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To the reader:

Independent auditor's report on Buller District Council's 2025-34 long-term plan

I am the Auditor-General's appointed auditor for Buller District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Ernst & Young. We completed our report on 30 June 2025.

Adverse opinion on the plan

In our opinion, because of the significance of the matters described in the basis for adverse opinion section of our report, the plan does not provide an effective basis for long-term integrated decision-making, or co-ordination of the Council's resources, or accountability of the Council to the community. This is because the information and assumptions underlying the forecast information in the plan are not based on the best available information and are not supported by underlying evidence.

Basis for adverse opinion on the plan

Assumption over water services delivery

As outlined on page 4 and 41 of the plan, the Council is consulting on the future of water services, and notes its preferred option is to establish a joint Council Controlled Organisation (CCO) with neighbouring councils.

However, the plan has been prepared on the basis that the Council will retain these services for the full term of the plan. We consider the assumption unreasonable, as the Council's preferred option is to establish a separate CCO, which will see drinking water, wastewater and stormwater assets, associated debt and activities being transferred out from the Council after 30 June 2027.

The impact on the plan is pervasive given the significance of water services infrastructure and service delivery to the Council.

Assumptions over funding for Karamea special purpose road

Page 35 of the plan sets out that the Council has assumed the New Zealand Transport Agency (NZTA) will continue to fully fund any expenditure for the Karamea special purpose road. Further, the Council has assumed the expenditure on the Karamea Highway will increase by \$4.1 million per annum in 2027/28 from what the NZTA has currently approved for 2026/27 and will continue at that increased level for the remaining seven years of the plan.

We consider the assumed level of increased NZTA funding over the last seven years of the draft plan for the Karamea special purpose road is unreasonable, as the Council has not provided evidence to support that assumption. This impacts several items in the forecast financial statements underlying the plan, and the related matters disclosed, such as revenue and capital expenditure increases.



Opinion – Disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014

In our opinion the disclosures on pages 75 to 80 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan on which we have given an adverse opinion.

Emphasis of matter – information used to prepare the forecast financial statements

Without further modifying our opinion, we draw attention to page 194, which notes that the Council has not adopted the audited financial statements for the 2022/23 and 2023/24 financial years. As unaudited information has been used to prepare the opening balances that inform the forecast financial statements, there is greater risk over the reliability of the financial forecasts.

Basis for 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 plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;



- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

Independence and quality management

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

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

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

Stuart Mutch
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General



Wellington, New Zealand