

6.3.2 Adoption of the Consultation and Supporting Information for the Long Term Plan 2021-2031 – supporting documents

Meeting: Whangarei District Council
Date of meeting: 25 February 2021
Reporting officer: Dominic Kula (General Manager, Strategy and Democracy)

1 Purpose

Updates to the Consultation Document

1. To provide the Audit New Zealand Letter of Opinion, which formalises the Consultation Document and gives clearance to Whangarei District Council to engage in public consultation. The letter will now be inserted on pages 171-172 of the Agenda and pages 47-48 of the Consultation Document.
2. To update the table detailed within the "Uncertainty and Forecasting Assumptions" section on page 140 of the Agenda and page 16 of the Consultation Document. This insertion directly addresses an issue raised by Audit NZ in relation to Stormwater Assets.

Assumption	What Was Assumed	Other Outcomes
Asset Data Confidence	While we have a reasonable level of certainty on the conditions of most of our assets, we acknowledge that we don't have a full picture on the current state of our underground assets condition in particular stormwater assets. We acknowledge the lower level of knowledge and council is putting programmes in place to improve it in the future. Our forecast renewals have taken into account our formal and informal knowledge about age, condition and performance in forecasting our renewals program.	Where we have lower levels of confidence (particularly in Stormwater) we may find we need to spend more, or less, on renewing assets. This would result in adjustments to the timing of spend within the plan.

Updates to the Infrastructure Strategy:

3. Revised wording on page 255 of the Agenda and page 79 of the LTP Supporting Documents, the following will be inserted:
~~The Stormwater Activity Management Plan 2021-31 states the critical asset list, and what constitutes a critical asset. At this point there are no assets considered critical in terms of requiring immediate restorations following a disaster or major event. Critical a Asset types are specifically identified in the Stormwater Activity Management Plan 2021-31 as requiring inspection are~~

4. Additional wording for the Infrastructure Strategy:

These additions will be included on page 260 of the Agenda and page 84 of the LTP Supporting Documents, the following will be inserted:

The stormwater asset data confidence was categorised as low/medium overall. This was specifically in regard to the location and condition of some the asset components (an example being historically not capturing service connections to private properties). This arose out of the SW network data gap analysis project which identified gaps in connectivity, manhole levels and lack of service connections. Important assets in the stormwater network are identified as assets that require regular inspections and maintenance to ensure the current levels of service are able to be met (1 in 50 year flood event). Risks for the stormwater network are not based on the impact of the asset failing (as in breaking) they are more around the capacity of the pipe in a storm event. The failure of a single pipe asset during a storm (as pipes are not "in use" in dry conditions) does not meet the definition to be classified at the local significant level (500-5000 customers affected) criticality. Using the network data gaps, overland flows and NRC river flood extents we know where the potential areas where customers are most likely to be affected. We are using this to inform our CAPEX program and in addition to the renewals, projects are planned for the CBD in conjunction with roading and city centre upgrades to address flooding and water quality issues based on our knowledge of where the impacts of capacity issues are known.

Detailed asset information capture, including condition assessments, have been undertaken in the 2018-2020 period to better understand the network via 23.9 km of CCTV, 400 manhole surveys and overland flow path modelling. This is planned to be continued through projects identified in the 2021-31 LTP.

The renewals programme is now informed more on actual condition gradings of surveyed pipes rather than age and flooding hot spots. Major renewals have been completed in Teal Bay and Okara Drive, Whangarei.

In summary Council has improved its knowledge of the network and has undertaken specific detailed investigations into its condition and serviceability. The results from these investigations provide an indication that the assets are in better overall condition than the theoretical model used to assess overall condition in 2018. The contracts for asset condition assessment will continue throughout the next planning period to address location and condition information and improve our overall data confidence. Nothing to date suggests that there are 'significant issues' to be raised with the community. In addition, overall stormwater asset performance seems reasonable, even during significant events well beyond our level of service.

This changes will be completed under the Chief Executive's delegation as they are drafting clarifications rather than material changes.

2 Attachments

1. Long Term Plan 2021-2031 – Audit NZ Letter of Opinion

To the reader:

**Independent auditor's report on Whangarei District Council's
consultation document for its proposed 2021-31 Long-term Plan**

I am the Auditor-General's appointed auditor for Whangarei District Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 25 February 2021.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-31 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and region, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Emphasis of Matter - uncertainty over three waters reforms

Without modifying our opinion, we draw attention to the disclosure on pages 15 to 16, outlining the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the consultation document has been based.

Basis of opinion

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

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

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

Responsibilities of the Council and auditor

The Council is responsible for:

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

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of *Professional and Ethical Standard 1* issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of *Professional and Ethical Standard 3 (Amended)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Carl Wessels
Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand