

DRAFT ASSUMPTIONS FOR THE 2021-2031 LONG TERM PLAN

Forecasting assumptions identify possible significant future events and trends and examine their likelihood and potential impact on the community and Council. The forecasting assumptions described in this document provide the basis for the Council planning its activities over the coming ten years in the Long Term Plan 2021-31.

Please note: actual results will likely vary from the information presented but the assumptions are based on the best information known at the time. These assumptions have been developed specifically for the Council's ten year planning purposes.

Topic	Forecasting Assumption	Risk	Level of uncertainty	Impact of risk
Demographics¹				
Our Population Growth	<p>The District will experience steady growth in its resident population to 2029 (increase of approximately 1600 is projected from 2019 to 2029), followed by a slow, gradual decline (decrease of 2,347 from 2029 to 2051). This is attributable to lower projected migration and the impact of an ageing population which will slowly reverse natural increase to natural decrease.</p> <p>In terms of population growth by Community Board area, Mercury Bay ward is projected to experience the greatest growth in population, while Tairua-Pauanui and Coromandel-Colville will have slight growth. Beyond 2030, a slight easing in population is projected in Thames, Coro</p>	Population growth across the district, each community board area and each settlement occurs at a higher rate than the relatively low rates assumed.	Low	<p>Higher rates of growth in the projected resident population could place pressure on some Council services and infrastructure, and lead to increased costs and/or a lower level of service. These effects would be exacerbated by the demands on infrastructure and services during the peak holiday periods.</p> <p>The financial implications for Council of higher than projected growth should be limited and able to be managed in the short term but may need longer term responses. Council will continue to monitor changes in the District's population and adapt activity provision to efficiently and effectively meet needs.</p>

¹ The projection data for this topic were produced by Infometrics Ltd, who were contracted to provide comprehensive employment, population, household dwelling and rating unit projections for Thames-Coromandel District covering the period 2018-2051. Council has adopted Infometrics' medium growth scenario in its planning for this LTP. <https://portal.infometrics.co.nz/thames-coromandel-population-projection>.

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	<p>Population by Community Board <i>(Infometrics medium projection)</i></p> <table border="1" data-bbox="465 421 990 1002"> <thead> <tr> <th data-bbox="465 421 660 507">Community Board</th> <th data-bbox="660 421 772 507">2019</th> <th data-bbox="772 421 884 507">2029</th> <th data-bbox="884 421 990 507">2051</th> </tr> </thead> <tbody> <tr> <td data-bbox="465 507 660 593">Coromandel-Colville</td> <td data-bbox="660 507 772 593">3,403</td> <td data-bbox="772 507 884 593">3,588</td> <td data-bbox="884 507 990 593">3,195</td> </tr> <tr> <td data-bbox="465 593 660 657">Mercury Bay</td> <td data-bbox="660 593 772 657">9,288</td> <td data-bbox="772 593 884 657">10,290</td> <td data-bbox="884 593 990 657">9,813</td> </tr> <tr> <td data-bbox="465 657 660 743">Tairua-Pauanui</td> <td data-bbox="660 657 772 743">2,896</td> <td data-bbox="772 657 884 743">3,357</td> <td data-bbox="884 657 990 743">3,236</td> </tr> <tr> <td data-bbox="465 743 660 865">Thames</td> <td data-bbox="660 743 772 865">11,184</td> <td data-bbox="772 743 884 865">11,170</td> <td data-bbox="884 743 990 865">9,964</td> </tr> <tr> <td data-bbox="465 865 660 938">Whangamatā</td> <td data-bbox="660 865 772 938">4,731</td> <td data-bbox="772 865 884 938">4,737</td> <td data-bbox="884 865 990 938">4,587</td> </tr> <tr> <td data-bbox="465 938 660 1002">Total</td> <td data-bbox="660 938 772 1002">31,502</td> <td data-bbox="772 938 884 1002">33,142</td> <td data-bbox="884 938 990 1002">30,795</td> </tr> </tbody> </table>	Community Board	2019	2029	2051	Coromandel-Colville	3,403	3,588	3,195	Mercury Bay	9,288	10,290	9,813	Tairua-Pauanui	2,896	3,357	3,236	Thames	11,184	11,170	9,964	Whangamatā	4,731	4,737	4,587	Total	31,502	33,142	30,795			
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Demographics¹				
Age demographics	<p>The district has an elderly population and the population overall is ageing. In 2019 the proportion of people aged 65 and over made up around 32% of the district's total population. This is twice the national average.</p> <p>By 2051 older people are projected to have an even larger representation with 43% of the population being over 65. The number of youth (aged under 15) is projected to steadily decline from 4,600 in 2019 to 3,900 in 2051 as a result of easing net migration, births and population of childbearing age.</p> <p>The 'working age' population (aged 15-64) will also continue to trend downward, from 16,700 in 2019 to 13,600 in 2051.</p> <p>Factors such as the ageing population contribute to a decline in the average household size, decreasing from around 2.1 residents per household in 2019 to around 2.0 in 2051.</p>	<p>More people aged 65 and over, compared with families with young children, move to the District, and the proportion of older people is greater than projected.</p> <p>A lesser risk is that more young and young working family age groups move to the District, significantly increasing this age group as a proportion of resident population.</p>	Low	<p>As the population ages, and more people are on pensions and fixed incomes, rates affordability could become a more significant issue.</p> <p>Any significant variation to the assumed aging population profile may result in certain sectors of the community experiencing lower than expected levels of service.</p> <p>The Council may have to redirect funding to particular activities to suit a younger population.</p>

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Demographics¹				
Peak Population	<p>Our district attracts a summer peak population² which can at times be five times the number of the permanent resident population to our District. Although the COVID-19 pandemic will have a short-term negative impact on the District's economy, peak population numbers are anticipated to grow again over the medium to long term (3-10 year) timeframe.</p> <p>The highest proportion of visitors to the district over the peak summer period will continue to be from the Auckland and Waikato regions.</p>	Economic or other drivers, including a longer-lasting negative impact of the 2020 COVID-19 pandemic, could significantly increase or decrease summer peak population numbers.	Low	<p>Council's infrastructure and services must cope with peak holiday periods that are far in excess of the usually resident population. A significant increase in the population of some settlements could place greater demands on some Council services and facilities (such as libraries, solid waste, and community health and safety services) and raise expected operating expenditure.</p> <p>Council needs to balance its residents' and ratepayers' needs for infrastructure and services with those of visitors who are here during peak population periods.</p> <p>Any significant change in peak population visitors would require a review of funding mechanisms.</p>
Dwelling Growth	In 2019 there were 25,600 dwellings in the district. Under the medium scenario this is projected to grow by 1,010 to 26,700 dwellings in 2030, before falling back to 25,600 in 2051. About half of this growth is projected occur in Mercury Bay, with the remainder spread across Coromandel-Colville, Tairua-Pauanui and Thames.	Economic conditions, including those resulting from the COVID - 19 pandemic, and the discretionary nature of the housing	Low	<p>If dwelling numbers grow slower than is projected, there could be less demand on Council's infrastructure and services. There could also be fewer properties paying the costs of providing infrastructure services.</p> <p>Higher number of dwelling units than projected could put pressure on Council's ability to provide infrastructure and services. There would be more</p>

² 22 December to 5 January

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	<p>It is assumed that the district's proportion of unoccupied dwellings will remain steady at 44% of total dwellings.</p> <p>From 2030 onwards, no further dwelling growth is projected, and the number of dwellings across the district will ease. By 2051, there are projected to be slightly more dwellings in Mercury Bay and Tairua-Pauanui than in 2019. The number of dwellings in Thames, Whangamata and Coromandel-Colville is projected to ease slightly.</p> <p>Dwellings by Community Board <i>(Infometrics medium projection)</i></p> <table border="1"> <thead> <tr> <th>Community Board</th> <th>2019</th> <th>2029</th> <th>2051</th> </tr> </thead> <tbody> <tr> <td>Coromandel-Colville</td> <td>2,504</td> <td>2,631</td> <td>2,471</td> </tr> <tr> <td>Mercury Bay</td> <td>8,243</td> <td>8,768</td> <td>8,567</td> </tr> <tr> <td>Tairua-Pauanui</td> <td>3,981</td> <td>4,205</td> <td>4,144</td> </tr> <tr> <td>Thames</td> <td>5,570</td> <td>5,694</td> <td>5,241</td> </tr> <tr> <td>Whangamatā</td> <td>5,357</td> <td>5,370</td> <td>5,224</td> </tr> <tr> <td>Total</td> <td>25,655</td> <td>26,668</td> <td>25,647</td> </tr> </tbody> </table>	Community Board	2019	2029	2051	Coromandel-Colville	2,504	2,631	2,471	Mercury Bay	8,243	8,768	8,567	Tairua-Pauanui	3,981	4,205	4,144	Thames	5,570	5,694	5,241	Whangamatā	5,357	5,370	5,224	Total	25,655	26,668	25,647	<p>market cause variations in dwelling growth from that assumed.</p> <p>Dwelling growth in ward areas and settlements and across the District occurs at higher or lower rated than assumed.</p>		<p>properties to pay the cost of providing Council infrastructure and services.</p>
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Demographics¹				
Rating Unit Growth	<p>The District's rating unit numbers indicate the number of properties which the Council can rate to fund its activities. They are counted across five categories:</p> <ul style="list-style-type: none"> - Residential - Residential lifestyle - Rural industry - Industrial and commercial - Other. <p>Rating unit growth is affected by economic and population growth, and by changing lifestyles. Under the medium growth scenario adopted by Council, total rating units are projected to grow from 27,361 in 2019 to 27,400 in 2051.</p>	Rating unit growth occurs at higher or lower rates than assumed in the District, in the community board areas or settlements.	Low	<p>Economic conditions and the discretionary nature of the housing market can cause variations in rating unit growth from that assumed.</p> <p>The main financial effect of slower than projected growth can be a reduction in budgeted rating revenue and development contributions. It can result in increased debt levels and associated interest expense for capital projects. If the rating base were to reduce, there could be an increase in rates.</p> <p>An increase in the overall rating base could result in a decrease in rates for rating units as the total rates are spread across a larger base. Higher than projected rateable units could put pressure on the provision of some infrastructure, such as wastewater, water supply and stormwater.</p>

Topic	Forecasting Assumption	Risk	Level of uncertainty	Impact of risk
External Factors				
COVID-19 related government health restrictions	Alert Level One international border restrictions will remain in place until 1 December 2022 and no further lockdowns will occur.	<p>International border restrictions are lifted sooner than assumed.</p> <p>International border restrictions remain in place longer than assumed.</p> <p>Community infection leads to more frequent lockdowns than assumed.</p>	<p>High</p> <p>High</p> <p>High</p>	<p>Significant increases in international visitor numbers would place greater pressure on Council's infrastructure services.</p> <p>The District's economy could grow faster than anticipated, placing pressure on Council's ability to plan for new growth areas and provide integrated delivery of new infrastructure and services.</p> <p>There could be more properties to pay the cost of providing Council infrastructure and services.</p> <p>The negative impact on the District's economy from both a longer timeframe for border restrictions and more frequent lockdowns could result in a more sluggish District economy, slowed development, and reduced ability of ratepayers to afford to pay rates.</p> <p>There could be negative impacts on Council's ability to deliver on its projects due to delays in the availability of materials and labour. The timing of contracts could also be delayed.</p>

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External Factors				
Economic	<p>Treasury's Economic and Fiscal Update forecasts are that despite the relatively swift economic recovery from the sharp downturn in 2020, the COVID-19 pandemic is expected to continue to have significant lasting impacts throughout the New Zealand economy.</p> <p>High levels of uncertainty will persist, constraining investor confidence and overall growth in the short to medium term. The lack of overseas tourists will have a significant impact on the national economy, particularly in areas like the Coromandel which are heavily reliant on the tourist industry.</p> <p>In the longer term, it is anticipated that the development of local and global vaccination regimes will reduce the risk of further lockdowns, there will be relaxation of international border restrictions, and a return to a 'new normal' economic state.</p>	<p>Economic recovery is slower than expected.</p> <p>Economic recovery is faster than expected.</p> <p>Housing market prices increase or remain stagnant.</p>	<p>High</p> <p>High</p> <p>High</p> <p>As indicated in the December 2020 Treasury Budget forecast, this level of uncertainty is due to the</p>	<p>A sluggish economy has the effect of perpetuating affordability issues, slowing development and delaying cost recovery through rates and development contributions in particular.</p> <p>Infrastructure may not be in place or planned for in response to increasing visitor numbers or business demands.</p> <p>Rapidly increasing housing prices could lead to stronger than anticipated demand for residential zoned land.</p> <p>Stagnant house prices could lead to residential zoned land not being developed to expected capacity or within anticipated timeframes.</p>

Topic	Forecasting Assumption	Risk	Level of uncertainty	Impact of risk
External Factors				
			<p>COVID-19 pandemic.</p> <p>This risk level could be downgraded as reliable vaccination regimes are introduced.</p>	
Climate Change	<p>Climate change will affect the District in line with predicted national changes such as higher temperatures, sea level rise, longer dry periods and more intense rainfall and storm events.</p> <p>Regional projections assume increases in the amount and frequency of rainfall could cause more river flooding in some areas, while longer periods without rainfall may cause drought. Land use, such as cropping and forestry may need to change to suit new weather patterns.</p> <p>Council will assume the minimum transitional New Zealand-wide sea-level rise allowances and scenarios as provided in the <i>Coastal Hazards and Climate Change Guidance for Local Government</i></p>	<p>Climate change occurs at a faster rate than predicted</p> <p>Frequency of and nature of events require more urgent infrastructure response, increasing Council costs and disruption to the community</p>	Medium	<p>As the effects of climate change become more prevalent over the medium to long term, Council will need to factor these into its planning for infrastructural and community resilience. Severe weather events will likely have implications for residential housing and settlements, commercial and industrial properties, the transportation network and other infrastructure.</p> <p>In the short term landowners will continue to seek protection from severe events, particularly flooding and coastal erosion, which are exacerbated by climate change.</p> <p>The District Plan takes into account any increased coastal hazards and other location specific climate hazards and extremes. The building code also plays an important role in mitigating climate change, for example, in relation to wind loadings. Council will continue to respond to any climatic changes or trends through its asset planning.</p>

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External Factors				
	<p>2017³ in its future planning and will undertake an adaptive pathway planning approach as part of the coastal hazard/climate change work programme in the Thames-Coromandel District Council Coastal Management Strategy.</p> <p>Predicted sea level rise will affect low-lying areas and estuaries and could threaten Council and community infrastructure those locations. Sea level rise will also affect aquifers, causing saline intrusion into existing water supply bores.</p> <p>This is expected to worsen coastal erosion and flooding hazards and may drive a trend for long-term erosion.</p>			<p>Infrastructure planning will need to ensure that future assets are of sufficient standard and have adequate capacity to cater for predicted climate change.</p> <p>Any future infrastructure building work (including renewals) or setting up of new assets should be considered against projections of sea level rise. Relocation of assets also needs to be considered if they are at risk. Where aquifers are at risk of being affected by salt water intrusion, alternative water supply methods will need to be considered.</p> <p>Council will continue to use the Ministry of Environment's guidance manuals for Local Government including the <i>Coastal Hazards and Climate Change Guidance for Local Government 2017</i>, along with the latest climate projections and impacts and tools to enable Council to be suitably prepared. This will assist in the management and delivery of assets and services, including in the updating of asset and activity management plans.</p>
Tourist and visitor growth	The COVID-19 pandemic will have a negative impact on visitor numbers in the short to medium term, with overseas visitor numbers most severely affected	Tourist numbers fall	Medium/High	<p>Falling visitor numbers may weaken the local economy, reducing revenue from user charges, rates, contributions of tourist driven development and retail revenue, along with loss of employment opportunities and population.</p> <p>High visitor numbers place pressure on infrastructure; impacting on timing of renewals,</p>

³ <https://www.waikatoregion.govt.nz/environment/climate-change/> and <https://www.mfe.govt.nz/climate-change/climate-change-guidance/local-government-preparing-climate-change>

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External Factors				
	<p>Coromandel's domestic visitors will continue to be highly represented by those from the Auckland and Waikato regions.</p> <p>Into the longer-term, overseas visitor numbers may not increase at the rate of the national average, as strong national visitor growth is driven by Asian tourists who are not as likely to visit the Coromandel as other parts of New Zealand.</p>	<p>Tourist and visitor numbers increase and reach levels that put pressures on infrastructure and the environment.</p>	<p>Medium/High</p>	<p>water supply (restrictions at peak periods) wastewater, solid waste, parking and roading. Increased levels of service would be required, along with increasing rates requirements.</p> <p>Environmental implications from increased visitor numbers will be considered in future planning.</p>
Treaty of Waitangi Settlements	<p>Council assumes that Treaty Settlements will take legislative effect by 2023 and that it will be required to consider how it can proactively adapt and improve the way it works with iwi, including within co-governance and co-management frameworks.⁴ As a land owner and joint manager of many of the District's most valuable assets including aquaculture, tourism and fisheries, iwi will take an increased role in the District's economic and social development.</p>	<p>The operating environment changes beyond any anticipated by Council.</p>	<p>Low</p>	<p>Council will need to respond effectively to new ways of working with iwi, and this will mean new demands on operating budgets to achieve this.</p>

⁴ The Pare Hauraki Collective Redress deed was initialed on 22 December 2016. Iwi specific deeds of settlement were initialed throughout 2017.

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External Factors				
Legislative changes	<p>Devolution of responsibility from central to local government is expected to continue.</p> <p>Significant reform of New Zealand's resource management system will occur before 2023. The Resource Management Act 1991 will be repealed and replaced by several new pieces of legislation. This will require changes to Council's planning documents, including the district plan.</p>	Devolution of powers and legislative change continues or may increase significantly.	<p>Medium</p> <p>Medium</p>	Changes to legislation will require significant amounts of work and new expenditure across a range of Council activities over the planning period.
Three Waters Reform	<p>Council is planning to continue to deliver 'three waters' (stormwater, wastewater and drinking water) infrastructure services over the life of the 2021-2031 Long Term Plan. Council is aware that the Government's Three Waters Reform Programme may result in a significant change in the way these services are currently delivered. The reform will introduce a new regulatory framework for 'three waters' services. It could also result in responsibilities for these services transferring from Council to a new, publicly-owned, multi-regional entity, with the transfer possibly occurring from the 2023-24 financial year.</p>	The Government's Three Waters Reform Programme will require significant change to Council's current infrastructure planning, operations and finances within the	High	<p>As details of the Government's reform proposal are not yet available, the specific impacts of the Three Waters Reform programme cannot be identified with any certainty.</p> <p>A Council decision to 'opt in' and transfer its 'three waters' assets to a new water service delivery entity would have significant impacts on the Council's infrastructure planning, as well as its operations and finances.</p> <p>A Council decision to 'opt out' and not transfer its 'three waters' assets to a new water service delivery entity is also likely to have significant impacts. The reforms are likely to introduce a new</p>

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External Factors				
		term of the 2021-2031 Long term Plan.		<p>regulatory framework for 'three waters' services, compliance with which will likely require significant new Council investment.</p> <p>The reforms would likely affect:</p> <ul style="list-style-type: none"> • Operating revenue \$16,000 in 2020/21 financial year • Our operating costs (\$30 million in the 2020/21 financial year) • The overall value of our assets (the value of our Three Waters assets in the 2020/21 financial year is \$371million) • Council's debt related to the Three Waters activities in the 2020/21 financial year (\$88 million). <p>There will likely be secondary impacts from the reform, which Council will assess as part of its consideration of Government's proposal.</p> <p>Council will need to be proactive and initiate district plan changes to provide appropriately zoned land to enable new growth. It will also need to be ready to respond to any potential private district plan changes.</p>
Significant land use changes	In some areas of the district, there is insufficient land zoned to meet demand for residential growth. Spatial planning	Economic growth and community	Low/Medium	Council will need to be proactive and initiate district plan changes to provide appropriately zoned land to enable new growth. It will also need to be ready

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External Factors				
	<p>initiatives, including the plan being developed for the Thames area will identify areas where significant land use changes are needed.</p> <p>The district plan will become fully operative by 2022, making it easier for private plan changes to be progressed.</p>	<p>well-being are negatively impacted by a continuing shortage of land for housing.</p> <p>Lodgement of private plan changes or non-complying consents can occur at any time and this can lead to higher unforeseen costs in certain areas.</p>		to respond to any potential private district plan changes.

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Significant Assets				
Useful lives of significant assets	<p>The useful asset life reflects the best estimate available as at forecast date and is based on current asset information held.</p> <p>The useful life of each class of asset is</p>	Some assets may wear out and fail sooner, or	Medium	There is no certainty that asset components will last exactly their design lives. However, replacement is budgeted at the expected end of

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Significant Assets				
	outlined in the Statement of Accounting Policies for Prospective Financial Statements - Depreciation.	later, than calculated.		<p>useful life and earlier replacement will result in a loss on disposal of any residual value.</p> <p>Earlier replacement may result in the deferral of other discretionary capital projects in order to remain within self-imposed debt limits as set out in Council's Financial Strategy.</p>
Resource consent standards/property designations	<p>Resource consent standards for water sources and for stormwater and wastewater discharges from Council infrastructure will become increasingly stringent over time, but consents will be obtained without appeal and consent compliance will be achievable. Meeting the New Zealand Drinking Water Standards will be achieved.</p> <p>Any new property designations or resource consents required for new wastewater, water, stormwater and solid waste systems, or for the significant upgrading of existing systems, will be able to be obtained, subject to conditions acceptable to Council and any necessary land purchased, prior to the time that has been scheduled for the actual construction of works in this plan.</p>	<p>Resource consents are appealed to the Environment Court resulting in significant delays.</p> <p>Stringent resource consent conditions and standards lead to high treatment standards being imposed with consequential high costs.</p> <p>Delays due to designations or consents</p>	<p>Medium</p> <p>Medium</p> <p>Medium</p>	<p>While recent reforms have expedited appeal processes, consenting processes can still be costly.</p> <p>Higher treatment standards will lead to higher operating and maintenance costs.</p> <p>Designation processes have been streamlined but can still costly. Risk can be minimised if the Council always commits to a clear and detailed future forward work programme for at least the next three to four years.</p>

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Significant Assets				
		not being obtained, or necessary land purchased, before the scheduled time of construction.		

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Financial Assumptions				
Capability to deliver projects	Capital expenditure projects will be delivered at the same rate or better than previous years (delivery for the 2020/21 financial year is forecast at 85% to 90%).	Timeframes for delivery of capital expenditure projects are delayed/not met.	Medium	<p>The delivery of capital expenditure projects could be delayed by one or all of the following: COVID-19 restrictions, availability of materials and labour, the timing of contracts, reduced funding contributions/subsidies from central government and other agencies (such as Waka Kotahi) and Council's project management capability.</p> <p>Infrastructure services may not be in place within timeframes required to maintain existing levels of service, or meet demand from peak visitor numbers or growth. Some projects may need to be staggered or delayed.</p>
Price level changes	The Local Government Cost Index measures the cost drivers specific to local government (eg concrete, reinforcing steel, bitumen, roading chip, building materials,	That price level changes will vary from those used.	Low	Inflation is affected by external factors, most of which are outside Council's control and influence. Actual individual indices will at times vary from what has been assumed in the long term

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Financial Assumptions				
	<p>energy, wages etc). This differs significantly from the inflation pressures that affect households and measured by the Consumer Price Index (CPI).</p> <p>BERL⁵ were commissioned to provide an independent report to local authorities with the forecast inflation on key cost drivers. The measure of inflation is forecast at 2.2% - 2.5% annually</p>			<p>plan. Council has relied on the Reserve Bank's use of monetary control to keep inflation within the range of 1% to 3%. The effect of any variation up or down will result in a higher or lower rates requirement.</p> <p>Based on projected total expenditure (operating and capital) of \$100 million a plus/(minus) 1% movement in the forecast inflation rate would result in an approximate movement in total costs of plus/(minus) \$1 million. This would then have a flow on effect into all of the remaining years of the long term plan.</p>

Table 1: Operating unit cumulative inflation predictors

Year ending	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031
Percentage inflation increase	2.5%	4.9%	7.1%	9.4%	11.7%	13.9%	16.2%	18.5%	20.8%	23.0%

⁵ BERL (Business & Economic Research Ltd 2020 Local Government Cost Adjustor Forecasts.

Table 2: Activity units cumulative inflation predictors

Year Ending	Roading	Community Activities	Water and Environment	Transport	Planning and Regulation	Other
June 2022	2.75%	1.70%	-1.60%	2.35%	2.15%	1.20%
June 2023	5.70%	4.10%	0.85%	4.65%	4.30%	3.60%
June 2024	8.70%	6.45%	3.05%	6.95%	6.45%	5.90%
June 2025	11.70%	8.75%	5.15%	9.30%	8.60%	8.20%
June 2026	14.80%	11.15%	7.40%	11.75%	10.80%	10.65%
June 2027	17.95%	13.60%	9.65%	14.20%	13.05%	13.05%
June 2028	21.15%	16.05%	11.90%	16.65%	15.30%	15.45%
June 2029	24.45%	18.60%	14.35%	19.20%	17.55%	18.00%
June 2030	27.85%	21.30%	17.00%	21.80%	19.85%	20.65%
June 2031	31.35%	24.00%	19.55%	24.40%	22.20%	23.30%

Table 3: Asset Revaluation Cumulative Inflation Predictors

Year Ending	Roading	Community Activities	Water and Environmental Management	Transport	Planning and Regulation	Other
June 2022	4.20%	2.90%	-0.30%	3.50%	3.20%	2.40%

Year Ending	Roading	Community Activities	Water and Environmental Management	Transport	Planning and Regulation	Other
June 2023	7.20%	5.30%	2.00%	5.80%	5.40%	4.80%
June 2024	10.20%	7.60%	4.10%	8.10%	7.50%	7.00%
June 2025	13.20%	9.90%	6.20%	10.50%	9.70%	9.40%
June 2026	16.40%	12.40%	8.60%	13.00%	11.90%	11.90%
June 2027	19.50%	14.80%	10.70%	15.40%	14.20%	14.20%
June 2028	22.80%	17.30%	13.10%	17.90%	16.40%	16.70%
June 2029	26.10%	19.90%	15.60%	20.50%	18.70%	19.30%
June 2030	29.60%	22.70%	18.40%	23.10%	21.00%	22.00%
June 2031	33.10%	25.30%	20.70%	25.70%	23.40%	24.60%

Topic	Forecasting assumptions	Risk	Level of uncertainty	Impact of risk
NZTA Subsidy Waka Kotahi (NZTA) subsidy	<p>The NZTA funding assistance rate has been included at the rate of 51%.</p> <p>The Funding Assistance Rate has been set for a three year period from 2020/21. This will be reviewed in 2023 for the following three years.</p>	There is a risk that the subsidy rates will change.	Low.	A 1% movement in the funding assistance rate would result in total costs of \$150,000.

Topic	Forecasting assumptions	Risk	Level of uncertainty	Impact of risk																														
Interest rates on borrowing	<p>Interest on existing and new borrowing is forecast as follows:</p> <table border="1"> <thead> <tr> <th>Year ending</th> <th>Average cost of funds</th> </tr> </thead> <tbody> <tr><td>Jun-22</td><td>2.91%</td></tr> <tr><td>Jun-23</td><td>3.10%</td></tr> <tr><td>Jun-24</td><td>3.19%</td></tr> <tr><td>Jun-25</td><td>3.00%</td></tr> <tr><td>Jun-26</td><td>3.20%</td></tr> <tr><td>Jun-27</td><td>3.30%</td></tr> <tr><td>Jun-28</td><td>3.40%</td></tr> <tr><td>Jun-29</td><td>3.46%</td></tr> <tr><td>Jun-30</td><td>3.55%</td></tr> <tr><td>Jun-31</td><td>3.61%</td></tr> </tbody> </table>	Year ending	Average cost of funds	Jun-22	2.91%	Jun-23	3.10%	Jun-24	3.19%	Jun-25	3.00%	Jun-26	3.20%	Jun-27	3.30%	Jun-28	3.40%	Jun-29	3.46%	Jun-30	3.55%	Jun-31	3.61%	Interest rates will increase beyond those budgeted for in the 10 year long term plan.	Low	<p>The cost per annum to the Council given a 1% increase in the interest rate is below:</p> <table border="1"> <tbody> <tr><td>\$25M</td><td>\$250,000</td></tr> <tr><td>\$50M</td><td>\$500,000</td></tr> <tr><td>\$75M</td><td>\$750,000</td></tr> <tr><td>\$100M</td><td>\$1,000,000</td></tr> </tbody> </table>	\$25M	\$250,000	\$50M	\$500,000	\$75M	\$750,000	\$100M	\$1,000,000
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Refinancing Term Loans/External Funding	Loan servicing is calculated on a table basis over 30 years for infrastructure, with early repayment if surplus reserves are available. Refinancing of external loans is assumed to be readily achieved.	Refinancing of external loans is difficult.	Low	The Council expects to maintain a significant lead-in time within which it can seek to lock in alternative funding sources. Council is a guarantor and borrower from the Local Government Funding Agency (LGFA) therefore refinancing risk is low.																														
Vested assets	The level of vested assets from resource consents issued is assumed to be at levels over the past ten years during which there has been variable levels of growth, with the	The value of vested assets is greater than predicted thereby increasing depreciation expense.	Medium	Should the level of vested assets be higher than estimated, there will be an increased depreciation expense in the following years.																														

Topic	Forecasting assumptions	Risk	Level of uncertainty	Impact of risk
	average likely to reflect growth into the Long Term Plan period.			
Sources for funds for future replacement of significant assets	It is assumed that funding for the replacement of significant assets will be obtained from the appropriate sources as set out in the Council's Revenue and Financing Policy.	The main risk is that budgets for some capital replacements may not have been included and sources may not meet requirements.	Low	There is little or no risk that sources of funds for replacement of significant assets will not be achieved. Funding of all asset replacement during the life of the long term plan has been disclosed.
Currency movements and related asset values	Some components of works in the long term plan may be sourced from overseas. It is assumed that all input components (whether sourced in New Zealand or abroad) will be assessed in New Zealand dollars.	Currency exchange rates will significantly fluctuate.	Low	Variations in pricing for large components will have limited impact on rates as these costs are debt funded and repaid over the life of the assets.
Forestry	The value of log prices is anticipated to increase in the future. These prices are affected by demand, by the foreign exchange rate, and whether or not the trees have been irrigated.	That the prices will continue to be low for the life of the Long Term Plan and that the quality of irrigated trees will reflect in a lower log price.	Medium	While this risk has a medium certainty, it has very low impact as returns from log sales are projected to be a minimal source of income.