b>Quality Assurance Manager:</b>                           |                              | Sally Blain  |   |                            |  |                                     |     |           |     |           |     |
| <b>Quality Assurance Manager Contact Details:</b>           |                              | <a href="mailto:Sally.Blain@tasman.govt.nz">Sally.Blain@tasman.govt.nz</a> |   |                            |  |                                     |     |           |     |           |     |
| <b>Number of FTEs:</b>                                      |                              | <b>Technical</b>   |   | <b>Support functions</b>   |  |                                     |     |           |     |           |     |
| Total FTEs should = technical FTEs + admin FTEs + vacancies |                              | 6.25   |   | 8.75                       |  |                                     |     |           |     |           |     |
|   |                              | <b>Vacancies (Technical)</b>   |   | <b>Vacancies (Support)</b> |  |                                     |     |           |     |           |     |
|   |                              | 3  |   | 0                          |  |                                     |     |           |     |           |     |
| <b>Building Consents (excl. Amendments)</b>                 |                              |  |   |                            |  |                                     |     |           |     |           |     |
| <b>Activity during the previous 12 months:</b>              |                              |  |   |                            |  | <b>R1</b>                           | 428 | <b>R2</b> | 198 | <b>R3</b> | 125 |
|   |                              |  |   |                            |  | <b>C1</b>                           | 94  | <b>C2</b> | 16  | <b>C3</b> | 6   |
|   |                              |  |   |                            |  | <b>National Multi-use Approvals</b> |     |           |     |           | 0   |
|   |                              |  |   |                            |  | <b>Amendments</b>                   |     |           |     |           | 299 |
|   |                              |  |   |                            |  | <b>CCCs</b>                         |     |           |     |           | 854 |
|   |                              |  |   |                            |  | <b>New compliance schedules</b>     |     |           |     |           | 48  |
|   |                              |  |   |                            |  | <b>BCA Notices to Fix</b>           |     |           |     |           | 0   |
|   |                              |  |   |                            |  | <b>ASSESSMENT TEAM</b>              |     |           |     |           |     |
| <b>Assessment Dates:</b>                                    |                              | 7 October 2025 to 10 October 2025  |   |                            |  |                                     |     |           |     |           |     |
| <b>Lead Assessor:</b>                                       |                              | Lesley Chen  |   |                            |  |                                     |     |           |     |           |     |
| <b>Technical Expert:</b>                                    |                              | John Tait  |   |                            |  |                                     |     |           |     |           |     |
| <b>Observer:</b>  |                              | None attended  |   |                            |  |                                     |     |           |     |           |     |
| <b>ASSESSMENT FINDINGS AND IMPORTANT DATES</b>              |                              |  |   |                            |  |                                     |     |           |     |           |     |
|   | <b>This assessment (RR):</b> | <b>OCTOBER 2023 (RR):</b>  | <b>OCTOBER 2021 (RR):</b>   |                            |  |                                     |     |           |     |           |     |
| <b>Total # of "serious" non-compliances:</b>                | 0                            | 0  | 0   |                            |  |                                     |     |           |     |           |     |
| <b>Total # of "general" non-compliances:</b>                | 10                           | 5  | 14  |                            |  |                                     |     |           |     |           |     |
| <b>Total # of non-compliances outstanding:</b>              | 6                            | 5  | 10  |                            |  |                                     |     |           |     |           |     |
| <b>Recommendations:</b>                                     | 12                           | 6  | 14  |                            |  |                                     |     |           |     |           |     |
| <b>Advisory notes:</b>                                      | 0                            | 6  | 2   |                            |  |                                     |     |           |     |           |     |
| <b>Date all action plans must be accepted:</b>              |                              | 21 November 2025   |   |                            |  |                                     |     |           |     |           |     |
| <b>Final date clearance evidence can be accepted:</b>       |                              | 6 March 2026   |   |                            |  |                                     |     |           |     |           |     |
| <b>Date all non-compliances must be cleared:</b>            |                              | 20 March 2026  |   |                            |  |                                     |     |           |     |           |     |
| <b>NEXT ASSESSMENT</b>                                      |                              |  |   |                            |  |                                     |     |           |     |           |     |
| <b>Recommended next assessment type:</b>                    |                              | Routine Reassessment   |   |                            |  |                                     |     |           |     |           |     |
| <b>Recommended next assessment month:</b>                   |                              | October 2027   |   |                            |  |                                     |     |           |     |           |     |
| <b>IANZ REPORT PREPARATION</b>                              |                              |  |   |                            |  |                                     |     |           |     |           |     |
| <b>Prepared by:</b> Lesley Chen                             | <b>Date:</b> 17 October 2025 |  | <b>Signature:</b>  |                            |  |                                     |     |           |     |           |     |
| <b>Checked by:</b> Adrienne Woollard                        | <b>Date:</b> 21 October 2025 |  | <b>Signature:</b>  |                            |  |                                     |     |           |     |           |     |

## INTRODUCTION

This report relates to the routine accreditation assessment of the **Tasman District Council Building Consent Authority (BCA)** which took place on site during **October 2025** to determine compliance with the requirements of the *Building (Accreditation of Building Consent Authorities) Regulations 2006*.

This report is based on the document review, witnessing of activities and interviews with the BCA's employees and contractors undertaken during the accreditation assessment.

A copy of this report, and subsequent information regarding progress towards clearance of non-compliances, will be provided to the Ministry of Business, Innovation and Employment in accordance with International Accreditation New Zealand's contractual obligations. This report may also be made publicly available by the BCA as long as this is not done in a way that misrepresents the content within. It may also be released under the Local Government Meetings and Official Information Act 1987 consistent with any ground for withholding that might be applicable. IANZ may also be required to release this report and assessment documentation if requested under the Official Information Act 1987.

## ASSESSMENT SUMMARY

The assessment identified the BCA had been substantially compliant with statutory requirements for at least 98% of both granting and issuing Building Consents, and issuing or refusing to issue Code Compliance Certificates over the last 24 months. The BCA had been impacted by a loss of a substantial number of employees over the last year, yet they were able to appropriately manage their workloads to ensure that compliance with the statutory timeframe would not be impacted. This was also due to the effectiveness of the way the BCA team reviewed previous workload statistics to produce appropriate forecasts. The BCA was commended for their efforts in maintaining this high standard.

The BCA had also started to put in place, appropriate measures to ensure their compliance with Regulation 7A would be met, and several recommendations were recorded in this assessment to support the BCA's ongoing work to achieve this outcome.

The BCA also had a system in place, where they worked with their system operators to manage the compilation of documentation at milestone stages throughout the life of a consent. The documentation review process throughout the assessment was seamless, and all required documentation was easily locatable and retrievable. The outcome document produced a fit for purpose, clear and concise building consent package for the owner/applicant.

There were, however, some outstanding issues, including updating some procedures to ensure they were aligned to how the BCA operated; and requirement to undertake some further training regarding how to appropriately document the BCO's compliance decisions related to Performance Standards, and Specified Systems; a more streamlined approach for the 24-month CCC decisions process, and ensuring the technical audits undertaken for contractors were appropriate. These are detailed below.

## CONTINUING ACCREDITATION

Accreditation is a statement, by IANZ, that your organisation complies with the Regulations and MBIE BCA accreditation scheme guidance documents (as relevant). Where non-compliance with the Regulations has been identified, the Act requires that it must be addressed in order for accreditation to continue.

**IDENTIFYING AND NUMBERING OF NON-COMPLIANCES**

Non-compliance numbers have been issued to each Regulation and sub-Regulation which was assessed and found to be non-compliant, however, where more than one non-compliance is identified within one Regulation or sub-Regulation, then only one finding number is generated.

Regulations 7(2)(d)(v) and 7(2)(f)(i) have been split out into their component parts to enable easy recording and management of the key issues.

**STEPS TO ADDRESSING NON-COMPLIANCES IDENTIFIED**

|               |   |  |
|---------------|---|--|
| <b>Step 1</b> | <p><b>Action plans</b><br/>                 Non-compliances raised during the assessment have been summarised and recorded in detail in this report.<br/>                 BCA to <b>analyse the root cause</b> of the finding within the finding tables nested under the relevant regulation and then develop and document an action plan to address each finding (including documenting the evidence that will be submitted to address the finding).</p> <p><b>Note:</b> Where a serious non-compliance has been raised, the cause analysis is required to be recorded within the SNC table.</p> | <p>Required to be <b>submitted</b> within <b>10 working days</b> of the receipt of this report.</p>  |
| <b>Step 2</b> | <p><b>IANZ Reviews the action plans provided</b><br/>                 IANZ will analyse the submitted action plans with the proposed evidence of implementation indicated, and will respond to the BCA accordingly with required improvements and/or acceptance of the plan.</p>  | <p>IANZ has a KPI of <b>10 working days</b> to review and respond.<br/>                 Action plans and proposed evidence required to be <b>accepted</b> within <b>20 working days</b> of the receipt of this report.</p>                                   |
| <b>Step 3</b> | <p><b>Submitting clearance evidence</b><br/>                 Upon the acceptance of all action plans, the BCA can proceed to provide clearance evidence to IANZ.</p>  | <p>BCA to submit a separate email to address each GNC, ideally containing all listed proposed evidence.</p>  |
| <b>Step 4</b> | <p><b>Review of clearance evidence</b><br/>                 Upon receiving clearance evidence, IANZ will review the appropriateness of the evidence to clear the identified non-compliance(s). Note that where the evidence provided does not provide sufficient assurance that the non-compliance has been addressed then IANZ may request further information to be satisfied, even if supply of that information was not detailed in the original action plan.</p>   | <p>IANZ has a KPI of <b>10 working days</b> to review and respond to each piece of clearance evidence provided.</p>  |
| <b>Step 5</b> | <p><b>Last date for information submission</b><br/>                 The BCA must provide its final clearance information in sufficient time to allow for review, revision and resubmission of the information before the last date for final information submission provided.</p>   | <p>If insufficient or incomplete information is received by the last date for information submission, the BCA must apply for an extension of time (if relevant). Alternatively, an initial notice of possible revocation of accreditation may be issued.</p> |

|                      |  |  |
|----------------------|--|--|
| <p><b>Step 6</b></p> | <p><b>Final clearance</b><br/>The BCA must clear all identified non-compliances.</p> | <p><b>Within 3 months</b> of the issuing of this report (unless an extension is granted or a finding is conditionally cleared waiting for future information).</p> |
|----------------------|--|--|

If you do not agree with the non-compliances identified, or if you need further time to address non-compliances, please get in touch with the Lead Assessor as soon as possible. Where you are seeking an extension to an agreed timeframe to address a non-compliance, your Chief Executive is required to formally request an extension of the timeframe. These will only be granted for unpredictable and unmanageable reasons.

Failure to provide timely, objective evidence that identified non-compliances have been effectively and sustainably resolved may result in a recommendation to revoke accreditation.

If you have a complaint about the assessment process or wish to appeal any of the findings or outcomes, please refer to the BCA Accreditation disagreements guidance, which can be found [here](#), or contact the IANZ Lead Assessor, IANZ Programme Manager – Building, or IANZ Operations Manager - Inspection and BCA sectors for further information about the IANZ appeals and complaints process.

**RISK ASSESSMENT**

The BCA’s risk, both to the Territorial Authority, as a BCA and also as an organisation accredited by IANZ was assessed using the following criteria:

|                       |  |   |
|-----------------------|--|---|
| <b>High risk</b>      | <p><b>A non-functioning BCA</b> – depending on extent and type of risk and agreed management method.<br/>E.g. there is a pattern of failure to follow multiple policies, procedures and systems (PPS) and/or that multiple PPS have not been consistently and effectively implemented.</p>     | <b>Some form of monitoring within 6 months</b>          |
| <b>Medium risk</b>    | <p><b>The BCA is not currently compliant and is unlikely to demonstrate substantial compliance at the next assessment</b> if significant actions are not taken to address the identified issues, especially where there was a failure to implement PPS over two or more assessment cycles.</p> | <b>1 year</b>   |
| <b>Low risk</b>       | <p><b>“Normal” risk</b> (the BCA is likely to remain substantially compliant over the next two years).</p>   | <b>2 years</b>  |
| <b>Extra Low risk</b> | <p><b>The BCA is almost fully compliant and likely to remain that way.</b></p>   | <b>Reduced monitoring at next two yearly assessment</b> |

Consideration, as at the end of the on-site assessment phase of this assessment has determined that the BCA is considered to pose a **Low Risk**. The main reasons for considering this risk category were:

- There were 10 non-compliances raised, and none of them were of a serious nature.
- There were no serious concerns about the BCA’s technical output.
- There were several procedural related non-compliances that were raised, and the BCA had resolved some of these on site during the assessment.
- There were no significant non-compliances repeated from the last assessment.

- The BCA have been substantially compliant with statutory requirements for both granting and issuing Building Consents, and issuing or refusing to issue Code Compliance Certificates over the last 24 months.
- The BCA did not require additional clearance time from the last assessment.
- The BCA appeared to have appropriate plans and sufficient resources in place to address the outstanding non-compliances.
- There were no significant upcoming changes that could affect the BCA's ongoing performance.
- The BCA have a good history of using their continuous improvements and internal audit systems to identify and address issues or improvement opportunities.
- The BCA had appropriately notified IANZ and MBIE over the last 24 months of all the critical changes as required under the Regulation 6A.

### NEXT ACCREDITATION ASSESSMENT

As part of the clearance process, IANZ will consider if the clearance material demonstrates full compliance with the accreditation requirements and the likelihood of the BCA to remain substantially compliant moving forward. Based on this, IANZ will undertake a further review of the Risk category of your BCA at the end of the clearance process. This further review will determine the timing of your next assessment.

Currently, if your BCA does not undergo a significant change, requiring some form of interim assessment, and the BCA is able to clear the identified non-compliances within the agreed timeframe, the next assessment of the BCA is planned as a **Routine Reassessment** for **October 2027**.

You will be formally notified of your next assessment at least six weeks prior to its planned date.

### RISK AT THE END OF THE ASSESSMENT CLEARANCE PROCESS

The risk level will be reassessed at the end of the assessment clearance process and any change notified at the time of accreditation continuation.

### ABBREVIATIONS

|                   |   |
|-------------------|---|
| the Act           | the Building Act 2004   |
| AOB               | Accredited Organisation – Building  |
| BCA               | Building Consent Authority  |
| BCO               | Building Control Officer  |
| CCC               | Code Compliance Certificate   |
| Consent           | Building Consent  |
| CI                | Continuous improvement  |
| CoI               | Conflict of Interest  |
| Forms Regulations | Building (Forms) Regulations 2004   |
| GNC               | General Non-compliance  |
| IANZ              | International Accreditation New Zealand                                   |
| MBIE              | Ministry of Business, Innovation and Employment                           |
| LBP               | Licensed Building Practitioner  |
| NCAS              | National Building Consent Authority Competency Assessment System          |
| NZBC              | New Zealand Building Code   |
| NTF               | Notice to Fix   |
| the Regulations   | Building (Accreditation of Building Consent Authorities) Regulations 2006 |
| RFI               | Request for Further Information   |
| SNC               | Serious Non-compliance  |

**ASSESSMENT OBSERVATIONS AND RECORDS OF NON-COMPLIANCE**

| Regulation 6A(1)  | A system for notification |
|---|---------------------------|
| <p>The BCA had appropriately documented its system for notifying the building consent accreditation body and the Ministry of any of the matters listed within Regulation 6A(1) within 20 working days of the matter taking place.</p> <p>Over the last two years, the BCA had appropriately notified IANZ and MBIE of critical changes that had occurred. Records of notification and associated communication records were seen to be appropriately filed in the BCA’s document management system, SharePoint (DORIS).</p> |                           |

| Regulation 7(2)(a)   | Providing consumer information |
|--|--------------------------------|
| <p>The BCA provided consumer information regarding how to apply for a consent, and how an application was processed, inspected and certified. The BCA’s consumer information recorded the building levy threshold in several places, however, the BCA had not ensure that all areas that recorded the levy indicated the new levy threshold updated on 1 July 2024.</p> <p><b>GNC 1 was resolved during the assessment</b>, where the BCA had appropriately updated all areas of the consumer information where the levy threshold was incorrect.</p> <p>The BCA is recommended to update its consumer information to provide information regarding how it will manage and undertake inspections to comply with Regulation 7A.</p> <p><b>Recommendation R1</b></p> |                                |

| Regulation 7(2)(b)   | Receiving building consent applications |
|--|---|
| <p>The BCA had appropriately documented its procedure for receiving applications in accordance with Regulation 7(2)(b).</p> <p>Building consent applications were mostly received through the BCA’s online portal. Reviewed examples were confirmed to be appropriate.</p> |   |

| Regulation 7(2)(c)   | Checking building consent applications |
|--|--|
| <p>The BCA had appropriately documented its procedure for checking applications in accordance with Regulation 7(2)(c).</p> <p>Received applications were checked for completeness and further information requested as necessary through the Objective Build system.</p> |  |

| Regulation 7(2)(d)(i)  | Recording building consent applications |
|--|---|
| <p>The BCA had appropriately documented its procedure for recording applications in accordance with Regulation 7(2)(d)(i).</p> <p>Building consent applications were recorded in the Objective Build system. An acknowledgment of the receipt was automated by the system, however, due to system restrictions and limitations, the BCA was not able to obtain a copy of this acknowledgement. The BCA sent their own acknowledgement and acceptance for processing of the application to the applicant/owner.</p> |   |

| Regulation 7(2)(d)(ii)  | Assessing building consent applications |
|---|---|
| <p>The BCA had appropriately documented its procedure for assessing applications in accordance with Regulation 7(2)(d)(ii).</p> <p>Applications were seen to have been appropriately assessed using the building categories documented within the NCAS. They also used the Objective Build system category as a record because the Objective Build system’s categories differed from the NCAS categories.</p> |   |

| Regulation 7(2)(d)(iii)   | Allocating building consent applications |
|---|--|
| <p>The BCA had appropriately documented its procedure for allocating applications in accordance with Regulation 7(2)(d)(iii).</p> <p>All reviewed applications were seen to have been appropriately allocated to competent staff (or to staff working under appropriate supervision) / competent contractors.</p> |  |

| Regulation 7(2)(d)(iv)   | Processing building consent applications |
|--|--|
| <p>The BCA had appropriately documented its procedure for processing building consent applications to establish whether the applications complied with the requirements of the Act, the Building Code, and any other applicable regulations under the Act specified for buildings, in accordance with Regulation 7(2)(d)(iv).</p> <p>Upon reviewing processing records, the BCOs were seen to be recording various Performance Standards related to specified systems. However, the BCOs were not recording any of their consideration of the Performance Standards, Inspection, Maintenance and Reporting procedures, how they had considered those elements, and whether they were suitable.</p> <p><b>GNC 2 – to be resolved.</b></p> |  |

**General Non-compliance No. 2: Action Plan Accepted 29/10/2025 Cleared 3/02/2026**

|  |  |                               |                               |  |  |  |  |
|--|--|-------------------------------|-------------------------------|--|--|--|--|
| <b>Breach of requirement:</b>  | <b>Regulation 7(2)(d)(iv)</b>  |                               |                               |  |  |  |  |
| <b>Breach of requirement:</b>  | <b>Regulation(s)</b>   | <input type="checkbox"/> 5(a) | <input type="checkbox"/> 5(b) | <input checked="" type="checkbox"/> 5(c) | <input checked="" type="checkbox"/> 6(b) | <input checked="" type="checkbox"/> 6(c) | <input checked="" type="checkbox"/> 6(d) |
| <b>FINDING DETAILS</b>   |  |                               |                               |  |  |  |  |
| <p>Upon reviewing processing records, the BCOs were seen to be recording various Performance Standards related to specified systems. However, the BCOs were not recording any of their consideration of the Performance Standards, Inspection, Maintenance and Reporting procedures, how they had considered those elements, and whether they were suitable.</p>   |  |                               |                               |  |  |  |  |
| <b>PLAN OF ACTION</b> <i>(to be completed by BCA/AOB)</i>  |  |                               |                               |  |  |  |  |
| <b>Procedural:</b>   |  |                               |                               |  |  |  |  |
| <ol style="list-style-type: none"> <li>1. Raise a Continuous Improvement Item (CI 760) to document the solution to resolve GNC</li> <li>2. Documented procedure “7(2)(d)(iv) Process a Building Consent Application with a compliance schedule” to be updated to specifically include:             <ol style="list-style-type: none"> <li>a. Defining the requirement to record consideration of Performance Standards, Inspection, Maintenance and Reporting procedures, and how they have considered those elements and whether they were suitable.</li> </ol> </li> </ol> |  |                               |                               |  |  |  |  |
| <b>Implementation:</b>   |  |                               |                               |  |  |  |  |
| <ol style="list-style-type: none"> <li>1. Notification of updated procedure to be provided to all Processing Contractors and TDC Inhouse BTO’s with competency for processing projects with specified systems.</li> <li>2. Discussion with inhouse BTO’s at their team meeting of the updated procedure.</li> <li>3. Reviews to be undertaken of Building Consents with Specified Systems</li> </ol>   |  |                               |                               |  |  |  |  |
| <b>PROPOSED EVIDENCE OF IMPLEMENTATION</b> <i>(to be completed by BCA/AOB)</i>   |  |                               |                               |  |  |  |  |
| <ol style="list-style-type: none"> <li>1. Updated procedure “7(2)(d)(iv) Process a Building Consent Application with a compliance schedule” to be provided to IANZ for assessment</li> <li>2. Snip of the CI Register entry</li> <li>3. Evidence of communication to Contractors and internal TDC BTO’s</li> <li>4. A sample of 4 Processing records to be provided of Building Consents with Specified Systems</li> </ol>   |  |                               |                               |  |  |  |  |
| <b>EVIDENCE OF IMPLEMENTATION REVIEW AND ANY DISCUSSIONS</b>   |  |                               |                               |  |  |  |  |
| <b>27/01/2026</b><br><b>IANZ (LC)</b>  | BCA submitted clearance evidence yesterday 26/01/2026. Forwarded to TE to review today.  |                               |                               |  |  |  |  |
| <b>1/02/2026</b><br><b>IANZ TE (JT)</b>  | <p>250169:<br/>they are using the prepopulated text but it includes a whole bunch of<br/>all through the document - not sure if this is something missing from alpha prepopulated text that the BCO is supposed to correct or something else.</p> <p>This is the record from consent 250169 but is common across the examples.</p> |                               |                               |  |  |  |  |

|  |   |
|--|---|
|  | <p>nz/my-council/forms?path=Forms/Building%20and%20Resource%20Consent%20and%20other%20property-related%20forms/Building%20Consent%20Forms&lt;br /&gt;&lt;br /&gt;RFI response received.&lt;br /&gt;&lt;br /&gt;Type: Type 2 Manual Fire Alarm&lt;br /&gt;Performance Standard: NZS 4512: 2021 Fire detection and alarm systems in buildings, (original version)&lt;br /&gt;The performance standard is a referenced standard for compliance with NZBC, and is specific to the system proposed.&lt;br /&gt;&lt;br /&gt;IMR:&lt;br /&gt;NZS 4512:2021 Fire detection and alarm systems in buildings (original version) section 6&lt;br /&gt;Person Responsible: IQP&lt;br /&gt;Location: Throughout the building&lt;br /&gt;Frequency of Inspections: monthly and annually&lt;br /&gt;&lt;br /&gt;The IMR</p> <p>but then in this example, under ss2 in alpha checklist there is a better discussion. This discussion makes sense. the acceptance of the performance standard and the IMR is across two different places. explains it under the ss2 section but the acceptance is a Y for yes under the processing checklist section.</p> <p>250902 - this is much better - look like someone has either written it themselves or edited it this example is ok.</p> <p>250982 - looks like the BCO has edited and written their own answer so this is example is Ok</p> <p>250844 - clear statement as to the consideration and acceptance of the performance standards and IMR</p> <p>In all four cases the processors acceptance of the performance standards and the IMR can be found.</p> |
| <p>3/02/2026<br/>IANZ (LC)</p>   | <p>Confirmed clearance and informed the BCA.</p>  |
| <p><b>NON-COMPLIANCE CLEARED</b> Signed: </p> |   |

|  |   |
|--|---|
| <p><b>Regulation 7(2)(d)(v)</b></p>  | <p><b>Granting and issuing building consents and Compliance with Form 5</b></p> |
| <p>The BCA had appropriately documented its procedure for granting and issuing consents, in accordance with Regulation 7(2)(d)(v).</p> |   |

Issued building consents were seen to meet the requirements of the Building (Forms) Regulations 2006. Information recorded within the issued building consents were seen to be appropriate.

| <b>Regulation 7(2)(d)(v)</b>  | <b>Lapsing building consents</b> |
|---|----------------------------------|
| <p>The BCA had documented its procedure for lapsing of Building Consents, in accordance with Regulation 7(2)(d)(v). However, point 4.0 within the BCA’s Promapp procedure 7(2)(d)(v) Lapsing a Building Consent incorrectly indicated that the BCA could unilaterally extend the time for the 24-month CCC decision upon granting an extension to commence work for a building consent. Under Section 93(2) of the Act all CCC extensions are required to be agreed between the owner and the BCA so this was not considered to be appropriate.</p> <p><b>GNC 3 – to be resolved.</b></p> <p>The Lapse Notification Letter template incorrectly stated that the customer could contact the BCA to withdraw the building consent if the wish to not go ahead with the project, which was inappropriate. <b>This part of GNC 3 was resolved during the assessment</b>, where the BCA had diligently updated the template within the Objective Build system.</p> <p>Recorded reasons for decisions should be considered and recorded case by case, rather than applying a blanket templated text. Examples reviewed included Building Consents that were issued 3-4 years ago, and yet the reason for the extension decision indicated that “there has been no substantial changes to the Building Act and Building Code since this consent was issued, which could affect compliance”.</p> <p><b>Recommendation R2</b></p> <p>The BCA is recommended to reword their Building Consent Time Extension letter template, as it currently states that no further reminders are sent after the extension is approved, however, the BCA’s documented procedure requires the BCA to send another reminder the month before the extension expires, which the BCA was seen to be implementing.</p> <p><b>Recommendation R3</b></p> |                                  |

**General Non-compliance No. 3: Action Plan Accepted 29/10/2025 Cleared 28/11/2025**

|   |                       |  |  |                               |                               |                               |                               |
|---|-----------------------|--|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Breach of requirement:</b>   | Regulation 7(2)(d)(v) |  |  |                               |                               |                               |                               |
| <b>Breach of requirement:</b>   | Regulation(s)         | <input checked="" type="checkbox"/> 5(a) | <input checked="" type="checkbox"/> 5(b) | <input type="checkbox"/> 5(c) | <input type="checkbox"/> 6(b) | <input type="checkbox"/> 6(c) | <input type="checkbox"/> 6(d) |
| <b>FINDING DETAILS</b>  |                       |  |  |                               |                               |                               |                               |
| <p>Point 4.0 within the BCA’s Promapp procedure 7(2)(d)(v) Lapsing a Building Consent incorrectly indicated that the BCA could unilaterally extend the time for the 24-month CCC decision upon granting an extension to commence work for a building consent.</p>   |                       |  |  |                               |                               |                               |                               |
| <b>PLAN OF ACTION</b> <i>(to be completed by BCA/AOB)</i>   |                       |  |  |                               |                               |                               |                               |
| <b>Procedural:</b>  |                       |  |  |                               |                               |                               |                               |
| <ol style="list-style-type: none"> <li>1. Raise a Continuous Improvement Item (CI 761) to document the solution to resolve GNC</li> <li>2. Documented procedure “7(2)(d)(v) Lapsing a Building Consent” note in point 4.0 to be updated to remove the reference to extending the time for a 24-month CCC decision upon granting an extension to commence work for a building consent</li> </ol> |                       |  |  |                               |                               |                               |                               |

|  |  |
|--|--|
| <b>Implementation:</b>   |  |
| <ol style="list-style-type: none"> <li>1. Notification of updated procedure to be provided to the Building Support and Inspection Teams</li> <li>2. Discussion at Building Support and Inspection team meetings of the updated procedure</li> <li>3. Reviews to be undertaken of the granting of an extension of time to start work</li> </ol> |  |
| <b>PROPOSED EVIDENCE OF IMPLEMENTATION</b> <i>(to be completed by BCA/AOB)</i>   |  |
| <ol style="list-style-type: none"> <li>1. Updated procedure "7(2)(d)(v) Lapsing a Building Consent" to be provided to IANZ for assessment</li> <li>2. Snip of the CI Register entry</li> <li>3. Snip of the Objective BUILD summary screen showing an extension of time to start work has been granted without a CCC extension</li> </ol>      |  |
| <b>EVIDENCE OF IMPLEMENTATION REVIEW AND ANY DISCUSSIONS</b>   |  |
| <b>28/11/2025</b><br><b>IANZ (LC)</b>  | BCA submitted clearance evidence yesterday.<br>Procedure was updated appropriately, removing the notion of allowing unilateral extensions to CCC decisions.<br>CI entry was sighted.<br>Example of a lapse extension was also sighted.<br>Clearance evidence considered appropriate. |
| <b>NON-COMPLIANCE CLEARED</b>  |  |
| <b>Signed:</b>    |  |

|  |  |
|--|--|
| <b>Regulation 7(2)(d)(v)</b>   | <b>Compliance with statutory timeframes for granting building consents</b> |
| <p>The BCA's compliance with the statutory timeframe for granting building consents within 20 working days was seen to be averaging around 99% over the last 24 months, which was almost fully compliant.</p> <p>The BCA had not granted any national multiple use approvals over the last 24 months, therefore the management of the statutory clock and the compliance with the 10-working day statutory timeframe was not able to be verified.</p> <p>The BCA also had a process where building consents that were granted over 20 working days, would be recorded within a breaches register. The register required the root cause analysis and the remedial action(s) to be recorded for each building consent. Over the last two years, there were 13 breaches recorded for building consents.</p> |  |

|  |  |
|--|--|
| <b>Regulation 7(2)(e)</b>  | <b>Planning, performing and managing inspections</b> |
| <p>The BCA had appropriately documented its procedure for planning, performing and managing inspections in accordance with Regulation 7(2)(e).</p> <p>Inspections were adequately planned during consent processing.</p> |  |

On-site inspections were witnessed during the assessment, and a selection of inspection records were reviewed. Inspections were seen to have been conducted appropriately, and good inspection records appropriately documenting the inspection outcome were produced.

The BCA have been undertaking a pilot project to perform remote inspections. The assessment team observed the BCA’s contractor undertake several remote inspections during the assessment. These were considered to be effectively undertaken and were conducted from their office or at the contractor’s office if required.

**Regulation 7(2)(f)(i)      Application for code compliance certificates**

The BCA had appropriately documented its procedure for receiving and considering applications for a Code Compliance Certificate in accordance with Regulation 7(2)(f)(i).

Applications for Code Compliance Certificates reviewed and were considered to be appropriate and accurately recorded within the BCA’s system.

**Regulation 7(2)(f)(i)      Preparing, issuing and refusing to issue code compliance certificates**

The BCA had appropriately documented its procedure for preparing, issuing, or refusing to issue Code Compliance Certificates in accordance with Regulation 7(2)(f)(i).

Code Compliance Certificates were seen to be appropriately assessed and issued. Good records for compliance decisions were sighted.

**Regulation 7(2)(f)(i)      24-month CCC decisions**

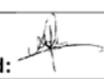
The BCA had appropriately documented its procedure for making a 24-month decision on whether to issue or refuse to issue a Code Compliance Certificate where no application for Code Compliance Certificate had been received, in accordance with Regulation 7(2)(f)(i).

While the BCA had implemented the documented procedures well, the following issues were observed upon reviewing the CCC 24-month process:

- The CCC refusal letter sent to the customer were seen to have included all the listed bullet points from the template and was not tailored to the project.
- The CCC refusal letter templated reasons for decisions were not all seen to be appropriate.
- A CCC 24month decision was made to refuse the CCC when the applicant had already applied for a CCC.
- CCCs were seen to have been refused due to a failed inspection, and the failed inspection stated that the CCC was “ok to be issued upon supplying of the Record of Work”.

**GNC 4 – to be resolved.**

**General Non-compliance No. 4: Action Plan Accepted 29/10/2025 Cleared 27/01/2026**

|  |  |                               |                               |  |                               |                               |                               |
|--|--|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Breach of requirement:</b>  | Regulation 7(2)(f)(i)  |                               |                               |  |                               |                               |                               |
| <b>Breach of requirement:</b>  | Regulation(s)  | <input type="checkbox"/> 5(a) | <input type="checkbox"/> 5(b) | <input checked="" type="checkbox"/> 5(c)   | <input type="checkbox"/> 6(b) | <input type="checkbox"/> 6(c) | <input type="checkbox"/> 6(d) |
| <b>FINDING DETAILS</b>   |  |                               |                               |  |                               |                               |                               |
| <p>Upon reviewing the CCC 24-month process, the following issues were observed:</p> <ul style="list-style-type: none"> <li>The CCC refusal letter sent to the customer were seen to include all the listed bullet points from the template, and was not tailored to the project.</li> <li>The CCC refusal letter templated reasons for decisions were not all seen to be appropriate.</li> <li>A CCC 24month decision was made to refuse the CCC when the applicant had already applied for a CCC.</li> <li>CCCs were seen to have been refused due to a failed inspection, and the failed inspection stated that the CCC was “ok to be issued upon supplying of the Record of Work”.</li> </ul> |  |                               |                               |  |                               |                               |                               |
| <b>PLAN OF ACTION</b> <i>(to be completed by BCA/AOB)</i>  |  |                               |                               |  |                               |                               |                               |
| <b>Procedural:</b>   |  |                               |                               |  |                               |                               |                               |
| <ol style="list-style-type: none"> <li>Raise a Continuous Improvement Item (CI 762) to document the solution to resolve GNC</li> <li>Documented procedure “7(2)(f) Make a Decision at 24 months” to be updated to provide more clarity and guidance</li> </ol>   |  |                               |                               |  |                               |                               |                               |
| <b>Implementation:</b>   |  |                               |                               |  |                               |                               |                               |
| <ol style="list-style-type: none"> <li>Notification of updated procedure to be provided to the Inspection Team</li> <li>CCC Refusal letter template to be updated without any pre-populated Reasons For Decisions</li> <li>Discussion and training at Inspection team meetings of the updated procedure</li> <li>Audits to be undertaken of CCCs refused</li> </ol>  |  |                               |                               |  |                               |                               |                               |
| <b>PROPOSED EVIDENCE OF IMPLEMENTATION</b> <i>(to be completed by BCA/AOB)</i>   |  |                               |                               |  |                               |                               |                               |
| <ol style="list-style-type: none"> <li>Updated procedure “7(2)(f) Make a Decision at 24 months” to be provided to IANZ for assessment</li> <li>Snip of the CI Register entry</li> <li>A sample of 4 CCC refused letters</li> </ol>   |  |                               |                               |  |                               |                               |                               |
| <b>EVIDENCE OF IMPLEMENTATION REVIEW AND ANY DISCUSSIONS</b>   |  |                               |                               |  |                               |                               |                               |
| <b>29/10/2025</b><br>IANZ (LC)   | Please note, that this process could lead to the issuing of a CCC also.  |                               |                               |  |                               |                               |                               |
| <b>27/01/2026</b><br>IANZ (LC)   | BCA submitted clearance evidence yesterday, 26/01/2026.<br>Evidence reviewed appeared to be appropriate to resolve this GNC. |                               |                               |  |                               |                               |                               |
| <b>NON-COMPLIANCE CLEARED</b>  |  |                               |                               | <b>Signed:</b>  |                               |                               |                               |

| Regulation 7(2)(f)(i)   | Compliance with statutory timeframes for issuing or refusing to issue code compliance certificates |
|---|--|
| <p>The BCA's compliance with the statutory timeframe for issuing or refusing Code Compliance Certificates within 20 working days was seen to be substantially compliant averaged at 99.8% over the last 24 months.</p> <p>The BCA separately monitored the statutory timeframe for making their 24-month CCC decisions , the BCA's compliance with the 20 working days was also 100% compliant.</p> <p>The BCA was commended for their effort in maintaining this high standard.</p> <p>The BCA also had a process where Code Compliance Certificates that were issued or refused over 20 working days, would be recorded within a breaches register. The register required the root cause analysis and the remedial action(s) to be recorded for each Code Compliance Certificate. Over the last two years, there were 5 breaches recorded for Code Compliance Certificates.</p> |  |

| Regulation 7(2)(f)(ii)  | Compliance schedules |
|---|----------------------|
| <p>The BCA had appropriately documented its procedure for preparation and issuing of Compliance Schedules in accordance with Regulation 7(2)(f)(ii).</p> <p>The BCA was seen to have appropriately implemented its procedure for preparation and issuing of Compliance Schedules. The BCA was seen to have focused on improving the standard of their Compliance Schedules, with observed Compliance Schedules seen to be of a good standard.</p> |                      |

| Regulation 7(2)(f)(iii)  | Notices to fix |
|--|----------------|
| <p>The BCA had appropriately documented its procedure for issuing Notices to fix in accordance with Regulation 7(2)(f)(iii).</p> <p>There were no new Notices to Fix issued for BCA matters, therefore the assessment team was not able to review the effectiveness of the implementation to the BCA's procedures.</p> |                |

| Regulation 7(2)(g)  | Receiving and managing inquiries about building control functions |
|---|---|
| <p>The BCA had appropriately documented its procedure for receiving and managing customer inquiries about building control functions in accordance with Regulation 7(2)(g).</p> <p>All inquiries received were recorded in MagiQ using the Service Request module. If inquiries were received at the front of house customer service centre, a Duty Building Consent Officer would be available to respond.</p> |   |

If an inquiry was material to a building consents it would be recorded either in DORIS or as a File Note in the Objective Build system.

**Regulation 7(2)(h)      Receiving and managing complaints about building control functions**

The BCA had appropriately documented its procedure for receiving and managing customer complaints about building control functions in accordance with Regulation 7(2)(h).

Complaints could be received directly from a customer by phone, email or service request, and the BCA had a 10 working day turnaround timeframe to respond to the complaint.

The Manager Building Assurance was nominated as the person responsible for the effective and consistent functioning of the BCA’s complaint process. Tasks could be delegated to the appropriate Team Leader to assist the Manager.

Several complaints records were reviewed, and the BCA was seen to hold good documentation in relation to the history and the thread of the complaint. The BCA created a Service Request in MagiQ once the complaint was received and it was also recorded in the *Complaint – Compliments Register*.

**Regulation 7A      Policies and procedures for managing inspections must ensure specified performance requirement is met**

The BCA had appropriately documented its procedure for managing inspections and ensuring that a minimum of 80% of inspections were carried out within 3 working days after the date for inspection requested by the building owner or their agent.

The BCA is recommended to update its quality manual to include its process(es) used to ensure 80% of inspections are undertaken within 3 working days to comply with Regulation 7A. The policies and procedures should specify:

- criteria for prioritisation and scheduling protocols,
- how requests received after-hours or on weekends are handled, and
- how applicants are notified of confirmed inspection dates and times.

The quality manual should also include a description of how the BCA’s system is used for monitoring the inspection timeframes.

**Recommendation R4**

The BCA uses the Objective Build’s inspection function to report on the BCA’s compliance with the 3-day inspection timeframe. Upon reviewing the report generated by the system, there appeared to be errors in how the dates were recorded. The recorded date the inspection was created (when the call was received), was showing as the day after the date the inspection was requested e.g. call received 30/09/2025, requested inspection date 29/09/2025. The BCA is strongly recommended to liaise with the system provider to ensure that the errors are rectified.

**Recommendation R5**

| Regulation 8(1)  | Forecasting workflow |
|--|----------------------|
| <p>The BCA had appropriately documented its procedure to forecast its workflow in accordance with Regulation 8(1).</p> <p>The BCA’s Regulatory Support Team Leader was responsible for compiling all relevant statistics into the Building Assurance Statistics Reporting report. The report included statistics from 2010 onwards, providing the BCA an ongoing statistical analysis of the BCA and TA’s work. The statistics included categories of work based on complexities and identified the types of resources required.</p> <p>The report also included projections of upcoming projects, this data was obtained from meetings with the local group home companies as part of the BCA’s stakeholder engagement.</p> |                      |

| Regulation 8(2)   | Identifying and addressing capacity and capability needs |
|---|--|
| <p>The BCA had appropriately documented its procedure for identifying and addressing capacity and capability needs on an ongoing basis, in accordance with Regulation 8(2).</p> <p>The BCA had not documented in its procedures how it would ensure it met inspection demand and maintain compliance with the performance requirement of Regulation 7A. Under this new Regulation BCAs must demonstrate effective management of inspection resources, including considerations of staffing levels, rostering strategies, and contingency planning, and have this appropriately documented in its procedure. It is recommended that the BCA take action to document and implement these new processes.</p> <p><b>Recommendation R6</b></p> <p>Roles and projections were worked out in multiple other spreadsheets, and once the staffing calculations were done, it was then compared against the statistics that were forecasted over the next year to produce an answer whether the BCA had a surplus or deficit of resources with the relevant competencies.</p> |  |

| Regulation 9  | Allocating work to competent employees or contractors |
|---|---|
| <p>The BCA had appropriately documented its procedure to allocate work to competent employees or contractors in accordance with Regulation 9.</p> <p>All work sighted was seen to be appropriately allocated to competent employees or contractors.</p> |   |

| Regulation 10(1)   | Assessing prospective employees |
|--|---------------------------------|
| <p>The BCA had appropriately documented its procedure for establishing the competence of a person who applied to it for employment as an employee performing building control functions in accordance with Regulation 10(1).</p> |                                 |

The BCA has not employed any new employees over the last 24 months; therefore, the implementation of this documented procedure was not able to be reviewed for effectiveness.

**Regulation 10(2)**

**Assessing employees performing building control functions**

The BCA had appropriately documented its procedure for assessing biennially (or more frequently) the competence of its employees performing building control functions in accordance with Regulation 10(2).

All BCA technical staff had been competency assessed, and all assessments were current at the time of this assessment.

**Regulation 10(3)(a)-(f)**

**The competency assessment system**

The BCA had appropriately documented its procedure which specified the technical requirements for a competence assessment system. All competence assessments were found to be appropriate and to record an appropriate level of detail, as per the National Building Consent Authority Competency Assessment System (NCAS) in accordance with Regulation 10(3).

**Regulation 11(1)**

**The training system**

The BCA had developed a training system in accordance with Regulation 11(1). Where omissions were detected, they are addressed under their relevant sub-Regulation below.

**Regulation 11(2)(a)**

**Making annual (or more frequent) training needs assessments**

The BCA had appropriately documented its procedure for making annual (or more frequent) training needs assessments in accordance with Regulation 11(2)(a).

The BCA held a consolidated training plan, as well as individual training plans for each employee. The consolidated training plan would be compiled throughout the year, and was discussed and approved at management meetings for trainings to be undertaken in the next financial year.

Once the consolidated training plan was approved, the trainings would be sought by the respective team leader. If training needs for employees were continued to be identified throughout the year, and if that training need was critical, it would be added onto the plan for approval to be undertaken, and financial approval if required.

Once training to address training needs were completed, the training would be added onto the individual's training plan, for the monitoring and review process to be undertaken.

Multiple examples of this were sighted which confirmed the effective implementation of the BCA's documented procedures.

**Regulation 11(2)(b)      Preparing training plans that specify the training outcomes required**

The BCA had appropriately documented its procedure for preparing training plans that specified the training outcomes required in accordance with Regulation 11(2)(b).

Training plans were seen to have been completed appropriately for all technical staff, with appropriate detail outlined for required items and regular updates regarding the progress being recorded.

**Regulation 11(2)(c)      Ensuring that employees receive the training agreed for them**

The BCA had appropriately documented its procedure for ensuring that employees received the training agreed for them in accordance with Regulation 11(2)(c).

Training achievement against planned arrangements was monitored by the BCA. Any missed training was recorded with reasons for the training being missed and then rescheduled appropriately. The BCA also had a contractor who would provide active one-on-one training if there were no appropriate training courses available.

**Regulation 11(2)(d)      Monitoring and reviewing employees' application of the training they have received, including by observing relevant activities**

The BCA had appropriately documented its procedure for monitoring and reviewing employees' application of the training they had received, including by observing relevant activities, in accordance with Regulation 11(2)(d).

Examples of evidence of the monitoring and review of the application of training were sighted and were considered to be appropriate. The monitoring and reviewing of employees' application of the training were mainly undertaken by the contracted trainer, who wrote detailed notes recording the employees' progression. Relevant examples were recorded to provide appropriate evidence of application of training.

**Regulation 11(2)(e)      Supervising employees doing a technical job under training**

The BCA had appropriately documented its procedure to supervise its employees doing a technical job under training in accordance with Regulation 11(2)(e).

Supervision was seen to have been carried out appropriately with suitable records maintained where required.

| Regulation 11(2)(f)  | Recording employees' qualifications, experience and training |
|--|--|
| <p>The BCA documented its procedure for recording employees' qualifications, experience, and training, however, the BCA had not specified where it recorded the relevant known experience for its employees performing building control functions.</p> <p><b>GNC 5 was resolved during the assessment</b>, where the BCA had appropriately updated the documented procedure.</p> <p>Employees' qualifications were held in their respective folders and were also recorded within the skills matrix. Employees completed training was recorded on their training plans. Employees' relevant known experience was recorded as part of the employees' biennial competency assessments.</p> |  |

| Regulation 11(2)(g)   | Recording continuing training information |
|---|---|
| <p>The BCA had appropriately documented its procedure for recording continuing training information in accordance with Regulation 11(2)(g).</p> <p>Each employee has a professional development log tab held in their individual training plans. Multiple examples were sighted where the employees were seen to have frequently recorded detailed notes.</p> |   |

| Regulation 12(1)  | A system for choosing and using contractors to perform its building control functions |
|---|---|
| <p>The BCA had appropriately documented its procedure for choosing and using contractors to perform its building control functions in accordance with Regulation 12(1).</p> <p>The BCA had engaged one new contractor over the last 24 months. The BCA had previously developed a <i>Potential Contractor Assessment form</i> to ensure all considerations were documented appropriately. The completed form was sighted for this new contractor and was confirmed appropriate.</p> |   |

| Regulation 12(2)(a)  | Establishing contractors' competence |
|--|--------------------------------------|
| <p>The BCA had appropriately documented its procedure to establish contractors' competence in accordance with Regulation 12(2)(a).</p> <p>The Building Manager had appropriately established the contractors' competence as per its documented procedure and it was recorded in the <i>Potential Contractor Assessment form</i>.</p> |                                      |

| Regulation 12(2)(b)   | Engaging contractors |
|---|----------------------|
| <p>The BCA had appropriately documented its procedure for engaging contractors in accordance with Regulation 12(2)(b).</p> <p>Over the last year or so, the Council had undergone a review process of its recruitment and procurement policies. The engagement of the BCA's contractors was seen to have followed the Council's updated processes, as well as being compliant with the Regulations. Checks in place were recorded in the <i>Potential Contractor Assessment form</i>.</p> |                      |

| Regulation 12(2)(c)  | Making written or electronic arrangements with contractors |
|--|--|
| <p>The BCA had appropriately documented its procedure for making written or electronic agreements with contractors in accordance with Regulation 12(2)(c).</p> <p>The BCA had an updated and appropriate contractual agreement with its contractors conducting building control work. The updated contractual agreements were designed to align with the updated Council procurement policies, and to ensure the contracts also complied with this Regulation. The BCA had developed a specific Statement of Work, which was added to the master contract, and it specified the tasks which the contractor was undertaking and included appropriate detail for the described scope of work, and the relevant powers and authorities delegated to the contractor.</p> <p>In two of the contractual agreements, the commencement date in the Statement of Work appeared to have a typo in the year. Although it was correct elsewhere, the BCA is strongly recommended to correct these typos as it was under the actual Term of the contract.</p> <p><b>Recommendation R7</b></p> |  |

| Regulation 12(2)(d)   | Recording contractors' qualifications |
|---|---------------------------------------|
| <p>The BCA had appropriately documented its procedure for recording contractors' qualifications in accordance with Regulation 12(2)(d).</p> <p>Copies of Qualifications were saved in DORIS, and they were also recorded in the <i>Contractor Performance Reviews-Competency Assessments-Contact Details</i> spreadsheet.</p> |                                       |

| Regulation 12(2)(e)   | Monitoring and reviewing contractors' performance |
|---|---|
| <p>The BCA had appropriately documented its procedure for monitoring and reviewing contractors' performance in accordance with Regulation 12(2)(e).</p> <p>The BCA formally reviewed contractor performance annually (for each of its contractors performing building control work) against the KPIs outlined within their contractual agreements. The BCA also</p> |   |

undertook bi-monthly catch ups with the contractors to discuss operational, training and audit matters with the contractors. Minutes/records of these were held in the DORIS.

| Regulation 12(2)(f)   | Annually (or more frequently) assessing contractors' competence |
|---|---|
| <p>The BCA documented its procedure for annually (or more frequently) assessing contractors' competence, however, points 7.0 and 8.0 within the BCA's Promapp procedure 12 – Choose and use a contractor to perform building control functions appeared to contradict each other and had not clearly defined the process for how the BCA annually assessed the competence of their contractors performing building control functions.</p> <p><b>GNC 6 – to be resolved.</b></p> <p>The Annual Performance Reviews noted whether the contractor had complied with the BCA's quality assurance system or not. Annually, procedural audits were also completed to clarify and confirm this outcome. Audit samples included both contractors and employees.</p> |   |

**General Non-compliance No. 6: Action Plan Accepted 29/10/2025 Cleared 8/12/2025**

|  |  |  |  |                               |                               |                               |                               |
|--|--|--|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Breach of requirement:</b>  | Regulation 12(2)(f)  |  |  |                               |                               |                               |                               |
| <b>Breach of requirement:</b>  | Regulation(s)  | <input checked="" type="checkbox"/> 5(a) | <input checked="" type="checkbox"/> 5(b) | <input type="checkbox"/> 5(c) | <input type="checkbox"/> 6(b) | <input type="checkbox"/> 6(c) | <input type="checkbox"/> 6(d) |
| <b>FINDING DETAILS</b>   |  |  |  |                               |                               |                               |                               |
| <p>Points 7.0 and 8.0 within the BCA's Promapp procedure 12 – Choose and use a contractor to perform building control functions appeared to contradict each other and did not clearly defined the process for how the BCA annually assessed the competence of their contractors performing building control functions.</p>   |  |  |  |                               |                               |                               |                               |
| <b>PLAN OF ACTION</b> <i>(to be completed by BCA/AOB)</i>  |  |  |  |                               |                               |                               |                               |
| <p><b>Procedural:</b></p> <ol style="list-style-type: none"> <li>1. Raise a Continuous Improvement Item (CI 763) to document the solution to resolve GNC</li> <li>2. Documented procedure “12 - Choose and use a contractor to perform building control functions” to be reviewed and updated to provide more clarity of how the BCA will annually assess the competence of their contractors performing building control functions</li> </ol> |  |  |  |                               |                               |                               |                               |
| <b>PROPOSED EVIDENCE OF IMPLEMENTATION</b> <i>(to be completed by BCA/AOB)</i>   |  |  |  |                               |                               |                               |                               |
| <ol style="list-style-type: none"> <li>1. Updated procedure “12 - Choose and use a contractor to perform building control functions” to be provided to IANZ for assessment</li> <li>2. Snip of the CI Register entry</li> </ol>  |  |  |  |                               |                               |                               |                               |
| <b>EVIDENCE OF IMPLEMENTATION REVIEW AND ANY DISCUSSIONS</b>   |  |  |  |                               |                               |                               |                               |
| <b>8/12/2025</b><br>IANZ (LC)  | BCA submitted clearance evidence on 04/12/2025.<br>Updated procedure appears to be appropriate to resolve GNC. |  |  |                               |                               |                               |                               |
| <b>NON-COMPLIANCE CLEARED</b>  |  |  |  |                               | Signed:                       |                               |                               |

| Regulation 13(a)   | Identifying employees and contractors who are competent to provide technical leadership |
|--|---|
| <p>The BCA had appropriately documented its procedure for identifying employees and contractors who were competent to provide technical leadership in accordance with Regulation 13(a).</p> <p>Technical leaders comprised of BCA employees as well as contractors. The employees' technical leadership assessments were assessed as part of the competency assessment system. Contractors' provision of technical leadership was recorded appropriately under the Statement of Work appendix in the contract.</p> <p>The technical leaders were also identified on the BCA's skills matrix.</p> |   |

| Regulation 13(b)  | Giving the employees and contractors the powers and authorities to enable them to provide the leadership |
|---|--|
| <p>The BCA had appropriately documented its procedure for giving its employees and contractors powers and authorities to enable them to provide technical leadership in accordance with Regulation 13(b).</p> <p>Appropriate powers and authorities had been delegated to the Technical Leaders and contractors through the BCA's Delegations Register.</p> |  |

| Regulation 14  | Ensuring necessary (technical) resources |
|--|--|
| <p>The BCA had appropriately documented its procedure for ensuring it had a system for providing and ensuring the continuing availability and appropriateness of the technical information, facilities, and equipment that its employees and contractors needed to perform building control functions.</p> <p>Appropriate technical information and facilities were available and accessible to employees and contractors to perform building control functions appropriately.</p> <p>The BCA maintained an equipment register with critical measurement equipment such as thermometers and moisture meters used during inspections. The listed equipment was seen to have been tested and/or externally calibrated at the required frequency as per the BCA's documented procedure. Test records and calibration certificates were stored in DORIS.</p> <p>Upon reviewing the data recorded within the Technical Resources Register, the BCA is recommended the following:</p> <ul style="list-style-type: none"> <li>• The BCA is recommended to ensure that all inspector allocated moisture meter equipment is recorded the same way and in the same format for consistency.</li> <li>• The BCA is recommended to elaborate the record keeping process in the documented procedure regarding lost/missing/faulty equipment to ensure consistency.</li> <li>• The BCA is recommended to take into consideration the corrections on the thermometers against the reference thermometer.</li> </ul> <p><b>Recommendation R8</b></p> |  |

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| <b>Regulation 15(1)(a)</b>   | <b>A building consent authority must record its organisational structure</b> |
| <p>The BCA had appropriately documented its organisational structure in accordance with Regulation 15(1)(a).</p> |  |

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| <b>Regulation 15(1)(b)</b>  | <b>A building consent authority must record in the structure its reporting lines and relationships with external parties</b> |
| <p>The BCA had appropriately documented its organisational structure, including reporting lines and accountabilities, and the authority's relationships with external organisations in accordance with Regulation 15(1)(b).</p> |  |

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| <b>Regulation 15(2)</b>  | <b>A building consent authority must record roles, responsibilities, powers, authorities and any limitation on powers and authorities</b> |
| <p>The BCA had appropriately documented the roles, responsibilities, powers, authorities and any limitation on powers and authorities for its employees and contractors performing building control functions, in accordance with Regulation 15(2).</p> <p>Upon reviewing the BCA's delegation register, the following issues were identified:</p> <ul style="list-style-type: none"> <li>• The BCA had contractors undertaking inspection activities as part of their contractual agreement with the BCA; however, they had not been delegated the authority to grant minor variations to building consents.</li> <li>• Section 48 of the Act was listed to include granting and refusal of a building consent, which was not correct, as section 48 of the Act is regarding processing application for building consent.</li> <li>• Section 49 of the Act was listed to include processing of a building consent, which was not correct, as section 49 of the Act is regarding the granting of a building consent.</li> <li>• Powers and authorities had been delegated to the Building Technical Officer – Contractor for building control functions that they did not perform, and these functions were not listed within the Statement of Work in the new contractual agreements. The same list was exported from the delegations register and was listed as Appendix 6 in the Statement of Work, which was also incorrect.</li> </ul> <p><b>GNC 7 – to be resolved.</b></p> <p>The BCA had included the Resource Consenting Team under the delegations for s.45(3) of the Act, which was to send copies of certain applications for building consent to Fire and Emergency New Zealand. This was not fully appropriate as the Resource Consenting Team did not complete this function and did not have the relevant skills. The BCA is recommended to remove them from the delegation of this section on the register.</p> <p><b>Recommendation R9</b></p> |   |

**General Non-compliance No. 7: Action Plan Accepted 29/10/2025 Cleared 12/01/2026**

|                               |                         |                               |                               |  |                               |                               |                               |
|-------------------------------|-------------------------|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Breach of requirement:</b> | <b>Regulation 15(2)</b> |                               |                               |  |                               |                               |                               |
| <b>Breach of requirement:</b> | <b>Regulation(s)</b>    | <input type="checkbox"/> 5(a) | <input type="checkbox"/> 5(b) | <input checked="" type="checkbox"/> 5(c) | <input type="checkbox"/> 6(b) | <input type="checkbox"/> 6(c) | <input type="checkbox"/> 6(d) |

| <b>FINDING DETAILS</b>  |  |
|---|--|
| <p>Upon reviewing the BCA’s delegation register, the following issues were identified:</p> <ul style="list-style-type: none"> <li>• The BCA had contractors undertaking inspection activities as part of their contractual agreement with the BCA; however, they had not been delegated the authority to grant minor variations to building consents.</li> <li>• Section 48 of the Act was listed to include granting and refusal of a building consent, which was not correct, as Section 48 of the Act is regarding processing application for building consent.</li> <li>• Section 49 of the Act was listed to include processing of a building consent, which was not correct, as section 49 of the Act is regarding the granting of a building consent.</li> <li>• Powers and authorities had been delegated to the Building Technical Officer – Contractor for building control functions that they did not perform, and these functions were not listed within the Statement of Work in the new contractual agreements. The same list was exported from the delegations register and was listed as Appendix 6 in the Statement of Work, which was also incorrect.</li> </ul> |  |
| <b>PLAN OF ACTION</b> <i>(to be completed by BCA/AOB)</i>   |  |
| <p><b>Implementation:</b></p> <ol style="list-style-type: none"> <li>1. Raise a Continuous Improvement Item (CI 764) to document the solution to resolve GNC</li> <li>2. Update and correct the Delegation Register to include:               <ol style="list-style-type: none"> <li>a. BCA contractors undertaking inspection activities as part of their contractual agreement with the BCA are delegated the authority to grant minor variations to building consents.</li> <li>b. s.48 of the Act corrected to “Processing applications for building consents”</li> <li>c. s.49 of the Act corrected to “Granting of a building consent”</li> <li>d. Removal of Powers and authorities delegated to the Building Technical Officer – Contractor for building control functions that they do not perform</li> </ol> </li> <li>3. Correct affected Contractors “Statement of Work” Appendix 6 and provide the updated Appendix to the affected Contractors</li> </ol>   |  |
| <b>PROPOSED EVIDENCE OF IMPLEMENTATION</b> <i>(to be completed by BCA/AOB)</i>  |  |
| <ol style="list-style-type: none"> <li>1. Updated copy of the Delegation Register showing corrections</li> <li>2. Snip of the CI Register entry</li> </ol>  |  |
| <b>EVIDENCE OF IMPLEMENTATION REVIEW AND ANY DISCUSSIONS</b>  |  |
| <p><b>8/12/2025</b><br/>IANZ (LC)</p>   | <p>BCA submitted clearance evidence on 03/12/2025.</p> <p>Reviewed the submitted evidence, and was confirmed appropriate.</p> <p>Requested for the updated statements of work, communication sent to the contractors and their response.</p> |
| <p><b>12/01/2026</b><br/>IANZ (LC)</p>  | <p>BCA submitted the requested documentation on 19/12/2025. Contractors have confirmed understanding and that the updated delegations and limitations were read.</p> <p>Considered appropriate to clear.</p>                                 |

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| <b>NON-COMPLIANCE CLEARED</b> | Signed:  |
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| <b>Regulation 16(1)</b>   | <b>A system for giving every application for a building consent its own uniquely identified file</b> |
| <p>The BCA had appropriately documented its procedure for allocating every application for building consent and building consent amendment a unique identification in accordance with Regulation 16(1).</p> <p>The Objective Build system automatically generated a unique building consent number when an application was submitted via the online portal.</p> |  |

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| <b>Regulation 16(2)(a)</b>   | <b>System for ensuring that all information relevant to an application for a building consent is put on the application's file</b> |
| <p>The BCA had documented its procedure for ensuring that all information relevant to a building consent application was put on the application's file, however, the BCA had not indicated where it recorded the name and address for services of third parties performing building control functions on its behalf.</p> <p><b>GNC 8 was resolved during the assessment</b>, where the BCA had appropriately updated its documented procedure.</p> <p>All required information was able to be located within Objective Build, and all required information relevant to the application was seen to be held within DORIS.</p> |  |

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| <b>Regulation 16(2)(b)</b>   | <b>System for ensuring that all information relevant to an application for a building consent is kept in a way that makes it readily accessible and retrievable</b> |
| <p>The BCA had appropriately documented its procedure for ensuring that all information relevant to an application for a building consent was kept in a way that made it readily accessible and retrievable in accordance with Regulation 16(2)(b).</p> <p>Records were managed primarily through the Objective Build system; the BCA also had full access to all of the required information within DORIS. BCA information relevant to building consent applications were readily available and kept in a manner that was clearly identified for all building consent files reviewed.</p> |   |

|   |  |
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| <b>Regulation 16(2)(c)</b>  | <b>System for ensuring that all information relevant to an application for a building consent is stored securely</b> |
| <p>The BCA had appropriately documented its procedure for ensuring that all information relevant to an application for a building consent was stored securely in accordance with Regulation 16(2)(c).</p> |  |

All Tasman District Council staff worked on TDC owned laptops. Added security measures including role specific access, password protection was placed on these devices to ensure secure access.

The BCA’s metadata were set at the “folder” level within SharePoint. Consent folders were created upon the application being formally received. This was communicated at least hourly from Objective Build to MagiQ, and each night, MagiQ communicated to SharePoint.

Tasman District Council Cybersecurity Manager actively promoted cyber security with regular presentations at all staff meetings, blog posts and staff trainings. Furthermore, Audit New Zealand undertook annual audits across the IS System in Council.

**Regulation 17(1) A quality assurance system that covers management and operations and covers the policies, procedures and systems described in Regulations 5 to 16 and 18**

The BCA had developed a quality assurance system that covered its management and operations. The quality assurance system covered the policies, procedures, and systems described in regulations 5 to 16 and 18. Where omissions were identified, they have been addressed under their relevant Regulation in this report.

The BCA is recommended to correctly label the Regulations that are listed in the Promapp procedures, specifically in relation to Regulation 7(2)(f) where it was amended and split out into Regulations 7(2)(f)(i), 7(2)(f)(ii) and 7(2)(f)(iii).

**Recommendation R10**

**Regulation 17(2)(b) The policy on quality**

The BCA had appropriately documented its quality policy, which included quality objectives, and quality performance indicators for its building control functions at a high level, in accordance with Regulation 17(2)(b).

The quality policy was sighted and considered to be appropriate. It was signed by the CEO on 4 June 2024.

**Regulation 17(2)(d) Regular management reporting and review, including of the quality system**

The BCA had appropriately documented its procedure for reviewing its management system annually (or more frequently) against the expected standards for performance and high-level performance indicators from its quality policy in accordance with Regulation 17(2)(d).

The BCA conducted management meetings against quality policy objectives and other operational reviews at least monthly.

Sighted minutes demonstrated that the BCA had appropriately considered and recorded any relevant discussions of the listed agenda items, including previous actions raised, ongoing priorities and upcoming projects, contractor reviews, quality objectives and its measures, review of training plans, complaints and compliments, review of service requests, continuous improvements requests, leave data, allocation of work to employees and contractors, and inspection performance results.

**Regulation 17(2)(e) Supporting continuous improvement**

The BCA had appropriately documented its procedure for supporting continuous improvement in accordance with Regulation 17(2)(e).

A number of continuous improvement requests were reviewed and sighted within the register, appropriate notes and progress were recorded on the register, and CIs were also discussed and reviewed at monthly meetings.

**Regulation 17(2)(h) Undertaking annual audits**

The BCA had appropriately documented its procedure for ensuring that an internal audit of every building control function occurred annually (or more frequently) in accordance with Regulation 17(2)(h).

Quality system and technical audits were scheduled to occur at least annually and were monitored via the audit schedule spreadsheet.

While technical audits for employees were considered appropriate; technical audits for contractors were not seen to be fully appropriate.

As a requirement of the contract, the contractor provided technical audits to the BCA. However, the BCA have not ensured that all the audits provided were actually for the work that the contractor had completed for Tasman District Council for all the personnel that had done work for the BCA within the year, and that if these personnel did processing and inspection work, that audits were provided for both functions.

**GNC 9 – to be resolved.**

Notices to fix issued for TA matters were provided for review. The contents of the most recently issued notices were not appropriate or correct however, as they were not related to BCA functions, no non-compliance was raised. The BCA is however strongly recommended to include notices to fix as part of the technical auditing process, to ensure that regardless of whether the notices were issued for BCA or TA matters, that the content would be accurate.

**Recommendation R11**

**General Non-compliance No. 9: Action Plan Accepted 29/10/2025 Cleared 12/01/2026**

|                               |                     |                               |                               |  |                               |                               |                               |
|-------------------------------|---------------------|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Breach of requirement:</b> | Regulation 17(2)(h) |                               |                               |  |                               |                               |                               |
| <b>Breach of requirement:</b> | Regulation(s)       | <input type="checkbox"/> 5(a) | <input type="checkbox"/> 5(b) | <input checked="" type="checkbox"/> 5(c) | <input type="checkbox"/> 6(b) | <input type="checkbox"/> 6(c) | <input type="checkbox"/> 6(d) |
| <b>FINDING DETAILS</b>        |                     |                               |                               |  |                               |                               |                               |
|                               |                     |                               |                               |  |                               |                               |                               |

|   |  |
|---|--|
| <p>As a requirement of the contract, the contractor provided technical audits to the BCA. However, the BCA had not ensured that all the audits provided were actually for the work that the contractor had completed for Tasman District Council for all the personnel that had done work for the BCA within the year, and that if these personnel did processing and inspection work, that audits were provided for both functions.</p>  |  |
| <p><b>PLAN OF ACTION</b> <i>(to be completed by BCA/AOB)</i></p>  |  |
| <p><b>Procedural:</b></p> <ol style="list-style-type: none"> <li>1. Raise a Continuous Improvement Item (CI 765) to document the solution to resolve GNC</li> <li>2. Documented procedure “12 - Choose and use a contractor to perform building control functions” to be reviewed and updated to provide more clarity of the requirements for technical audits.</li> </ol> <p><b>Implementation:</b></p> <ol style="list-style-type: none"> <li>1. Create an additional tab on the technical audit register for external contractors</li> </ol> |  |
| <p><b>PROPOSED EVIDENCE OF IMPLEMENTATION</b> <i>(to be completed by BCA/AOB)</i></p>   |  |
| <ol style="list-style-type: none"> <li>1. Updated procedure “12 - Choose and use a contractor to perform building control functions” to be provided to IANZ for assessment</li> <li>2. Snip of the CI Register entry</li> <li>3. Extracted tab on the technical audit register for external contractors</li> </ol>  |  |
| <p><b>EVIDENCE OF IMPLEMENTATION REVIEW AND ANY DISCUSSIONS</b></p>   |  |
| <p><b>9/01/2026</b><br/>BCA (SB)</p>  | <p>Please find attached our evidence for clearance of GNC 9:</p> <ol style="list-style-type: none"> <li>1. Updated procedure “12 - Choose and use a contractor to perform building control functions”.</li> <li>2. Snip of the CI Register entry.</li> <li>3. Extracted tab from the technical audit register for external contractors.</li> </ol>                   |
| <p><b>12/01/2026</b><br/>IANZ (LC)</p>  | <p>BCA submitted clearance evidence on 09/01/2026. Updated procedure considered appropriate. CI entry reflected what the BCA documented in the action plan and proposed evidence of implementation including the BCA’s internal progress. The new audit schedule for contractors appears to be appropriate. GNC can be resolved based on the submitted evidence.</p> |
| <p><b>NON-COMPLIANCE CLEARED</b></p>  |  |
| <p>Signed: </p>  |  |

| Regulation 17(2)(i)  | Managing conflicts of interest |
|--|--------------------------------|
| <p>The BCA had appropriately documented its procedure in its quality assurance system for identifying and managing conflicts of interest in accordance with 17(2)(i).</p> <p>Conflicts of interest were required to be submitted to the Quality Improvements Officer. Once the record of COI was received, it would be placed on the COI Register for the leadership team to review at the performance meeting. The mitigation strategy or management of the COI would then be recorded in the register.</p> |                                |

The BCA sent a templated email to staff members that had raised a conflict of interest, as required, through their Service Request function in their CRM. The templated email had incorrect explanations regarding the statutory clock. The BCA is strongly recommended to amend and correct the details within the template as soon as possible, so that the information would not be misinterpreted.

**Recommendation R12**

**Regulation 17(2)(j) Communicating with internal and external persons**

The BCA had appropriately documented its procedure for communicating with internal and external persons in its quality assurance system, in accordance with 17(2)(j).

The BCA used several communication methods such as face-to-face, email, team and management meetings, strategic reviews, intranet, published notifications and the council’s website. Communication approval processes were seen to have followed the documented procedure.

**Regulation 17(3) A quality assurance manager**

The BCA had appointed a Quality Assurance Manager, named as Sally Blain, in its quality assurance system in accordance with Regulation 17(3).

**Regulation 17(3A) Concerns and complaints about building practitioners**

The BCA had appropriately documented its procedure to ensure that the BCA considered concerns raised about practitioners and decided whether to make, and made complaints, to relevant occupational or professional authorities about practitioners who were practitioners of or within an occupation or profession in accordance with Regulation 17(3A)(a).

The BCA has a Practitioner Complaint and Concerns Register, which they used to record concerns of practitioners.

Over the last two years, the BCA had appropriately recorded 8 entries of concerns, where the relevant evidence was located, and how the concern was monitored. Relevant building consent numbers were also noted on the register to enable a trail relating to the notes of the concerns.

**Regulation 17(4)(a) A system for ensuring that its employees comply with the authority’s quality assurance system**

The BCA had appropriately documented its procedure for ensuring that its employees complied with the authority’s quality assurance system in accordance with Regulation 17(4)(a).

Information regarding the quality system was communicated during induction, meetings and training events. Performance reviews, competency assessments and internal audits were used to ensure that employees complied with the authority’s quality assurance system.

**Regulation 17(4)(b)**

**A system for ensuring that its contractors comply with a nominated quality assurance system**

The BCA had documented its procedure for ensuring that its contractors complied with either, the authority’s quality assurance system, or, the contractor’s quality assurance system, however, the BCA had not documented the induction process within its procedure for contractors working within the BCA’s quality assurance system.

**GNC 10 was resolved during the assessment**, where the BCA had appropriately updated its documented procedure.

Despite the lack of an appropriately documented induction process, the BCA had appropriately inducted the newest contractor into their system. The remaining three contractors have been working with the BCA for over 6 years and no records of induction were available.

**Regulation 17(5)(a)**

**Strategic management reporting and review**

The BCA had appropriately documented its system for annually (or more frequently) reviewing its quality assurance system in accordance with Regulation 17(5)(a).

The BCA had conducted annual strategic management reviews which were seen to have considered the appropriateness and effectiveness of each of the items for Regulation 17(5)(a). The Quality Improvement Officer would compile a report which was signed off by the Building Manager with appropriate comments of the BCA’s considerations.

**Regulation 17(5)(b)**

**Making appropriate changes in the quality assurance system**

The BCA had appropriately documented its system for annually (or more frequently) making appropriate changes in the quality assurance system in accordance with Regulation 17(5)(b).

Changes in the quality assurance system were made utilising their continuous improvement process as documented under Regulation 17(2)(e). Examples of this having been effectively implemented were sighted during the assessment.

| Regulation 18(1)   | Technical qualifications |
|--|--------------------------|
| <p>The BCA had appropriately documented its system for ensuring that each employee and contractor who performed the authority’s building control functions by doing a technical job held an appropriate technical qualification or was working towards one (unless exempted from the requirements).</p> <p>All employees and contractors conducting building control functions by doing a technical job were recorded as holding an appropriate qualification, except one employee that was actively working towards their qualification and was now in the second year of the qualification nearing completion.</p> |                          |

| Regulation 18(3)   | Technical qualifications |
|--|--------------------------|
| <p>The BCA had appropriately documented its procedure for establishing circumstances of employees and contractors that would make it unreasonable and impractical to require technical qualifications in accordance with Regulation 18(3)(a) and (b).</p> <p>All BCA technical staff were either working towards or held an appropriate qualification and therefore no BCA staff required exemption from holding an appropriate qualification.</p> |                          |

## SUMMARY OF RECOMMENDATIONS

Recommendations are intended to assist your BCA to maintain compliance with the Regulations. They are not conditions for accreditation but a failure to make changes may result in non-compliance with the Regulations in the future.

### It is recommended that:

- R1 Regulation 7(2)(a)** – The BCA is recommended to update its consumer information to provide information regarding how it will manage and undertake inspections to comply with Regulation 7A.
- R2 Regulation 7(2)(d)(v)** – Recorded reasons for decisions should be considered and recorded case by case, rather than applying a blanket templated text. Examples reviewed included Building Consents that were issued 3-4 years ago, and yet the reason for the extension decision indicated that “there has been no substantial changes to the Building Act and Building Code since this consent was issued, which could affect compliance”.
- R3 Regulation 7(2)(d)(v)** – The BCA is recommended to reword their Building Consent Time Extension letter template, as it currently stated that no further reminders are sent after the extension is approved, however, the BCA’s documented procedure requires the BCA to send another reminder the month before the extension expires, which the BCA was seen to be implementing.
- R4 Regulation 7A** – The BCA is recommended to update its quality manual to include its process(es) used to ensure 80% of inspections are undertaken within 3 working days to comply with Regulation 7A. The policies and procedures should specify:
- criteria for prioritisation and scheduling protocols,
  - how requests received after-hours or on weekends are handled, and
  - how applicants are notified of confirmed inspection dates and times.

It is also recommended that the quality manual is updated to include a description of how the BCA’s system is used for monitoring the inspection timeframes.

- R5 Regulation 7A** – The BCA used the Objective Build’s inspection function to report on the BCA’s compliance with the 3-day timeframe. Upon reviewing the report generated by the system, there appeared to be errors in how the dates were recorded. The recorded date the inspection was created (when the call was received), was showing as the day after the date the inspection was requested e.g. call received 30/09/2025, requested inspection date 29/09/2025. The BCA is strongly recommended to liaise with the system provider to ensure that the errors are rectified.
- R6 Regulation 8(2)** – The BCA had not documented in its procedures how it would ensure it met inspection demand and maintain compliance with the performance requirement of Regulation 7A. Under this new Regulation BCAs must demonstrate effective management of inspection resources, including considerations of staff levels, rostering strategies, and contingency planning, and have this appropriately documented in its procedure. It is recommended that the BCA take action to document and implement these new processes.
- R7 Regulation 12(2)(c)** – In two of the contractual agreements, the commencement date in the Statement of Work appeared to have a typo in the year. Although it was correct elsewhere, the BCA is strongly recommended to correct these typos as it was under the actual Term of the contract.
- R8 Regulation 14** – Upon reviewing the data recorded within the Technical Resources Register, the BCA is recommended the following:

- The BCA is recommended to ensure that all inspector allocated moisture meter equipment is recorded the same way and in the same format for consistency.
  - The BCA is recommended to elaborate the record keeping process in the documented procedure regarding lost/missing/faulty equipment to ensure consistency.
  - The BCA is recommended to take into consideration the corrections on the thermometers against the reference thermometer.
- R9 Regulation 15(2)** – The BCA had included the Resource Consenting Team under the delegations for s.45(3) of the Act, which was to send copies of certain applications for building consent to Fire and Emergency New Zealand. This was not fully appropriate as the Resource Consenting Team did not complete this function and did not have the relevant skills. The BCA is recommended to remove them from the delegation of this section on the register.
- R10 Regulation 17(1)** – The BCA is recommended to correctly label the Regulations that are listed in the Promapp procedures, specifically in relation to Regulation 7(2)(f) where it was amended and split out into Regulations 7(2)(f)(i), 7(2)(f)(ii) and 7(2)(f)(iii).
- R11 Regulation 17(2)(h)** – Notices to fix issued for TA matters were provided for review. The contents of the most recently issued notices were not appropriate or correct however, as they were not related to BCA functions, no non-compliance was raised. The BCA is however strongly recommended to include notices to fix as part of the technical auditing process, to ensure that regardless of whether the notices were issued for BCA or TA matters, that the content would be accurate.
- R12 Regulation 17(2)(i)** – The BCA sent a templated email to staff members that had raised a conflict of interest as required through their Service Request function in their CRM. The templated email had incorrect explanations regarding the statutory clock. The BCA is strongly recommended to amend and correct the details within the template as soon as possible, so that the information would not be misinterpreted.

### **SUMMARY OF ADVISORY NOTES**

Advisory notes are intended to assist your BCA to improve compliance with accreditation requirements based on IANZ's experience. They are **not** conditions for accreditation and do not have to be implemented to maintain accreditation.

**IANZ made no advisory notes during this accreditation assessment.**

**SUMMARY TABLE OF NON-COMPLIANCES**

The following table summarises the non-compliance identified with the accreditation requirements in your BCA’s accreditation assessment. Where a non-compliance has been identified, a Record of Non-compliance template has been prepared detailing the issue, and to enable you to detail your proposed corrective actions to IANZ. You must update and return a template for each non-compliance identified.

| Regulatory requirement | Non-compliance (Serious / General) | Non-compliance number (e.g. GNC 1) | Breach of Regulation 5/6? Enter "Y" where applicable |      |      |      |      |      | Resolved On-site? Yes/No | Date Non-compliance to be cleared by (DD/MM/YYYY) | Date Non-compliance cleared (DD/MM/YYYY) | Number(s) of    |                | Brief comment (where applicable) |
|------------------------|------------------------------------|------------------------------------|--|------|------|------|------|------|--------------------------|---|--|-----------------|----------------|----------------------------------|
|                        |                                    |                                    | 5(a)   | 5(b) | 5(c) | 6(b) | 6(c) | 6(d) |                          |   |  | Recommendations | Advisory Notes |                                  |
| <b>Regulation 6A</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 6(A)(1)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 6(A)(2)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 7</b>    |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(1)                   | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(a)                | General                            | GNC 1                              |  |      | Y    |      |      | Yes  | -                        | 07/10/2025  |  | R1              |                |                                  |
| 7(2)(b)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(c)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(d)(i)             | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(d)(ii)            | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(d)(iii)           | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(d)(iv)            | General                            | GNC 2                              |  |      | Y    | Y    | Y    | No   | 20/03/2026               |   |  |                 |                |                                  |
| 7(2)(d)(v)             | General                            | GNC 3                              | Y  | Y    | Y    |      |      | No   | 20/03/2026               | 28/11/2025  |  | R2, R3          |                |                                  |
| 7(2)(e)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(f)(i)             | General                            | GNC 4                              |  |      | Y    |      | Y    | No   | 20/03/2026               | 27/01/2026  |  |                 |                |                                  |
| 7(2)(f)(ii)            | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(f)(iii)           | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(g)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7(2)(h)                | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 7A</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 7A                     | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  | R4, R5          |                |                                  |
| <b>Regulation 8</b>    |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 8(1)                   | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 8(2)                   | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  | R6              |                |                                  |
| <b>Regulation 9</b>    |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 9                      | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 10</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 10(1)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 10(2)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 10(3)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 11</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(1)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(2)(a)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(2)(b)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(2)(c)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(2)(d)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(2)(e)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 11(2)(f)               | General                            | GNC 5                              | Y  | Y    |      |      |      | Yes  | -                        | 09/10/2025  |  |                 |                |                                  |
| 11(2)(g)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |

| Regulatory requirement | Non-compliance (Serious / General) | Non-compliance number (e.g. GNC 1) | Breach of Regulation 5/6? Enter "Y" where applicable |      |      |      |      |      | Resolved On-site? Yes/No | Date Non-compliance to be cleared by (DD/MM/YYYY) | Date Non-compliance cleared (DD/MM/YYYY) | Number(s) of    |                | Brief comment (where applicable) |
|------------------------|------------------------------------|------------------------------------|--|------|------|------|------|------|--------------------------|---|--|-----------------|----------------|----------------------------------|
|                        |                                    |                                    | 5(a)   | 5(b) | 5(c) | 6(b) | 6(c) | 6(d) |                          |   |  | Recommendations | Advisory Notes |                                  |
| <b>Regulation 12</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 12(1)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 12(2)(a)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 12(2)(b)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 12(2)(c)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   | R7                                       |                 |                |                                  |
| 12(2)(d)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 12(2)(e)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 12(2)(f)               | General                            | GNC 6                              | Y  | Y    |      |      |      | No   | 20/03/2026               | 08/12/2025  |  |                 |                |                                  |
| <b>Regulation 13</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 13(a)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 13(b)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 14</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 14                     | NC Type                            |                                    |  |      |      |      |      |      |                          |   | R8                                       |                 |                |                                  |
| <b>Regulation 15</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 15(1)(a)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 15(1)(b)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 15(2)                  | General                            | GNC 7                              |  |      | Y    |      |      | No   | 20/03/2026               | 12/01/2026  | R9                                       |                 |                |                                  |
| <b>Regulation 16</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 16(1)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 16(2)(a)               | General                            | GNC 8                              | Y  | Y    |      |      |      | Yes  | -                        | 09/10/2025  |  |                 |                |                                  |
| 16(2)(b)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 16(2)(c)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 17</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(1)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   | R10                                      |                 |                |                                  |
| 17(2)(a)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(2)(b)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(2)(c)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(2)(d)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(2)(e)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(2)(h)               | General                            | GNC 9                              |  |      | Y    |      |      | No   | 20/03/2026               | 12/01/2026  | R11                                      |                 |                |                                  |
| 17(2)(i)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   | R12                                      |                 |                |                                  |
| 17(2)(j)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(3)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(3A)                 | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(4)(a)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(4)(b)               | General                            | GNC 10                             | Y  | Y    |      |      |      | Yes  | -                        | 10/10/2025  |  |                 |                |                                  |
| 17(5)(a)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 17(5)(b)               | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| <b>Regulation 18</b>   |                                    |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 18(1)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |
| 18(3)                  | NC Type                            |                                    |  |      |      |      |      |      |                          |   |  |                 |                |                                  |



## 7 CONFIDENTIAL SESSION

### 7.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

**That the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.**

**This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:**

### 7.2 Risk and Assurance Report Confidential Attachments

| Reason for passing this resolution in relation to each matter  | Particular interest(s) protected (where applicable)   | Ground(s) under section 48(1) for the passing of this resolution   |
|--|---|--|
| The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. | <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> | <p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p> |

### 7.3 Procurement Report

| Reason for passing this resolution in relation to each matter   | Particular interest(s) protected (where applicable)  | Ground(s) under section 48(1) for the passing of this resolution   |
|---|--|--|
| <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p> | <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> | <p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p> |

**7.4 Legal Services Report**

| Reason for passing this resolution in relation to each matter   | Particular interest(s) protected (where applicable)   | Ground(s) under section 48(1) for the passing of this resolution   |
|---|---|--|
| <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p> | <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.</p> | <p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p> |